AVON FIRE AUTHORITY

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Statement of Accounts 2014/2015

PROVIDING AVON FIRE & RESCUE SERVICE

Avon Fire Authority

Statement of Accounts 2014/15

Contents

Explanatory Foreword by the Treasurer

Introduction

Avon Fire Authority provides a Fire and Rescue Service for the Unitary Authority areas of Bath and North East Somerset, Bristol, North Somerset and South Gloucestershire. This document contains the Statement of Accounts for the Fire Authority for the year ended 31 March 2015. The preparation of the Statutory Statement of Accounts is undertaken in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.The code specifies the principles and practices of accounting required to give a true and fair view of the financial position and transactions of the Fire Authority.

This purpose of the foreword is to explain, in an easily understandable way, the financial facts in relation to the Fire Authority. To do this it provides a guide to the statements that follow, explains material items within the Accounts, compares revenue spending against approved budgets, outlines the resources available for capital expenditure and other financial commitments and set's the accounts into the context of ongoing plans.

Overview of the Financial Year 2014/15

The key financial issues arising from the Statement of Accounts are:

- The Authority's revised revenue budget for the year was £45.9m before the use of reserves. Actual net expenditure compared to budget was £45.5m, £0.4m lower than the revised budget. Savings were achieved on most of the main areas of the budget. In total £2.0m was transferred to reserves at year end, £2.0m to earmarked reserves of which £34k was transferred to the Authority's Austerity Reserve to assist with meeting future budgetary pressures.

- The Comprehensive Income and Expenditure Account shows a deficit on Provision of Services of £27.7m. This figure includes items which are required to be charged to the Comprehensive Income and Expenditure account in accordance with proper accounting practices but do not fall to be charged to the council tax payer. The deficit is primarily in relation to the adjustments required for pension charges.

- During the year, the Authority transferred £3.1m from Usable reserves and £2.0m was transferred to Usable Reserves, resulting in a net decrease in Total Usable Reserves of £1.1m for the year. Total Usable Reserves of £7.6m, excluding the working balance of £1.5m were available as at 31st March 2015.

- The general fund balance (working balance) remains at £1.5m, which is within the parameters agreed by the Fire Authority. This sum is intended to meet unforeseen expenditure and, if called upon would then need to be replaced.

- The Fire Authority's medium term financial plan identifies certain budget pressures and significant reductions in future Government grant funding. In response the Fire Authority has implemented a range of cost saving measures which have contributed significantly to the financial savings achieved in the year. The Authority is also continuing to make good progress on its "Investing for the future programme" which is planned to deliver further efficiencies.

- During the year £5.8m was spent on the Fire Authority's approved capital programme of £13.9m. Of this spend, £3.4m was funded from revenue contributions and capital receipts, £1.5m was funded from Capital Grants and the balance of £0.9m was funded by borrowing. £8.2m of the capital programme slipped forward into 2015/16, this slippage related in the main to the Fire Authority's "Investing in the Future" programme.

- Due to the current low short-term interest rates and the increased risks associated with lending due to the current financial climate, borrowing to finance capital expenditure was delayed until March 2015, when £7.0m was borrowed. As at 31 March 2015 there is still £2.1m capital expenditure being funded from internal resources and the position will continue to be monitored closely during 2015/16.

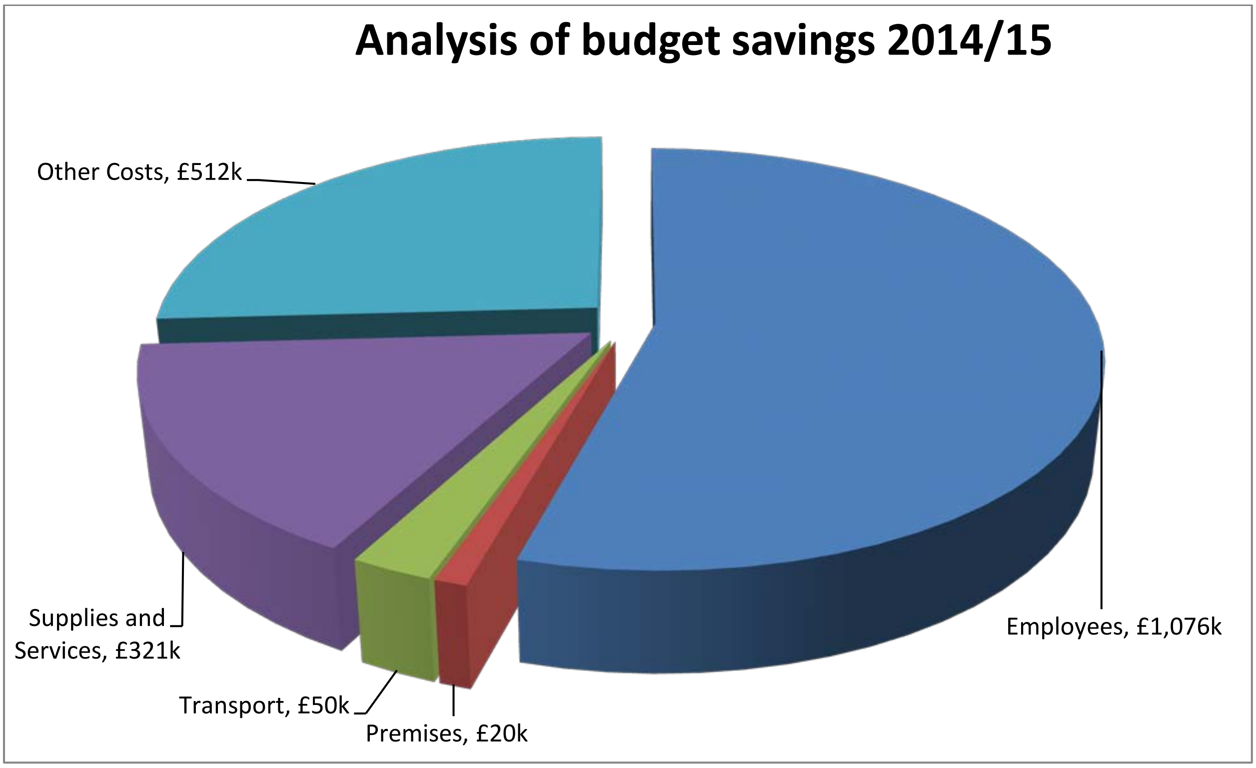
- The Authority sets a range of Prudential borrowing indicators for the financial year to ensure borrowing levels are within agreed limits. Due to slippage in the capital programme and additional repayment in debt, the total financing requirement was £2.9m below the initial estimate, which had a corresponding effect on the operational and authorised limits for external debt.

Approved Financial Plan 2014/15

The Fire Authority had to consider a number of major financial considerations in determining the budget for 2014/15 including:

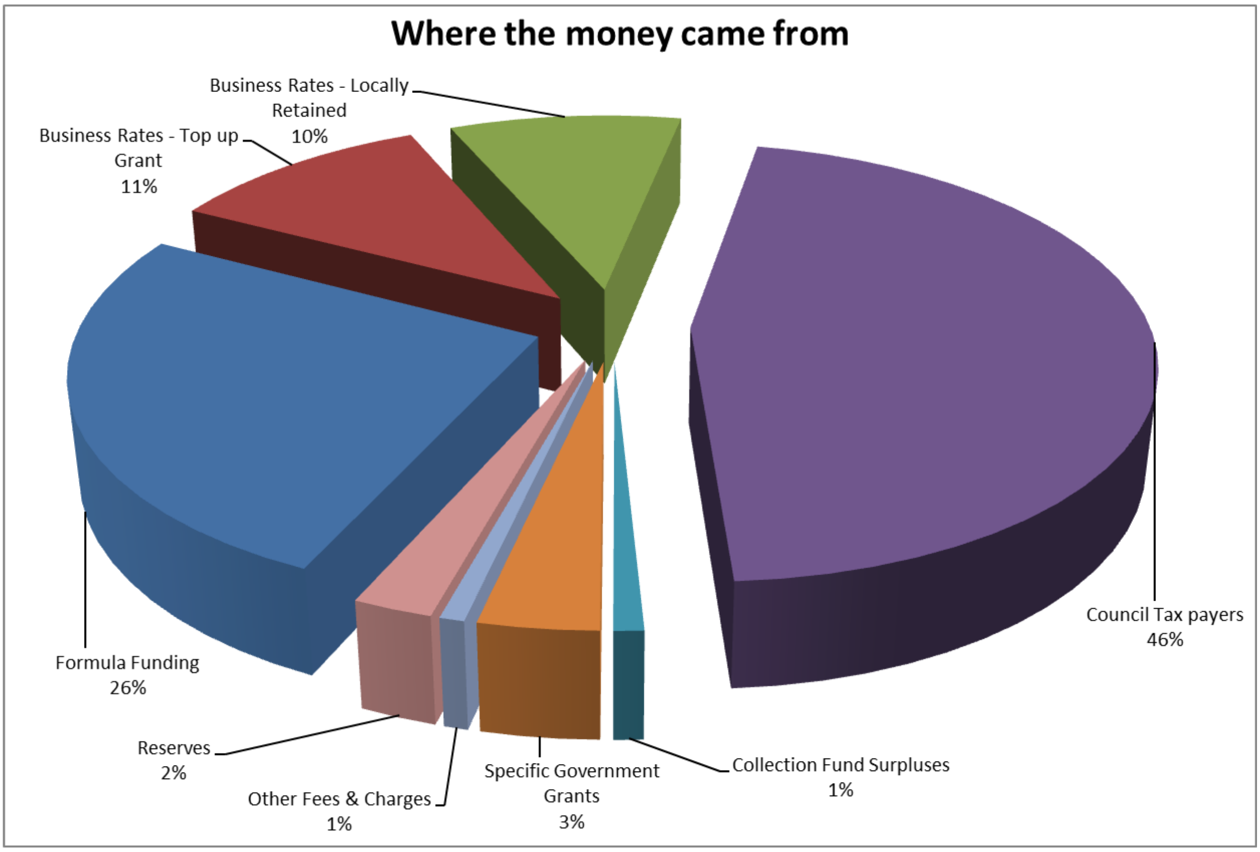
- An overall reduction in Central Government funding of 7.5%.
- A limit on the increase in council tax of 2% before a referendum was required.
- A capital grant allocation of £1.1m.

In total an initial revenue budget, before the use of reserves, of £46.8m was approved by the Fire Authority for 2014/15. This included savings of £2.0m, the details of which are shown below. In addition a capital programme of £13.9m including slippage was also approved. The approved budget after the use of reserves was £45.3m (£44.8m in 2013/14) resulting in a Council Tax of £65.30 (£64.02 in 2013/14) per Band D property.

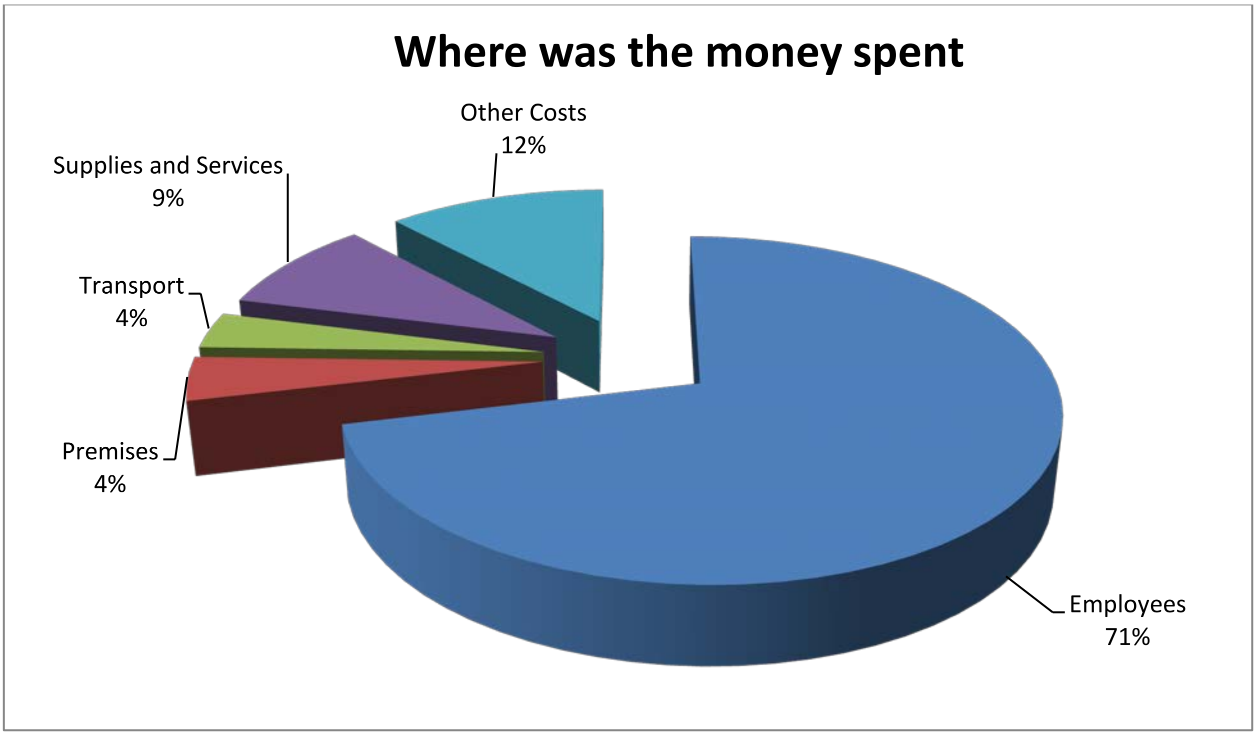


Revised Revenue Budget and Spending in 2014/2015

A number of changes to the budget were reported during the year resulting in a revised budget of £45.9m before use of reserves and £44.4m after the use of reserves. In broad terms 46% of the Fire Authority's funding came from the local council tax payer, with a further 11% from business rates. The majority of the remainder of the funding comes from Central Government.



Expenditure for the year was incurred in the following main areas:-



The 2014/15 revenue budget was under spent by £0.4m a variance of 1.1% when compared to budget. After deducting the initial transfer of reserves at the start of the financial year of £3.1m used to fund the Investing for the Future Program, £2.0m was added to Total Usable Reserves at the year end. This reflects the efforts made by all managers and staff to contain expenditure and introduce efficiencies in light of future grant reductions facing the Authority following the latest Comprehensive Spending Review.

Set out below is a comparison between actual expenditure and revised budget for the year Details supporting the major variations highlighted in the statement are as follows:

		Revised Budget 2014/15 £'000	Actual Expenditure 2014/15 £'000	Difference £'000
Expenditure on Services				
	Employees (net)	33,855	33,858	3
	Premises	2,053	2,002	(51)
	Transport	1,609	1,659	50
	Supplies and Services	4,462	4,335	(127)
	Other Costs	5,782	5,657	(125)
	Income	(1,888)	(2,023)	(135)
Net Expenditure		45,873	45,488	(385)
Transfers to \ from revenue reserves				
	Transfers from Reserves	(3,069)	(3,103)	(34)
	Transfers to Specific Reserves	1,563	1,948	385
	Balance transferred to Austerity Reserve	0	34	34
Net Expenditure after transfer to \ from reserves		44,367	44,367	0
Revenue Support Grant		(17,502)	(17,502)	0
Non-domestic rates redistribution		(4,576)	(4,576)	0
Precepts		(22,289)	(22,289)	0
Working Balance		0	0	0

In line with the Authority's approach to risk management key budgets were closely monitored throughout the year, the overall position at the end of the year compared to the revised budget can be summarised as follows:

- **Employee's** – A total overspend of £3k was achieved after budget adjustments were made. This comprises an under spend of £22k for retained firefighters, underspend of £31k for control staff and an overspend of £73k on training costs primarily associated with Auxiliary firefighter training.

- **Ill health retirements** –Ill health retirements accounted for in the year totalled £513k. A pension provision of £394k is in place to accommodate the transfer of payment to the pension holding account at year end.

- **Premises Costs** – an overall saving of £51k against budget primarily due to a reduction in cleaning costs £20k, and a reduction in costs associated with the Pilning disposal of £25k.

- **Transport** – Transport costs were £50k higher than budget. This relates to higher than budgeted maintenance costs of £130k offset by savings in fuel and travel costs.

- **Supplies** – Overall there was an under spend of £127k, the primary causes were a reduction in operational equipment and supplies expenditure of £105k, and community fire safety £80k.

- **Capital Financing –** Overall expenditure was in line with budget, a £240k interest saving was utilised to increased debt repayment and increase the revenue contribution to capital.

- **Retention Budget** – The balance on the retention budget of £125k was not utilised.

- **Income** –There was an increase in income against budget of £135k due to the receipt of additional government grant and other miscellaneous income.

Reconciliation of budgeted expenditure to deficit on Comprehensive Income and Expenditure Account

The following table sets out the reconciliation between the surplus for the year for budgeting purposes and the surplus on the Comprehensive Income and Expenditure Account for the year. The difference between the two figures represents items which are not charged to the council tax payer, but need to be included to conform with accounting requirements. These items are reversed out in the Movement in Reserves Statement.

	2014/15 £'000	£'000
Surplus for year		385
Budgeted transfer to / (from) reserves		(1,507)
		(1,122)
PFI Equalisation fund movement		(20)
Net decrease in usable reserves		(1,142)
Adjustments for items which do not fall to be charged to the council tax payer but which are required to be charged to the Income and Expenditure Account in accordance with proper accounting practices		
Items to be charged to the Income and Expenditure Account		
IAS 19 - Retirement Benefits	(32,561)	
Depreciation, Impairment, Amortisation and other charges for Assets	(6,741)	
Capital Grants Applied	1,513	
Transfer to / (from) Collection Fund Adjustment Account	(124)	
Transfer to / (from) Accumulated Absences Account	83	
Items required by statute to be charged to council tax		
Minimum Revenue Position (MRP) including voluntary contributions for the repayment of debt and deferred liabilities	2,003	
Revenue Contributions to council tax	3,393	
Employers contributions payable to the Pensions Account and retirement benefits	5,863	
		(26,571)
Deficit on the Comprehensive Income and Expenditure Account		(27,713)

Reserves

The following reserves were set up at the end of the financial year to meet future financial commitments:

Reserve	Justification	£'000
Investing for the Future	To support the investing for the future programme, to finance additional costs.	700
Training	To fund anticipated training demands.	100
Fire-fighter Pensions	To provide for future ill health retirements	100
ICT Development	To meet the costs of revised system design and implementations.	76
Community Safety	To support community safety campaigns and initiatives.	100
Capital Financing	To support future capital programme projects.	872
Austerity	Receipt of additional NNDR added to austerity reserve to fund future grant reductions.	34
Total		1,982

Capital Budget and Spending 2014/15

The Fire Authority determines its capital investment plans and consequent level of borrowing in accordance with guidelines laid out in the Prudential Code issued by CIPFA. The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

For 2014/15 The Fire Authority set a revised capital programme of £13.9m. This primarily reflects the Authority's investment in to a premises rationalisation and improvement programme titled "Investing for the Future". Capital expenditure for the year can be set out in the table below:

Area	Revised Budget 2014/15 £'000	Outturn including slippage £'000	Projected Variation £'000	Slippage £'000
Fleet	1,833	1,833	0	511
Premises	9,571	9,536	(35)	5,791
Operational Equipment	154	160	6	65
IT	1,025	975	(50)	388
Funds not allocated	1,352	1,431	79	1,431
Total Programme	13,935	13,935	0	8,186

The net underspend on for the year on programmed areas was £79k and this has been utilised to increase the balance of funds not allocated and slipped into future years.

Funding for the programme was met by the following sources:

Funding Source	2014/15 Funding £'000	Total Programme Funding £'000
Capital Grant	1,513	1,902
Revenue Contributions / Capital receipts	3,357	3,740
Prudential Borrowing	879	8,293
Total Funding	5,749	13,935

The Fire Authority invested in the following assets during the year:

- Works associated with the "Investing for the Future" project at Kingswood Fire Station, development of a new station near Keynsham and preliminary works on a new station in central Bristol.
- A range of environmental initiatives.
- Control infrastructure investment to improve resilience.
- The purchase of four new Fire Appliances.

A number of capital items rolled into 2015/16. These items mainly comprise of funding for the investing in the future project and improvement to our control facilities.

An analysis of the prudential indicators demonstrates that borrowing was maintained with the approved prudential limits.

Prudential Indicators	Estimated £'000	Actual £'000	Variance £'000
Capital Financing Requirement	22,073	19,182	(2,891)
Financing costs as a % of revenue	5.89%	6.17%	0.28%
Impact on Council Tax	£4.57	£5.71	£1.14
Operational Boundary for external debt	22,073	19,182	(2,891)
Authorised Limit for external debt	23,073	20,182	(2,891)

The Authority undertakes long term borrowing for periods in excess of one year in order to finance its capital spending. During the year the Authority repaid loan amounts of £1.9m and borrowed £7.0m. Total loans outstanding at year end stood at £13.8m. This includes £0.7m of short term loans due for repayment in 2015/16. In addition the Authority has deferred borrowing of £2.1m outstanding as at 31 March 2015.

Joint Training Centre (JTC) – Private Finance Initiative (PFI) scheme

The Authority, in partnership with Gloucestershire County Council and Devon and Somerset Fire and Rescue Authority, has invested in a twenty-five year PFI contract to provide a joint fire and rescue service training centre at Avonmouth. Under this scheme the Authority will receive a significant element of its fire training from Babcock PLC who operate the training centre.

The Government provides some revenue support to the project in the form of grants (PFI credits) and the three authorities finance the balance by making contributions from their own resources. An analysis of the Authority's future commitments to the net annual contract payments (50%), due under the PFI joint venture, along with further analysis of the asset value held on the balance sheet are detailed in note 1 to the Core Financial Statements. Using existing indices and interest rates a revised shortfall had been predicted at the end of the contract period of around £0.8m. A provision of £0.6m was set up in 2012/13 reflecting the Fire Authority's share of the estimated deficit at that point and has been maintained at that level in 2014/15 to reflect the uncertainty around interest rates and other possible fluctuations.

Provisions, Contingencies and write-offs

A number of other provisions are in place to meet a backlog of hydrant maintenance work, to meet the cost of identified ill-health retirements and to allow for the possibility of business rate appeals.

THE STATEMENT OF ACCOUNTS

The Statement of Accounts explains the Fire Authority's finances during the financial year 2014/15 and its financial position at the end of the year. It follows approved accounting standards and is necessarily technical in parts. The Authority's Statement of Accounts for the year 2014/15 comprises of:

- **The Statement of Accounting Policies** – this explains the basis on which the figures in the accounts are calculated.

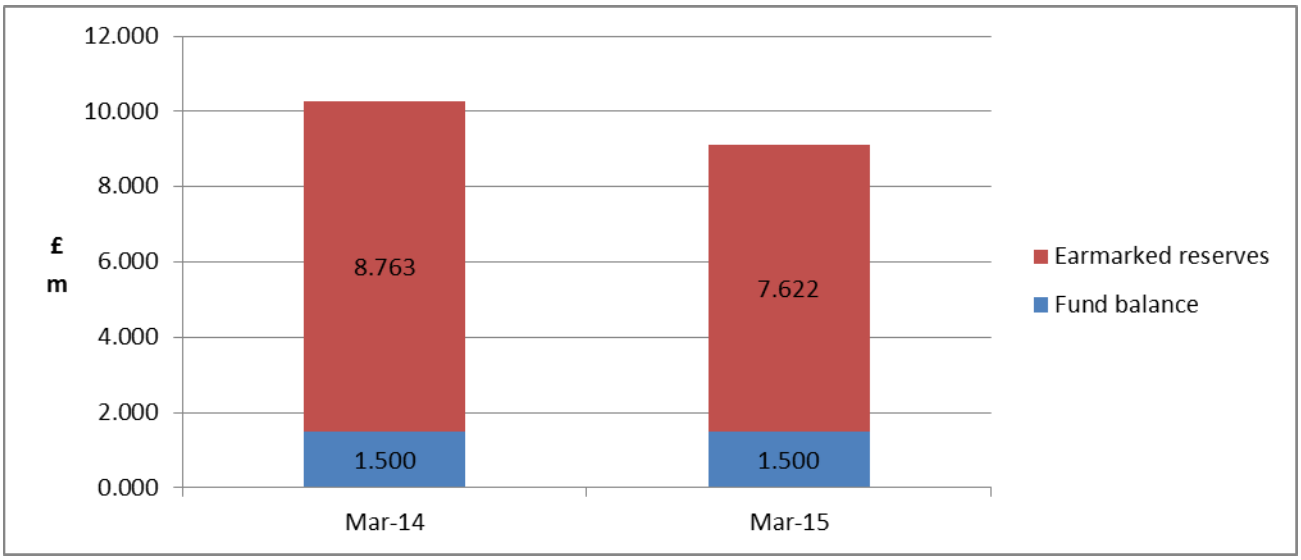
- **The Statement of Responsibilities –** this sets out the respective responsibilities of the Fire Authority and the Treasurer for the accounts.

- **The Independent Auditors Report** – this contains the external Auditors, audit opinion and audit certificate.

- **The Financial Statements –** this consists of the core financial statements grouped together along with detailed disclosure notes. The core financial statements include:

The Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The net increase / decrease before transfers to earmarked reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the authority.

One of the most important issues for readers of the Financial Statements will be whether the Fire Authority has a surplus or deficit compared to its budget (and Council Tax) for the year. Because the financial statements follow accounting standards rather than local government legislation, this isn't easy to identify. The movement in reserves statement reconcile the two different approaches.



As identified earlier in this foreword the Authority managed an under spend of £0.4m against its revised budget of £44.4m, after allowing for its budgeted transfer of £1.5m to reserves. The total transfer from reserves of £1.1m, after adjusting for the movement in PFI reserve, can be correlated with the figures contained within the Movement in Reserves Statement on page 17 of the Statement of Accounts. The decrease in Total Usable Reserves contained with the statement is a matching £1.1m. This reflects the movement to reserves at the end of the year less the reserves utilised during the year.

The statement also identifies that the Authority has a general fund balance of £1.5m and earmarked reserves of £7.6m equating to total usable reserves of £9.1m.

The Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. A summary is shown below:

Comprehensive income and Expenditure	2013/14 £'000	2014/15 £'000	Change £'000
Cost of providing services	48,644	50,134	1,490
Financing and investment income (net)	23,194	23,394	200
Taxation and Grant Income	(46,424)	(45,815)	609
Total deficit on the provision of services	25,414	27,713	2,299
Surplus on revaluation of assets	(2,708)	(1,173)	1,535
Actuarial gains / (losses) on pension assets	(39,076)	24,938	64,014
Total other income and expenditure	(41,784)	23,765	65,549
Total comprehensive income and expenditure	(16,370)	51,478	67,848

The statement for 2014/15 for the Authority shows that a deficit of £27.7m was made on the provision of the Authority's services, a £2.3m increase on the previous year. The cost of providing the Authority's services for the year was £50.1m which was offset by grants and taxation receipts of £45.8m. Additional costs of £23.4m were incurred in respect of the increase in pension liabilities associated with the actuary's valuation of the Authority's relevant pension schemes increase.

The 2014/15 accounts show a deficit of £23.8m on other comprehensive income and expenditure which primarily reflects a surplus on the revaluation on some of the Authority's properties and an actuarial loss on pension funds.

In total the Comprehensive Income and Expenditure Statement shows a £51.5m deficit for the period and this figure is contained within the Movement in Reserves Statement. This shows a significant reduction compared to 2013/14 where a surplus of £16.4m was made. This is primarily due to the change of position from a £39.1m actuarial gain on pensions assets in 13/14 compared to a loss of £24.9m in 2014/15.

The Balance Sheet

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	2013/14 £'000	2014/15 £'000	Change £'000
Long term assets	60,855	60,617	(238)
Current assets	7,002	14480	7,478
Current liabilities	(4,344)	(6,912)	(2,568)
Long term liabilities	(523,317)	(579,467)	(56,150)
Net Assets	(459,804)	(511,282)	(51,478)
Usable reserves	10,263	9,121	(1,142)
Unusable reserves	(470,067)	(520,403)	(50,336)
Total reserves	(459,804)	(511,282)	(51,478)

The Authority has long term assets worth £60.6m primarily comprising of land and buildings, and vehicles.

Current assets at 31st March 2015 were £14.5m represented by cash at bank of £9.6m, short term debtors of £4.4m and a property held for sale of £0.5m. This is an increase of £7.5m over the year and is primarily due to the increase in cash resulting from £7m of borrowing in March 2015. Current liabilities at the 31st March 2015 were £6.9m comprising of short term borrowing of £0.7m, provisions of £2.7m and creditors of £3.5m.

The Balance Sheet identifies other long term liabilities of £579.5m. This primarily reflects future pension cash flows as calculated under accounting standard IAS 19. It should be noted that these have increased by £57m from 2013/14. The average duration of the scheme's liabilities is approximately 21 years and the discount rate has fallen by approximately 1.1% (4.4% to 3.3%) since the start of the year. While other financial assumptions (such as expected future inflation) have also fallen, they have fallen by less than the discount rate. The net effect has been a substantial increase in liabilities. Long term borrowing has increased by £5.2m to £13.1m.

The usable reserves are an indication of the resources available to the Authority to deliver services in the future. Key issues are how the balances have changed over the year, whether the balances are adequate, and what the balances mean in terms of future budgets and services. The PFI equalisation is classified as a usable reserve.

As at the 31st March 2015 the Fire Authority had £9.1m of usable reserves a reduction of £1.2m over the previous year primarily as a result of the use of reserves to fund the Authority's Investing in the Future Programme. The deficit on unusable reserves increased by

£50.3m primarily as a result of changes in economic assumptions when calculating the liabilities of the firefighter pension schemes.

The Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery.

Cash Flow Statement	2013/14 £'000	2014/15 £'000	Change £'000
Net cash flows from operating activities	(2,991)	(5,903)	(2,912)
Investing activities	2,119	4,709	2,590
Financing activities	1,732	(4,997)	(6,729)
Change in cash / cash equivalents	860	(6,191)	(7,051)
Cash / cash equivalents beginning of the year	(2,153)	(1,293)	860
Cash / cash equivalents end of the year	(1,293)	(7,484)	(6,191)

In summary the Authority received surplus cash flows from operating activities of £5.9m, an increase of £2.9m on the previous year. Investing cash flows were £4.7m primarily representing investment in capital assets net of capital grants. Financing activities were £5m representing repayment of PFI contract obligation and long term debts offset against borrowing to finance the capital programme.

The overall increase in cash and cash equivalents was £6.2m for the year.

The Firefighter's Pension Fund Account and Net Assets Statement

It is unusual for an unfunded pension scheme such as the Firefighters' Scheme to have a fund account, as it holds no assets that need to be ring-fenced. Instead the purpose of the Firefighters' Pension Fund is to provide a basis for identifying the balance of transactions taking place over the year and the arrangements needed to close the balance for that year. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service. For this reason the pension fund accounts are shown after the other financial statements. The net cost of the pensions in the year is met by a grant from the Department for Communities and Local Government.

	Forecast £'000	Outturn £'000	Variance £'000
Pensions Outgoings			
Pension payments	11,696	11,629	(67)
Commutations	2,286	2,781	495
Other	17	2,269	2,252
Total Expenditure	**13,999**	**16,679**	**2,680**
Pension Income			
Employee Contributions	(2,286)	(2,600)	(314)
Employer Contributions	(3,532)	(3,634)	(102)
In year ill health income	(52)	(297)	(245)
Transfer in from other schemes	0	0	0
Government Grant	(8,129)	(10,148)	(2,019)
Total Income	**(13,999)**	**(16,679)**	**(2,680)**
Net Fund Expenditure	0	0	0

Total pension expenditure for the year was £16.68m, £2.68m more than the anticipated budget. The overspend position is due to an increase of £0.58m in lump sum commutations & £2.1m pension commutation.

£2.60m of employee contributions were made into the pension account with a further £3.63m from the employer. Total income was a £661k more than budgeted. In total Government top up grant of £10.15m was received to fund the gap between expenditure and income.

Financial Climate and Medium Term Financial Planning

The Fire Authority has to develop and produce a Medium Term Financial Plan (MTFP) to ensure that it has adequate resources to deliver its services into the future. Key elements of the plan are based on funding issues arising from the 2015/16 Local Government Finance Settlement, which were as follows:

- Increases in the basic amount of Council Tax above 2% would require a referendum to be held.
- There was a reduction in the 2014-15 settlement funding assessment of 9.04%.
- The capital grant allocation was £0.950m resulting from a successful application from the Fire Transformation Fund.

The Government has indicated that austerity measures need to continue for several more years. The Fire Authority's approved 4 year medium term financial plan is summarised below:

Detail Analysis	15/16 £'000	16/17 £'000	17/18 £'000	18/19 £'000
Employees	33,659	34,786	35,490	36,200
Premises	2,064	2,114	2,168	2,223
Transport	1,739	1,729	1,764	1,799
Supplies and Services	4,398	4,418	4,514	4,627
Other Costs	3,696	2,465	2,228	2,213
Unidentified savings	0	(575)	(2,100)	(3,100)
Total Expenditure	45,556	44,937	44,064	43,962
Income	(1,904)	(1,835)	(1,881)	(1,928)
Budget before use of reserves	43,652	43,102	42,183	42,034
Reserves	(400)	(823)	(323)	(323)
Net Budget	43,252	42,279	41,860	41,711

The MTFP outlined above is based on a number of assumptions on key financial matters such as inflation, pay awards and government funding. In order to ensure the budget is in line with funding the following efficiencies have been identified:-

Analysis of proposed savings 2015/16 - 2018/19					
Area	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £'000
Employees	(1,638)	(145)	0	0	(1,783)
Premises	(60)	0	0	0	(60)
Transport	(50)	(45)	0	0	(95)
Supplies and Services	(10)	(92)	(25)	0	(127)
Other Costs	(565)	(539)	(15)	(22)	(1,141)
Unidentified savings	0	(575)	(1,525)	(1,000)	(3,100)
Total Savings	(2,323)	(1,396)	(1,565)	(1,022)	(6,306)
Income	0	0	0	0	0
Net Savings	(2,323)	(1,396)	(1,565)	(1,022)	(6,306)
Use of Reserves	(400)	(823)	(323)	(323)	(1,869)
Total reductions	(2,723)	(2,219)	(1,888)	(1,345)	(8,175)

The objectives of the MTFP are:

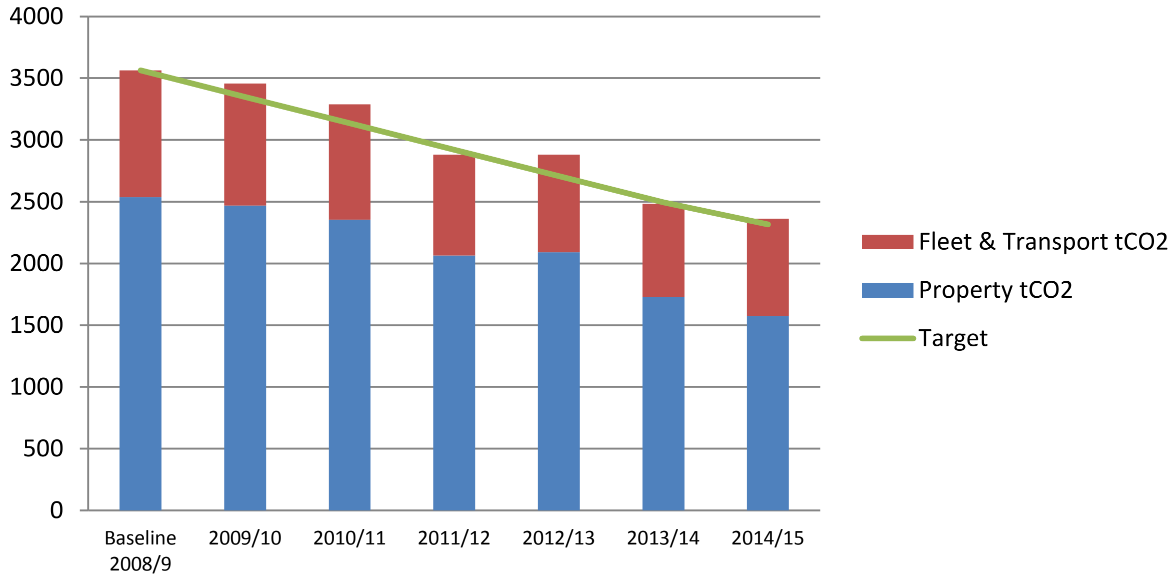
- To ensure the Authority's aims and objectives can be delivered
- To ensure commitments do not exceed forecast resources over the four year period
- To look for more efficient ways of delivering services
- To manage the resources available effectively and to ensure the budget is aligned with corporate objectives
- To ensure that Council Tax increases are not excessive
- To ensure the Authority maintains a realistic level of general reserves to meet unforeseen events

CO_2 Emissions Report and Environmental Update

CO_2 Emissions

AF&RS reported carbon emissions are made up of Building Energy Consumption (Gas, Electric and Heating Oil), Fleet Vehicle Fuel and Private and Lease vehicle mileage claims. This was the scope of emissions originally agreed with the Carbon Trust as part of the development of our Carbon Management Plan in 2010.

The graph below shows our performance over the last six years compared to our baseline (2008/9), and a linear projection of our carbon reduction target.



In March 2014 we met our Carbon Management Plan target of 30% reduction in emissions from our 2008/9 baseline. This year, total Carbon Emissions have reduced by a further 5%.

Property Emissions

Rationalisation of our estate including the demolition of Temple Fire Station and the Closure of Speedwell Fire Station has contributed significantly to the ongoing reduction in energy consumption associated with our buildings. In addition, Kingswood Fire Station has been refurbished to a significantly improved energy standard, including a complete replacement of heating and lighting systems.

The design for the new Temple and Hicks Gate Fire Stations incorporate significant low carbon and energy features, including Renewable Energy, District Heating compatibility and improved building management control. Once these new buildings are complete we predict a further improvements.

Transport Emissions

Overall transport emissions have fallen by more than 20% compared to our 2008/9 baseline, however, Operational Fleet emissions have increased slightly over the last 12 months.

A significant reduction in business travel has been sustained; emissions have fallen by over 50% since 2008/9 equating to over 100 tonnes CO_2 / Yr.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;

to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;

to approve the statement of accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASACC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Treasurer has:

selected suitable accounting policies and then applied them consistently;

made judgements and estimates that were reasonable and prudent;

complied with the code of practice.

The Treasurer has also:

kept proper accounting records which were up to date;

taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the statement of accounts on pages 17-91 provide a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2015.

Signed

James Dack

James Dack
Treasurer of the Avon Fire Authority
19 June 2015

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The net increase / (decrease) before transfers to earmarked reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	Fund Balance £'000	Earmarked Fund Reserves £'000	**Total Usable reserves £'000**	Unusable Reserves £'000	**Total Authority Reserves £'000**
Balance at 31 March 2013	**1,500**	**7,272**	**8,772**	**(484,946)**	**(476,174)**
Movement in reserves during 2013/14					
Surplus or (deficit) on the provision of services	(25,414)	-	(25,414)	-	(25,414)
Other Comprehensive Income and Expenditure	41,784	-	41,784	-	41,784
Total Comprehensive Income and Expenditure	**16,370**	**-**	**16,370**	**-**	**16,370**
Adjustments between accounting basis & funding basis under regulations (note 9)	(14,879)	-	(14,879)	14,879	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**1,491**	**-**	**1,491**	**14,879**	**16,370**
Transfers to/from earmarked Reserves (note 23)	(1,491)	1,491	-	-	-
Increase / (Decrease) in 2013/14	**-**	**1,491**	**1,491**	**14,879**	**16,370**
Balance at 31 March 2014 carried forward	**1,500**	**8,763**	**10,263**	**(470,067)**	**(459,804)**
Movement in reserves during 2014/15					
Surplus or (deficit) on the provision of services	(27,713)	-	(27,713)	-	(27,713)
Other Comprehensive Income and Expenditure	(23,765)	-	(23,765)	-	(23,765)
Total Comprehensive Income and Expenditure	**(51,478)**	**-**	**(51,478)**	**-**	**(51,478)**
Adjustments between accounting basis & funding basis under regulations (note 9)	50,336		50,336	(50,336)	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**(1,142)**	**-**	**(1,142)**	**(50,336)**	**(51,478)**
Transfers to/from earmarked Reserves (note 23)	1,142	(1,142)	-	-	-
Increase / (Decrease) in 2014/15	**-**	**(1,142)**	**(1,142)**	**(50,336)**	**(51,478)**
Balance at 31 March 2015 carried forward	**1,500**	**7,621**	**9,121**	**(520,403)**	**(511,282)**

Comprehensive Income and Expenditure Statement for the Year Ending 31 March 2015

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2013/2014				2014/2015		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
7,263	(300)	6,963	Community safety	7,073	(285)	6,788
43,157	(2,492)	40,665	Fire fighting and rescue operations	44,978	(2,529)	42,449
80	(3)	77	Fire service emergency planning and civil defence	100	(3)	97
957	(18)	939	Corporate and democratic core	815	(15)	800
-	-	-	Non distributed costs	2,106	(2,106)	-
51,457	**(2,813)**	**48,644**	**Cost of Services**	**55,072**	**(4,938)**	**50,134**
		6	Other operating expenditure			171
		23,188	Financing and investment income and expenditure (note 28)			23,223
		(46,424)	Taxation and non-specific grant income (note 27)			(45,815)
		25,414	**(Surplus) or Deficit on Provision of Services**			**27,713**
		(2,708)	(Surplus) or Deficit on revaluation of non-current assets			(1,173)
		(39,076)	Remeasurements of the net defined benefit liability			24,938
		(41,784)	**Other Comprehensive Income and Expenditure**			**23,765**
		(16,370)	**Total Comprehensive Income and Expenditure**			**51,478**

Balance Sheet as at 31 March 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

Balance Sheet as at 31 March 2015

31-Mar-14 £'000		Notes	31-Mar-15 £'000
60,508	Property, Plant & Equipment	10	60,345
347	Intangible assets	10	272
60,855	**Long Term Assets**		**60,617**
-	Assets Held for Sale	10	455
5,709	Short Term Debtors	16	6,541
1,293	Cash and Cash Equivalents	17	7,484
7,002	**Current Assets**		**14,480**
(767)	Short Term Borrowing	19	(721)
(564)	Short-Term Provisions	21	(2,685)
(3,013)	Short Term Creditors	18	(3,506)
(4,344)	**Current Liabilities**		**(6,912)**
(7,918)	Long term borrowing	19	(13,115)
	Other Long Term Liabilities		
(510,769)	Net Pensions Liability	26	(562,405)
(590)	Long-term Provisions	22	(590)
(826)	Capital Grants Receipts in Advance		(388)
(3,214)	Deferred Liability	4,14	(2,969)
(523,317)	**Long Term Liabilities**		**(579,467)**
(459,804)	**Net Assets**		**(511,282)**
10,263	Usable Reserves	23	9,121
(470,067)	Unusable Reserves	24	(520,403)
(459,804)	**Total Reserves**		**(511,282)**

These financial statements replace the unaudited financial statements approved at the meeting of the Special Purposes Committee on 19 June 2015.

Signed

Peter Abraham

Peter Abraham
Chairman of the Avon Fire Authority
25 September 2015

James Dack

James Dack
Treasurer of the Avon Fire Authority
25 September 2015

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2013/2014 £'000		2014/2015 £'000
25,414	Net (surplus) or deficit on the provision of services (note 30)	27,713
(29,854)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(35,178)
1,449	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	1,562
(2,991)	Net cash flows from Operating Activities (note 31)	(5,903)
2,119	Investing Activities (note 32)	4,709
1,732	Financing Activities (note 33)	(4,997)
860	Net increase or decrease in cash and cash equivalents	(6,191)
(2,153)	Cash and cash equivalents at the beginning of the reporting period	(1,293)
(1,293)	**Cash and cash equivalents at the end of the reporting period (note 17)**	**(7,484)**

1. Statement of Accounting Policies

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations and be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice (SERCOP) 2014/15 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents and Bank Overdrafts

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

When the gross deficit of cash overdrawn on bank accounts has no offsetting arrangements the balance sheet shows the balance as Bank Overdrafts.

iv Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, described as the minimum revenue provision "MRP", by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii Employee Benefits

<u>Benefits Payable During Employment</u>
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is calculated for all employees using current salaries. The accrual is charged to Surplus or Deficit on the Provision of Services,

but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits, whether they are a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Authority's Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Authority are divided between the 'Old' and 'New' Fire Fighters Pension Scheme for its uniformed Firefighters and the Local Government Scheme for support staff and abated Firefighters:

- The Firefighters Pension Schemes are administered by the Bath and North East Somerset Council in accordance with Department for Communities and Local Government (DCLG) regulations.
- The Local Government Pensions Scheme (called the Avon Pension Fund) is administered by Bath and North East Somerset Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

The Firefighters Pension Scheme

This is an unfunded scheme. For such schemes, as there are no investment assets, IAS 19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Comprehensive Income and Expenditure account.

The Local Government Pension Scheme

The Avon Pension Fund is accounted for as a defined benefits scheme:

- The liabilities of the Avon Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the return for high quality corporate bonds.
- The assets of Avon Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price
    - Un-quoted securities – professional estimate
    - Unitised securities – current bid price
    - Property – market value.

- The movement on the net pensions liability is analysed into the following constituents:
    - Service cost comprising:
        - Current Service cost - the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.
        - Past service cost – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the Authority in the number of employees covered by a plan).
        - Any gain or loss on settlement – (where applicable) arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.
    - Net Interest on the defined benefit liability/(asset) – the change during the present in the net defined benefit liability/(asset) that arises from the passage of time.
    - Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
    - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Remeasurements of the net defined benefit liability (asset) comprising:
        - Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects or changes in actuarial assumptions.
        - the Return on plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset).
    - Contributions by scheme participants – the increase in scheme liabilities and assets due to payments made into the scheme by employees (where increased contribution increases pensions due to the employee in the future).
    - Contributions by the Employer – the increase in scheme assets due to payments made into the scheme by the employer.
    - Benefits paid – payments to discharge liabilities directly to pensioners.

In relation to retirement benefits, statutory provisions require the Authority's Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Long Term Disability Benefit

In accordance with IPSAS 25 and the code, the Authority has rebutted the presumption to account for long-term disability benefit in the same way as other long-term benefits under IAS 19. The Authority considers that these could be both significant and volatile given the nature of the service provision and therefore accounts for them, under IAS 19, as defined post-employment benefits.

viii Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
    - Receivables are measured at fair value and carried at their amortised cost

    - There are no material loans which require separate classification and accounting treatment

- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.
    - There are no available for sale assets which require separate classification and accounting treatment

x Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Authority's Fund Balance. The gains and losses are therefore reversed out of the Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds) the Capital Receipts Reserve.

xii Heritage Assets

Under FRS30 – Heritage Assets should be declared on the balance sheet of the Authority. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment.

The Authority has a number of items that would be deemed as Heritage Assets but are de-minimus under the Authority's Property, Plant and Equipment Policy and are therefore not declared.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

The Authority may occasionally dispose of heritage assets. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory requirements relating to capital expenditure and receipts.

xiii Inventories

The Authority does not maintain separate stock accounts and treats all stock purchases as revenue expenditure incurred during the year. This is justified due to the policy of maintaining stock levels at a minimum and the high stock turnover.

xiv Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Authority as Lessee</u>

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xv Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (S*e*RCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in S*e*RCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xvi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

<u>Recognition</u>

Assets costing individually or collectively less than £5,000 are classed as de-minimus and are not capitalised. The expenditure is charged direct to the appropriate service line.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

<u>Measurement</u>

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets – depreciated historical cost.
- operational land and properties and other operational assets – lower of net current replacement costs or net realisable value.
- vehicles, plant and equipment – depreciated replacement cost.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end and as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

<u>Impairment</u>

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets)

For all assets with a finite life, depreciation is calculated on a straight-line basis over the assessed useful life of the asset.

Depreciation is not charged in the year of acquisition.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £5,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

xvii Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

Under the Joint Training PFI Scheme the Authority is deemed to control, along with the other partners, the services that are provided under the PFI scheme, and neither the Authority, other partners, nor the Service Provider, retains any residual interest in the property at the end of the 25 year service period. For these reasons the Authority carries it's share of the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operator each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – recognised as non-current assets on the balance sheet.

The Government provides some revenue support to the project in the form of grants (PFI credits) and the three authorities fund the balance by making contributions from within their own resources.

The grant from the Government, together with the contributions from the partners is paid into an equalisation fund, which is administered by Gloucestershire County Council on behalf of the partners. Surpluses on the equalisation fund are invested in order to ensure that adequate funding throughout the life of the contract is available. The fund is reviewed, and if necessary, contributions amended every three to five years with the intention that the balance of the fund at the end of the contract will be nil.

xviii Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xx VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2.

a. Critical Judgements in Applying Accounting Policies

In applying the policies set out in the Statement of Accounting Policies, the Authority has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement made in the Statement of Accounts was:

- The Pension Ombudsman determined in May 2015 that pensioners' lump sum payments made to firefighters between December 2001 and August 2006 had not been calculated correctly as a result of the relevant commutation factors not being properly updated by the Government Actuary's Department (GAD). As a result there will be an additional liability to the Pension fund for backpayment of the amounts due and associated interest. GAD, in conjunction with the Department of Communities and Local Government (DCLG), has issued guidance in respect of the calculation required to assess the additional lump sums due. This enables each Fire Authority to calculate the impact for their 2014/15 accounts.

  The Pension Administrators have calculated that in total there were 153 leavers affected and based upon GAD's estimate of the likely impact of the revised commutations and interest payable it is estimated that an amount of £2.106m will be payable by the Authority. Whilst this figure has not been finalised there is a high degree of confidence in the material accuracy of the estimate because each case has been reviewed and assessed individually. The Authority has taken a view that this is material to the accounts and therefore the figure of £2.106m has been included as a provision in the Statement of Accounts as an adjusting post balance sheet event under IAS37 Provisions. Assurance has been received from HM Treasury that the DCLG that that Fire Authorities will be compensated for these costs and therefore the corresponding income and debtor have been included, meaning that there is a net nil affect to the Authority's balance sheet.

  In addition to those adjustments made under Non Distributed Costs on the face of the Comprehensive Income and Expenditure Statement the adjustments are also shown under Provisions (Note 21) and Debtors (Note 16) in the Balance Sheet.

  The Fire Fighters Pension Fund Account has also been adjusted.

- There is a high degree of uncertainty about future Government support for local government generally and fire services in particular. The Authority has developed an 'Investing for the Future' programme in order to prepare and plan for any requirement to scale back service provision.

- No Residual Value of Assets - The Authority assumes that the residual value of all property plant and equipment will be nil when they are de-commissioned, as the assets are held to provide a service rather than for resale at the end of their useful life. The Authority has determined that the amounts received when assets are decommissioned are negligible and depend on the market demand for the assets at time of disposal.

- Property valued at Depreciated Replacement Cost – The Authority has measured its fire stations as depreciated replacement cost as there is no market based evidence of fair value because of the specialist nature of the assets.

b. Assumptions made about the future and other sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a risk of adjustment in the forthcoming financial year are as follows:

- The actuary has provided an assessment of the effect of changes in the assumptions used in estimating pension assets and liabilities included in the accounts according to the requirements of IAS 19, as reported in note 26.

- Estimation of the net liability to pay pensions depends on a number of complex estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Please refer to the Sensitivity analyses provided in Note 26.

- The Actuary has estimated a liability for the retained firefighters using the average of the data available for these employees. As responses from the Retained Firefighters' Pensions Settlement are still being collated the Actuary has assumed a 100% take-up. The liability that has been calculated is therefore based on incomplete data, and the liability may therefore change once more information is known.

- The cost of support services and service management has been fully charged to service expenditure headings. In line with CIPFA guidance, the cost of corporate management and democratic representation and management is not charged to service expenditure headings. Corporate management relates to those activities and costs incurred in the general running of the Authority. It includes a proportion of the costs of the senior officer management team and such items as the costs of external audit and treasury management. Democratic representation and management includes all Members' allowances and costs, officer time in support of Members and certain subscriptions to local authority associations. Where support services are recharged, a number of methods are used depending on the nature of the costs to be allocated. These include; staff time spent; number of employees; usage and areas of property occupied.

- Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred. These rates are based on professional guidance and are used to calculate the appropriate depreciation charge for each asset. Property assets are subject to individual 5 year reviews which could result in changes to their remaining assets lives and corresponding changes to depreciation charges and net book values. The current economic climate may affect spending on repairs and maintenance, which may change the useful economic lives assigned to assets. It is estimated that the annual depreciation charge would increase by £1,312k for every year that useful lives have to be reduced.

c. **Accounting Standards issued but not yet adopted**

The Code of Practice on Local Council Accounting in the United Kingdom 2015/16 (the Code) requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that came into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2014 for 2014/15).

For this disclosure the standards introduced by the 2015/16 Code include:

- IFRS 13 Fair Value Measurement
- IFRIC 21 Levies
- Annual Improvements to IFRSs:
  - IFRS 1 Meaning of effective IFRSs;
  - IFRS3 Scope exceptions for joint ventures;
  - IFRS13 Scope of paragraph 52 (portfolio exception); and
  - IAS 40 Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

If these had been adopted for the financial year 2014/15 there would be no material impact on the financial statements.

3. External Audit Fees

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and to non-audit services provided by the Authority's external auditors.

2013/2014 £'000		2014/2015 £'000
42	Fees payable with regard to external audit services carried out by the appointed auditor *2014/15 Audit Fee is £42k but includes £9k non-recuring prior year rebates	33

4. Un-discharged obligations – Private Finance Initiative (PFI) scheme (Joint Training Centre)

As set out in the Accounting policies, under a joint PFI venture, the Authority now receive a significant element of their fire training from Babcock Fire Training (Avonmouth) Limited, a company contracted to provide the training until 31st March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates (DBFO) under the PFI contract.

The Authority's share (50%) of the annual net contract payments paid during the year together with the estimated amounts payable over the remaining 14 years of the joint venture are as follows:

2013/2014 £'000		Service Charge £'000	Interest £'000	Repayment of Liability £'000	Total 2014/2015 £'000
1,202	Total contract payments	804	370	45	1,219
	Outstanding undischarged contract obligations:-				-
1,219	Within 1 year	824	404	132	1,360
5,646	Between 2 and 5 years	3,506	1,632	664	5,802
7,880	Between 6 and 10	4,893	1,980	1,205	8,078
7,059	Between 11 and 14	3,236	1,092	1,018	5,346

As detailed in the Note 1 (Statement of Accounting Policies) and more specifically in Note 4 the Authority has entered into a Joint Training PFI scheme. As part of this scheme the equalisation fund, administered by Gloucestershire County, is invested to ensure that adequate funding is available throughout the life of the contract. The fund is reviewed and if necessary contributions from the three partners amended every three to five years with the intention that the balance on the fund at the end of the contract will be nil.
Although the deficit calculated at 31 March 2015 has reduced slightly from that calculated at 31 March 2014, until such time as a renegotiation of the Training Centre contributions by the three partners is agreed, the Authority considers it prudent to keep the provision at existing levels. The provision will then be utilised to off-set any increased contributions once they are agreed.

Summary totals for the Asset held under the PFI and accounted for as part of Non-Current Assets – namely the building, including lifecycle replacement costs and the effect of revaluation are as follows:

	Property Plant & Equipment £'000
Gross Asset Value at 31 March 2014	5,107
Accumulated Depreciation and Impairment	(2,074)
Net Book Value of Asset at 31 March 2014	3,033
Movement in 2014/15	
Lifecycle Replacement Costs	86
Revaluation	(746)
Depreciation	(163)
Net Book Value of Asset at 31 March 2015	2,210

Summary totals for the corresponding liability are as follows:

	Property Plant & Equipment £'000
Finance Lease Liability outstanding at 31 March 2014	3,064
Finance Lease Liability repaid in 2014/15	45
Finance Lease Liability outstanding at 31 March 2015	3,019

The above listed commitments are affected by past inflation – previous price rises will be built into future payments – and also by future inflation – which gives rise to uncertainty about future payments.

5. **Members' Allowances**

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) the totals sums paid by Avon Fire Authority to members/co-optees under the Avon Fire Authority Members Allowances Scheme for 2014/15 are set out on the following page. The summary of allowances, which have been paid under this scheme are as follows:

2013/2014 £'000		2014/2015 £'000
50	Allowances	49
50	**Total**	**49**

A copy of the Members' Allowances Scheme and of the record of payments made under the scheme are available for inspection at Service Headquarters, Temple Back, Bristol BS1 6EU between 8.30am and 4.30pm Monday to Friday (excluding public holidays).

A detailed list of individual payments can be seen below:

2013/2014 £	Recipient	Basic Allowance £	Special Responsibility Allowance £	Cooptees Allowance £	2014/2015 £
3,263	Councillor P Abraham	1,453	1,985		3,438
1,453	Councillor L Alexander	430			430
211	Councillor C Ann				-
1,453	Councillor S Ball	1,453			1,453
1,591	Councillor C Barrett	1,453		55	1,508
1,453	Councillor N Barrett	1,453			1,453
211	Councillor C Cave				-
211	Councillor S Comer				-
1,746	Councillor S Cook	1,453			1,453
1,453	Councillor K Cranney	1,453			1,453
1,453	Councillor C Davies	1,453			1,453
1,453	Councillor A Davis	1,453			1,453
3,438	Councillor M Drew	1,453	1,985	51	3,489
1,242	Councillor R Garner	1,453			1,453
1,453	Councillor H Gregor	1,453			1,453
1,453	Councillor A Hale	1,453			1,453
1,242	Councillor N Hartley	1,453			1,453
211	Councillor B Hugill				-
1,453	Councillor C Jackson	1,453			1,453
254	Councillor P Judd				-
-	Councillor T Kent	1,023			1,023
1,453	Councillor T Leaman	430			430
1,453	Councillor J Lovell	1,453			1,453
211	Councillor T Marter				-
1,242	Councillor C Martin	430			430
1,453	Councillor R Payne	1,453			1,453
1,242	Councillor W Payne	1,453			1,453
1,242	Councillor M Pepperall	1,453			1,453
1,242	Councillor D Pickup	430			430
1,242	Councillor D Poole	1,453			1,453
211	Councillor W Sandry				-
-	Councillor C Smith	1,023			1,023
1,242	Councillor R Stone	1,453			1,453
211	Councillor S Townsend				-
10,054	Councillor T Walker	1,453	8,601		10,054
-	Councillor C Windows	1,023			1,023
-	Councillor M Wollacott	1,019			1,019
120	Mr B Shearne				-
372	Mr C Williams	243			243
49,688	**Total**	**36,563**	**12,571**	**106**	**49,240**

6. **Employees Remuneration**

The Authority is required, by the Accounts and Audit Regulations 2011 to disclose the number of employees whose remuneration, excluding employer pension contributions, was £50,000 or more in bands of £5,000 (previous regulations required bands of £10,000) and this information is set out in the following table – staff included in the senior officer remuneration table (note 7) are not included in this table:

2013/2014 No. of Employees	Remuneration Band	2014/2015 No. of Employees
14	£50,000 - £54,999	9
4	£55,000 - £59,999	11
5	£60,000 - £64,999	4
1	£65,000 - £69,999	3
-	£70,000 - £74,999	1
-	£75,000 - £79,999	-
-	£80,000 - £84,999	1

The number of exit packages, with total cost per band, are set out in the table below.

2013/2014			2014/2015			
No. of departures agreed	Total cost of exit packages in each band £,000	Exit Package Cost Band (including special payments)	No. of Compulsory Redundancies	No. of other departures agreed	Total no. of exit packages by cost band	Total cost of exit packages in each band £,000
1	2	£0 - £20,000	-	3	3	39
1	2	Total	-	3	3	39

7. **Senior Officer Remuneration**

Under amended regulations, the Authority is required to disclose individual remuneration details for senior employees. Senior employees are defined as those employees who have a role in the overall management of the organisation. For the Authority, it is deemed that this applies to the Service Management Board (SMB) and the other statutory officer – the Monitoring Officer.

Details of their remuneration, amounts paid to them in the year, are shown in the following table:

Post Holder			Salary Incl. Fees & Allowances £	Benefits in Kind £	Pension Contributions £	Note	Total Remuneration Including Pension Contributions £
Chief Fire Officer & Chief Executive - K Pearson		2014/15	131,499	271	15,488		147,258
		2013/14	130,000	20	77,002	(1)	207,022
Deputy Chief Fire Officer - Director of Service Delivery - J Day		2014/15	149,618	3,096	16,892	(2)	169,606
		2013/14	139,924	3,199	29,800		172,923
Assistant Chief Fire Officer - Director of Risk Reduction - Left 26/09/14		2014/15	26,229	-	5,561		31,790
		2013/14	118,427	1,146	25,224		144,797
Assistant Chief Fire Officer - Director of Risk Reduction and Operational Training from 01/12/14		2014/15	32,825	1,139	6,992		40,956
		2013/14	-	-	-		-
Assistant Chief Fire Officer – Director of Operational Response from 01/12/14		2014/15	32,825	4,211	6,992		44,028
		2013/14	-	-	-		-
Director of Finance and Asset Management and Treasurer		2014/15	83,747	6,115	9,882		99,744
		2013/14	82,713	5,717	9,016		97,446
Director of Corporate Services		2014/15	83,747	4,120	9,882		97,749
		2013/14	82,713	7,354	9,016		99,083
Monitoring Officer		2014/15	36,421	-	4,298		40,719
		2013/14	35,971	16	3,921		39,908
Temporary Assistant Chief Officers in 2013/14 & 2014/15						(3)	
Area Manager - Operational Response		2014/15	41,366	-	8,811	(4)	50,177
	Restated	2013/14	61,284	-	13,053	(5)	74,337
Area Manager - People Development		2014/15	41,230	-	8,782	(6)	50,012
	Restated	2013/14	8,125	-	1,731	(7)	9,856
Area Manager - Fire Safety		2014/15	49,029	-	10,443	(8)	59,472
	Restated	2013/14	40,397	-	8,605	(9)	49,002
Total 2014/15			708,536	18,952	104,023		831,511
Total 2013/14			699,554	17,452	177,368		894,374

(1) Pension Contributions Includes £62,832 in respect of payment for Added years
(2) Break in service from 06/09/14 - 13/10/14
(3) The temporary promotion costs do not include the Officers' Benefits in Kind
(4) Temporary promotion 30/06/2014 - 30/11/14
(5) Temporary promotion 01/04/2013 - 28/07/14 and 01/12/13 - 31/03/14
(6) Temporary promotion 01/04/14 - 29/06/14 and 29/09/14 - 01/12/14
(7) Temporary promotion 01/03/14 - 31/3/14
(8) Temporary promotion 01/04/14 - 28/09/14
(9) Temporary promotion 29/7/13 - 30/11/13 & 03/03/14 - 31/3/14

8. **Related Party Transactions**

The Code of Practice requires disclosure of material transactions with 'related parties' – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. For 2014/2015 the appropriate items are as follows:

- Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates; provides the majority of its funding in the form of grants (Revenue Support Grant and other specific grants) and redistributed non-domestic rates – (£20,072k).

- Members of the Authority have direct control over the Authority's financial and operating policies. They have been asked to provide information regarding Related Party transactions and from the information received it is believed that there have been no significant transactions during the year.

- Officers of the Authority have been asked to provide information regarding Related Party transactions and from the information received it is believed that there have been no significant transactions during the year.

- Other local authorities:

    - Bristol City Council as a billing Authority responsible for collecting council tax on behalf of the Fire Authority for its area (£9,743k). Is a provider of financial services to the Fire Authority – amount including the cost of servicing existing debt £2,430k. Bristol City Council also provides a long term loan with a current balance of £6,804k.

    - Bath & North East Somerset as a billing Authority responsible for collecting council tax on behalf of the Fire Authority for its area - (£4,651k) and as the Authority responsible for administering the Avon Pension Fund, with contributions paid over in respect of Fire Authority employees and payments in respect of the Firefighters pension scheme £16,899k.

    - North Somerset (£5,372k) and South Gloucestershire (£7,158k) as billing authorities responsible for collecting council tax on behalf of the Fire Authority for their areas.

- Other public bodies:

    - HM Revenue & Customs as a significant element of the Fire Authority's expenditure relates to payments for PAYE, National Insurance and VAT £4,401k.

9. Adjustments between Accounting Basis & Funding Basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2013/14 Restated Fund balance £'000	2013/14 Restated Movement in Unusable Reserves £'000		2014/15 Fund balance £'000	2014/15 Movement in Unusable Reserves £'000
		Adjustments primarily involving the Capital Adjustment Account		
		Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:		
260	(260)	Charges for depreciation, impairment & revaluation of non-current assets	5,320	(5,320)
(1,420)	1,420	Capital Grants and contributions applied	(1,513)	1,513
72	(72)	Amortisation of intangible assets	77	(77)
(67)	67	Write Back of Finance Lease Liability re Purchased Assets	-	-
72	(72)	Profit/Loss on sale of non-current assets	171	(171)
	-	**Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement**		-
(1,450)	1,450	Capital expenditure charged against Fund balance	(3,393)	3,393
(440)	440	Statutory Provision for the Repayment of Debt - MRP	(763)	763
(20)	20	Statutory Repayment of Debt - Finance Lease	(16)	16
(51)	51	Statutory Repayment of Debt - PFI	(45)	45
(1,154)	1,154	Voluntary Provision above MRP	(1,179)	1,179
		Adjustments primarily involving the Pensions Reserve		
34,224	(34,224)	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 26)	32,561	(32,561)
(39,076)	39,076	Actuarial Gains or Losses on Pension Assets and Liabilities	24,938	(24,938)
(5,535)	5,535	Employers pensions contributions and direct payments	(5,863)	5,863
		Adjustments primarily involving the Collection Fund Adjustment Account		
(190)	190	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	124	(124)
		Adjustments primarily involving the Accumulated Absences Account		
(104)	104	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(83)	83
(14,879)	**14,879**	**Total Adjustments**	**50,336**	**(50,336)**

10. Summary of Capital Expenditure and Non-Current Asset Disposals

Tangible Non-Current Assets

Movements in tangible non-current assets during the year are as follows:

	2014/2015 Land & Buildings £'000	PFI £'000	Vehicles & Equipment £'000	**Total £'000**
Cost or Valuation				
1 April 2014	75,917	5,107	35,398	**116,422**
Additions	3,771	86	1,976	**5,833**
Disposals	(21)		(4,108)	**(4,129)**
Transfer to Assets Held for Sale	(3,294)			**(3,294)**
Revaluation increases / (decreases) to Revaluation Reserve	957	(486)	123	**594**
Revaluation increases / (decreases) to (Surplus) / deficit on the provision of Services	(1,511)	(261)	1,409	**(363)**
31 March 2015	**75,819**	**4,446**	**34,798**	**115,063**
Depreciation and impairments				
1 April 2014	(35,098)	(2,074)	(18,742)	**(55,914)**
Charge for year	(2,302)	(162)	(2,401)	**(4,865)**
Disposals	11		3,898	**3,909**
Transfer to Assets Held for Sale	2,834			**2,834**
Revaluations	439	-	(1,121)	**(682)**
31 March 2015	**(34,116)**	**(2,236)**	**(18,366)**	**(54,718)**
Net book value of assets at 31 March 2014	**40,819**	**3,033**	**16,656**	**60,508**
Net book value of assets at 31 March 2015	**41,703**	**2,210**	**16,432**	**60,345**

	2013/2014 Land & Buildings £'000	PFI £'000	Vehicles & Equipment £'000	**Total £'000**
Cost or Valuation				
1 April 2013	71,887	5,024	31,702	**108,613**
Additions	526	83	2,590	**3,199**
Disposals	(122)		(2,012)	**(2,134)**
Revaluation increases / (decreases) to Revaluation Reserve	2,023	-	1,108	**3,131**
Revaluation increases / (decreases) to (Surplus) / deficit on the provision of Services	1,603	-	2,010	**3,613**
31 March 2014	**75,917**	**5,107**	**35,398**	**116,422**
Depreciation and impairments				
1 April 2013	(32,981)	(1,863)	(16,099)	**(50,943)**
Charge for year	(3,530)	(211)	(2,314)	**(6,055)**
Disposals	101		1,853	**1,954**
Revaluations	1,312	-	(2,182)	**(870)**
31 March 2014	**(35,098)**	**(2,074)**	**(18,742)**	**(55,914)**
Net book value of assets at 31 March 2013	**38,906**	**3,161**	**15,603**	**57,670**
Net book value of assets at 31 March 2014	**40,819**	**3,033**	**16,656**	**60,508**

Intangible Non-Current Assets

Movements in intangible non-current assets during the year are as follows:

2013/2014 £'000	Intangible Assets (Purchased software licences)	2014/2015 £'000
	Original Cost	
1,067	1 April 2014 (2013)	1,093
26	Additions	2
1,093	31 March 2015 (2014)	**1,095**
	Amortisation and impairments	
(674)	1 April 2014 (2013)	**(746)**
(72)	Charge for year	(77)
(746)	31 March 2015 (2014)	**(823)**
393	**Net book value of assets at 31 March 2014 (2013)**	**347**
347	**Net book value of assets at 31 March 2015 (2014)**	**272**

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of (£77k) charged to revenue in 2014/15 was attributed to Community Fire Safety (£3k), Fire Fighting and Rescue Operations (£73k) and Corporate Democratic Core (£1k).

Assets Held for Sale

2013/2014 £'000	Assets Held for Sale	2014/2015 £'000
-	**Balance at start of year**	-
	Assets newly classified as held for sale:	
-	Property, Plant and Equipment	455
-		**455**
-	Assets sold	-
-	**Balance at end of year**	**455**

As part of the Authority's "Investing for the Future Programme", Speedwell Fire Station ceased to be an operational fire station in February 2015 following the completion of the redevelopment of Kingswood Fire Station. Speedwell was subsequently disposed of to Bristol City Council in April 2015.

11. Capital Expenditure and Sources of Finance

Capital expenditure and sources of finance were as follows:

2013/2014 Restated £'000		2014/2015 £'000
609	Land and buildings	3,857
2,167	Vehicles	1,322
-	Ops equipment	95
423	IT Hardware	559
26	Software	2
3,225		**5,835**
1,420	Grant	1,513
29	Capital Receipts	49
1,451	Revenue Contributions	3,393
325	Prudential Borrowing	880
3,225		**5,835**

The Fire Authority determines its level of borrowing in accordance with the Prudential Code issued by CIPFA (subject to longstop controls). The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

One of the prudential indicators, which relates to affordability, is the capital financing requirement, this indicates the underlying need to borrow for capital purposes.

The table below shows how capital expenditure during the year has been financed (including the value of assets acquired under finance leases and the PFI contract), the sources of that finance and how this relates to the movement in the capital financing requirement during the year. The underlying need to borrow for capital purposes has also been analysed between borrowing supported by Government financial assistance and that which is not supported. The borrowing which is not supported, relates to borrowing which the Authority has determined as prudent under the new prudential system.

2013/2014 £'000		2014/2015 £'000
21,711	Opening Capital Financing Requirement	20,305
	Capital Investment	
3,199	Property Plant and Equipment	5,833
26	Intangible assets	2
	Sources of finance	
(29)	Capital Receipts	(49)
(1,420)	Government grants and other contributions	(1,513)
(3,182)	Revenue Provision	(5,396)
20,305	Closing Capital Financing Requirement	**19,182**
	Explanation of movements in year	
(350)	Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(335)
(1,056)	Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	(788)
(1,406)	Increase/(decrease) in Capital Financing Requirement	**(1,123)**

12. Capital Financing - Minimum Revenue Provision

The Authority is required by regulations, issued under the provisions of the Prudential Code, to make "prudent provision" for the redemption of debt. Whilst the term "prudent provision" is not defined in the regulations separate guidance has been issued on the interpretation of this term and the Authority has a legal obligation to comply with this.

For debt incurred prior to the 1 April 2008 the Authority has opted to continue to use the "Regulatory Method" to calculate its Minimum Revenue Provision (MRP) as permitted under the guidance. Therefore, the amount required to be set aside is 4% of the Authority's Capital Financing Requirement.

For any borrowing made under the provisions of the Prudential Code, after the 1 April 2008 the Authority is required to repay this debt over the life of the assets that it is being utilised to fund. The balance of outstanding Prudential borrowing taken after 1 April 2008 will be deducted from the Authority's Capital Financing Requirement to allow the Minimum Revenue Provision of 4% to be calculated. The repayment of prudential borrowing based on the life of the assets will then be added to this figure to arrive at the total MRP amount required to be set aside for the repayment of debt each year.

The calculation of the Authority's Capital Finance Requirement and its MRP is as follows:

2013/2014 £'000		2014/2015 £'000
	Opening Capital Financing Requirement as at 1 April:	
58,063	Fixed assets	60,855
(9,441)	Revaluation Reserve	(10,899)
(26,911)	Capital Adjustment Account	(29,651)
21,711	Capital Financing Requirement	**20,305**
(165)	Adjustment Factor A	(165)
21,546	Adjusted Capital Financing Requirement	**20,140**
1,579	MRP	1,940
85	Finance Leases -Voluntary MRP Contributions	63

13. Information on Assets held

An analysis of the principal tangible assets owned by the Authority (including those acquired under finance lease and PFI) is as follows:

Number as at 31/03/2014		Number as at 31/03/2015
	Land and buildings	
1	Joint Training Centre (Part owned - PFI)	1
23	Fire Stations etc	23
-	Land re new Fire Station currently under construction	1
1	Service HQ	1
1	Command and Control Centre	1
1	Emergency Control	1
1	Technical Centre	1
1	Hot Fire Training Centre	0
1	USAR Centre	1
1	Fire House	1
	Vehicles and Equipment	
84	Operational Vehicles	82
85	Ancillary Vehicles	71
27	Trailers etc	25

14. Assets held under finance leases

The Authority has acquired vehicles for operational purposes under finance leases. The rentals payable under these arrangements are identified below together with an analysis of the amounts which have been charged to the Comprehensive Income and Expenditure Statement during the year.

2013/2014 Vehicles & Equipment £'000		2014/2015 Vehicles & Equipment £'000
120	Total rentals paid	120
	Analysis of charges in the Financial Statements	
15	Finance Charge - (Comprehensive Income and Expenditure Statement)	11
105	MRP (including voluntary contributions) - (Movement in Reserves Statement)	109

As set out in the accounting policies, where the Authority enters into finance leases, it makes voluntary MRP contributions over and above the minimum 4% required in order to equate the contributions to MRP with the profile of payments made to discharge the liability over the term of the lease.

Details of the assets held under finance leases and accounted for as part of Property, Plant and Equipment, are as follows:

	Vehicles & Equipment £'000
Certified valuation at 31 March 2014	1,890
Accumulated depreciation and impairment	(1,312)
Net book value of assets at 31 March 2014	**578**
Movement in 2014/15	
Additions	-
Disposals	(64)
Revaluations	15
Depreciation	(143)
Impairments	-
Net book value of assets at 31 March 2015	**386**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

2013/2014 £'000		2014/2015 £'000
	Finance Lease Liabilities	
109	Current	114
196	Non-Current	82
305		196
21	Finance Costs Payable in Future Years	9
326	Minimum Lease Payments	205

The minimum lease payments will be payable over the following periods:

	Minimum Lease		Finance Lease	
	31-Mar-15 £,000	31-Mar-14 £,000	31-Mar-15 £,000	31-Mar-14 £,000
Not Later than one year	120	120	114	109
Later than one year and not later than five years	85	205	82	196
	205	325	196	305

15. Non-Current Asset Valuation

The code requires assets carried at fair value to have a valuation at least every five years as a minimum, but these should be re-valued more regularly if a five yearly valuation would be insufficient to reflect material changes in value. Where there has been no material change the Authority has chosen to carry out the valuation of its properties on a five year rolling basis. All the Authority's assets were re-valued as follows:

- Land and Buildings were re-valued by external valuers, DTZ, as at 31 March 2015
- Vehicles and material transport related items of equipment were re-valued by the Authority's internal Fleet Engineer, Paul Beard, as at 31 December 2014
- The joint PFI asset was re-valued by Gloucestershire County Council, as at 1 April 2014

Where appropriate the Authority's properties have been valued on the basis of open market value for existing use. However, the nature of the Authority's portfolio in terms of design, configuration and location, e.g. fire stations, has meant that the depreciated replacement cost approach has been considered more appropriate for the majority of its premises.

The finite useful life of the Authority's assets on which depreciation has been provided are estimated as follows:

Assets	Years
Buildings	10-57
Fire Appliances	8-17
Other Vehicles	6-10
Trailers etc	5-12
Communication equipment	12
Computer equipment	5
Other equipment	3-15

Intangible Assets are amortised on a straight-line basis over 5 years.

16. **Debtors**

An analysis of debtors, amounts due in less than 1 year, is shown in the table below:

31/03/2014 £'000		31/04/2015 £'000
2,442	Central Government Bodies	1,151
15	NHS	1
2,294	Other local authorities	2,305
958	Other entities and individuals	3,084
5,709		6,541

17. **Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements. The Authority does not hold any short-term deposits:

31/03/2014 £'000		31/04/2015 £'000
4	Cash held by the Authority - Imprests	2
1,289	Bank Current Accounts	7,482
1,293		7,484

18. Creditors

An analysis of creditors, amounts due in less than 1 year, is shown in the table below:

31/03/2014 £'000		31/03/2015 £'000
(898)	Central Government Bodies	(1,039)
(275)	Other local authorities	(159)
(1,840)	Other entities and individuals	(2,308)
(3,013)		(3,506)

19. Analysis of Borrowing

The loans outstanding consist of a loan through Bristol City Council, one through The Public Works Loan Board and a smaller interest free loan from Salix Finance Ltd. Loans repayable during 2015/2016 are shown as short term borrowing in the Balance Sheet. The maturity of long-term loans is as follows:

31/03/2014 £'000		31/03/2015 £'000
721	Between 1 and 2 years	677
1,951	Between 2 and 5 years	1,872
2,674	Between 5 and 10 years	2,519
2,572	Over 10 years	8,047
7,918	Total long term borrowing at 31 March 2015 (2014)	13,115

As at 31 March 2015 (2014) the Authority had deferred borrowing of £2,131k (£8,252k).

20. Financial Instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000
Financial Liabilities at amortised cost	(7,918)	(16,084)	(3,224)	(2,778)
Total borrowings	**(7,918)**	**(16,084)**	**(3,224)**	**(2,778)**
Loans and receivables	-	-	6,323	10,616
Total debtors	**-**	**-**	**6,323**	**10,616**

Reconciliation note

The SORP requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

	Current	
	31 March 2014 £'000	31 March 2015 £'000
Financial Liabilities at amortised cost per Note 20	**(3,224)**	**(2,778)**
Statutory debt in relation to HMRC	(583)	(548)
Receipts in advance	(36)	-
Short term liabilities in relation to leases inc PFI	(155)	(246)
Receipts in advance and overpayments in relation to Council Tax .	(607)	(645)
Short term Borrowing	766	721
Short Term Creditors	**(3,839)**	**(3,496)**

Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2014/2015	Financial Liabilities measured at amortised costs £'000	Financial Assets Loans & Receivables £'000	Total £'000
Interest expense			
- Loan & Leases	428	-	428
- PFI	394	-	394
Interest payable and similar charges	**822**	**-**	**822**
Interest income	-	(32)	(32)
Interest and Investment Income	**-**	**(32)**	**(32)**
Net Gain / (loss) for the year	**822**	**(32)**	**790**

Fair Values

Financial Liabilities and Financial Assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from local authorities, premature repayments rates from the Public Works Loan Board (PWLB) have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	**Carrying Amount £'000**	**Fair Value £'000**
Loan Debt				
Local Authority	(8,637)	(10,657)	(6,804)	(10,286)
Public Works Loan Board			(7,000)	(8,320)
Other Loans	(48)	(48)	(32)	(32)
Deferred Liability - Finance Lease			(82)	(82)
Deferred Liability - PFI			(2,887)	(2,887)
Total debt	**(8,685)**	**(10,705)**	**(16,805)**	**(21,607)**
Trade and other creditors	(2,458)	(2,458)	(2,057)	(2,057)
Total Financial Liabilities	**(11,143)**	**(13,163)**	**(18,862)**	**(23,664)**

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

Reconciliation note
The Code of Practice requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

	31 March 2014 £'000	31 March 2015 £'000
Carrying amount total debt per Note 20	**(8,685)**	**(13,836)**
Short Term Borrowing	(767)	(721)
Long Term Borrowing	(7,918)	(13,115)
Short Term Creditors	**(8,685)**	**(13,836)**

	31 March 2014 £'000	31 March 2015 £'000
Trade and other Creditors per Note 20	**(2,458)**	**(2,057)**
Statutory debt in relation to HMRC	(583)	(548)
Receipts in advance	(36)	-
Short term liabilities in relation to leases inc PFI	(155)	(246)
Receipts in advance and overpayments in relation to Council Tax	(607)	(645)
Short Term Creditors	**(3,839)**	**(3,496)**

Loans and receivables

	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and Investments				
Bank and cash	1,294	1,294	7,485	7,485
Total debt	**1,294**	**1,294**	**7,485**	**7,485**
Trade and other debtors	5,030	5,030	5,237	5,237
Total Loans and Receivables	**6,324**	**6,324**	**12,722**	**12,722**

Reconciliation note

The Code of Practice requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

	Current	
	31 March 2014 £'000	31 March 2015 £'000
Trade and other Debtors per Note 20	**5,030**	**5,237**
Payments in advance	28	144
Short Term Debtors in Council Tax	1,354	1,438
Provision for bad debt	(703)	(737)
Short Term Debtors	**5,709**	**6,082**

Nature and Extent of Risk Arising from Financial Instruments and How the Authority Manages those Risks

Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk - the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
    - The Authority's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year;

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual budget and council tax setting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by Bristol City Council under the terms of a Financial Services contract. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

The Authority's treasury portfolio is not of a significant size to provide significant treasury risk.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Authority's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2015 £'000	Historical experience of default	Adjustments for market conditions at 31 March 2015	Estimated maximum exposure to default £'000
Other counterparties - Local Authorities	1,151	0.0%	0.0%	-
Other counterparties - NHS	1	0.0%	0.0%	-
Other counterparties - Central Government	2,305	0.0%	0.0%	-
Trade and other debtors	276	5.8%	50.3%	139
	3,733			**139**

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not generally allow credit for its trade debtors. An analysis of debtors at the year-end has been carried out and a bad debt provision of £139k has been created to cover the risk of default.

Liquidity risk

The Authority's Treasury Management function is managed by Bristol City Council under a Financial Services contract. Bristol City Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need. There is therefore no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures, undertaken on its behalf by Bristol City Council, required by the Code of Practice.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and Bristol City Council manage the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

2014/2015	£'000
Less than one year	(2,778)
Between 1 and 2 years	(677)
Between 2 and 5 years	(1,872)
More than 5 years	(10,566)
	(15,893)

The maturity analysis of financial assets is as follows:

2014/2015	£'000
Less than one year	10,616

Market risk

Interest rate risk

Interest on the Authority's existing borrowing is based upon long term fixed interest rate maturity loans and therefore there is minor exposure to interest rate movements. However, as previously indicated the Authority has deferred borrowing of £2,131k which is being funded by utilising balances to offset borrowing in the short term in accordance with the Authority's approved Treasury Management Strategy.

A differential increase in interest rates between long term and short term rates would lead to an interest rate exposure for the Authority. This risk can be mitigated against increased counter party risks associated with lending surplus balances as part of the treasury management function. The effect of a 1% change (rise or fall) in rates on Interest rate risk relating to deferred borrowing of £2,131k would be £21k.

The Authority's medium term financial plan has made provision for some borrowing in 2015/2016. Overall long term borrowing rates have remained at historic low levels throughout the year and the situation is being closely monitored.

Effects of a 1% rise in rates:

The effect of a 1% Interest rate rise on Bank Interest receivable:

2014/2015	£'000
Increase in interest receivable on variable rate investments	68
Impact on Surplus or Deficit on the Provision of Services	**68**

The effect of a 1% rise in the Discount rate used to calculate the Fair Value of the loans:

2014/2015	£'000
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(1,557)

Effects of a 1% fall in rates:

As interest rates are so low due to the current financial climate a 1% fall in rates is not possible as the average rate for 2014/15 was only 0.35%. The maximum impact could only be the interest received in the year of £32k.

2014/2015	£'000
Increase in interest receivable on variable rate investments	(32)
Impact on Surplus or Deficit on the Provision of Services	**(32)**

Effect of a 1% fall in the Discount rate used to calculate the Fair Value of the loans:

2014/2015	£'000
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	1,936

These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Authority does not generally invest in instruments with this type of risk.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

21. Short Term Provisions

	Balance at 1 April 2013 £'000	Additional Provisions Made in 2013/14 £'000	Amounts Utilised in 2013/14 £'000	Balance at 31 March 2014 £'000	Additional Provisions Made in 2014/15 £'000	Amounts Utilised in 2014/15 £'000	Balance at 31 March 2015 £'000
Fire Hydrants	-	65	-	65	-	-	65
Finance systems	38	-	-	38	-	-	38
Lease Buy-out	-	98	-	98	-	(98)	0
Ill Health Retirement	-	81	-	81	-	-	81
NDR Appeals	-	282	-	282	114	-	396
Pension commutation	-	-	-	-	2,106	-	2,106
	38	526	-	564	2,220	(98)	2,686

Details of the Authority's Short Term Provisions are as follows:

- Fire Hydrants
  This provision has been created due to a backlog of maintenance work.

- Finance Systems
  This provision is being retained due to outstanding development of the Finance system.

- Lease buyout
  Negotiations were completed during the year to secure a lease buy-out and the provision was utilised.

- Ill Health retirement
  This provision has been created to contribute to the identified cost of ill-health retirement.

- NDR Appeals
  This provision has been created to allow for the cost of possible NDR Appeals

- Pension Commutations Payments
  This provision has been created to allow for payment of additional pension commutations to whole-time firefighters who retired between 1st December 2001 and 21st August 2006. Further details are contained within note 2

22. Long Term Provisions

	Balance at 1 April 2013	Additional Provisions Made in 2013/14	Amounts Utilised in 2013/14	Balance at 31 March 2014	Additional Provisions Made in 2014/15	Amounts Utilised in 2014/15	Balance at 31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PFI	590	-	-	590		-	590
	590	-	-	590	-	-	590

Private Finance Initiative

As detailed in the Note 1 (Statement of Accounting Policies) and more specifically in Note 4 the Authority has entered into a Joint Training PFI scheme. As part of this scheme the equalisation fund, administered by Gloucestershire County, is invested to ensure that adequate funding is available throughout the life of the contract. The fund is reviewed and if necessary contributions from the three partners amended every three to five years with the intention that the balance on the fund at the end of the contract will be nil.
Although the deficit calculated at 31 March 2015 has reduced slightly from that calculated at 31 March 2014, until such time as a renegotiation of the Training Centre contributions by the three partners is agreed, the Authority considers it prudent to keep the provision at existing levels. The provision will then be utilised to off-set any increased contributions once they are agreed.

23. Useable Reserves

	Balance at 1 April 2013 £'000	Transfers in 2013/14 £'000	Transfers out 2013/14 £'000	Balance at 31 March 2014 £'000	Transfers in 2014/15 £'000	Transfers out 2014/15 £'000	Balance at 31 March 2015 £'000
Fund Balance	1,500	-	-	1,500	-	-	1,500
	1,500	**-**	**-**	**1,500**	**-**	**-**	**1,500**
Austerity Reserve	3,993	1,560	(302)	5,251	-	(3,467)	1,784
	3,993	**1,560**	**(302)**	**5,251**	**-**	**(3,467)**	**1,784**
Pension & Budget Pressures Reserves Incl.							
PPE / ICP Replacement Reserve	-	125	-	125	-	-	125
Control Resilience Reserve	400	-	-	400	-	-	400
Premises H&S Reserve Critical Works	100	-	-	100	-	-	100
Pension Reserve	500	-	-	500	100	(400)	200
Legal Fees Reserve	100	-	-	100	-	-	100
Community Safety Reserve	135	203	(135)	203	100	(203)	100
Marketing Reserve	-	28	-	28	-	-	28
Auxiliary Reserve	-	125	-	125	-	-	125
Breathing Apparatus Reserve	50	-	-	50	-	-	50
Training Reserve	100	-	(100)	-	100	-	100
Investing for the Future	-	-	-	-	1,700	-	1,700
ICT Development	-	-	-	-	76	-	76
Capital Financing	-	-	-	-	872	-	872
	1,385	**481**	**(235)**	**1,631**	**2,948**	**(603)**	**3,976**
Hydrants	100	-	-	100	-	-	100
Medical Intervention	20	20	-	40	-	-	40
PFI Equalisation Fund	1,774	5	(38)	1,741	-	(20)	1,721
Total Usable Reserves	**8,772**	**2,066**	**(575)**	**10,263**	**2,948**	**(4,090)**	**9,121**

Details of the Authority's approved reserves and an explanation of any movement during the year are as follows:

a. <u>Austerity Reserve</u>

This reserve has been created to assist the Authority in achieving its medium term financial targets and even out the reduction in government grants with the level of savings achieved. During the year £2.5m was utilised to support the revenue budget and £1.0m was reclassified to a new separately identified "Investing for the Future" Programme reserve. It is anticipated that this reserve will be utilised over the next 4-5 years.

b. PPE /ICP Replacement Reserve

This reserve will be utilised to meet fluctuations in personal protective equipment costs associated with the introduction of the Integrated Clothing project and the one-off cost associated with the planned change in station wear.

c. Control Resilience Reserve

Following the cancellation of the Regional Control Centre project by Central Government, increased costs were identified in maintaining and developing the existing control infrastructure in order to maintain resilience. A programme of works is underway and it is anticipated that this reserve will be utilised over the next one to two years.

d. Premises / H & S Reserve Critical Works

This reserve has been created to finance any urgent works identified by the Authority as a priority in relation to Health &Safety. It is anticipated that this reserve will be utilised over the next 4 years.

e. Pension Reserve

This reserve has been created to assist in the financing of ill-health pension retirements where costs of two or four times the retirees salary are paid to the Department of Communities and Local Government. £0.4m of this reserve was utilised during the year and it is anticipated that the balance will be utilised over the next 4 years.

f. Legal Fees Reserve

This reserve has been set up to fund costs associated with legal claims, primarily property and employee costs. This reserve will be utilised over the next 4 years.

g. Community Safety Reserve

This balance of £0.2m on this reserve at the start of the financial year was utilised to fund community safety activity including safety campaigns, commissioning services from the voluntary sector and the fitting of smoke alarms as planned. An amount of £0.1m was set-up during the year to fund further commitments to commissioning services from the voluntary sector and safety campaigns.

h. Marketing Reserve

This reserve will be utilised to support community safety advertising campaigns and initiatives.

i. Auxiliary Reserve

This reserve will be utilised to provide training and equipment for auxiliary members of staff.

j. Breathing Apparatus Reserve

A reserve to fund a new breathing apparatus total care package was created in 2011/12. Part of this reserve has been utilised and it is anticipated that the balance will be utilised over the next 2 years

k. Training Reserve

This reserve was created during the year to fund identified pressures in the training programme going forward. It is anticipated that this reserve will be utilised during the next 1 - 2 years.

l. Investing for the Future

Funding to assist the Authority to achieve its medium term financial targets including the Investing for the Future programme was previously included as part of the Austerity reserve. The Investing for the Future reserve has now been separately identified and £1.0m of the Austerity reserve was reclassified. A further £0.7m was transferred to this reserve during the year. It is planned that this reserve will be utilised over the next 1 – 2 years as part of the funding for the Investing for the Future programme.

m. ICT Development

As a result of the Investing for the Future Programme the current ICT infrastructure will be reviewed and developed to meet future needs. £0.07m was transferred to this reserve during the year and it is anticipated that this will be utilised over the next 1 – 2 years.

n. Capital Financing

There is a high level of uncertainty around the availability of Capital Grant from Central Government in future years and this reserve has been created to provide short term funding for the Authority’s capital programme including its’ appliance replacement programme. It is anticipated that this reserve will be utilised over the next 1 – 2 years.

o. Hydrants

This reserve has been set up to fund the costs of repair works resulting from an increasing number of inspections. It is anticipated that this will be utilised over the next 2 years.

p. Medical Intervention

This reserve has been created to fund medical intervention and prevention initiatives.

n. Equalisation Fund

Grant from the Government for the PFI project, along with contributions from partners is paid into an Equalisation Fund. This fund is administered by Gloucestershire County Council, on behalf of the partners.

24. Unusable Reserves

Balance at 31 March 2014 £'000		Balance at 31 March 2015 £'000
10,899	**Revaluation Reserve**	11,294
29,651	**Capital Adjustment Account**	30,596
(510,769)	**Pensions Reserve**	(562,405)
377	**Collection Fund Adjustment**	253
(225)	**Accumulated Absences Account**	(141)
(470,067)	**Total Unusable Reserves**	**(520,403)**

Revaluation Reserve

2013/2014 £'000		2014/2015 £'000
9,441	**Balance at 1 April 2014 (2013)**	**10,899**
2,708	Adjustment to revaluation of assets	1,173
12,149	**Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**12,072**
(1,250)	Difference between fair value depreciation and historic cost depreciation	(778)
10,899	**Balance at 31 March 2015 (2014)**	**11,294**

The revaluation reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value, as a result of inflation or other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.

Where assets have been re-valued the excess current value depreciation over the historic depreciation is charged to this reserve. On disposal, the revaluation reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve therefore represents the amount by which the value of non-current assets carried in the balance sheet is greater because they are carried at re-valued amounts rather than depreciated historic cost.

Whilst these gains arising from revaluations increases the net worth of the Authority they would only represent an increase in spending power if the relevant assets were sold and capital receipts generated.

Capital Adjustment Account

2013/14 Restated £'000		2014/2015 £'000
26,911	**Balance at 1 April 2014 (2013)**	**29,651**
	Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(260)	Depreciation and impairment of non-current assets	(5,320)
(2,708)	Revaluation losses on Plant, Property & Equipment	(1,173)
(72)	Amortisation of intangible assets	(77)
67	Write back of Lease re Assets Purchased	-
(180)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(220)
23,758		**22,861**
1,328	Adjusting amounts written out of the Revaluation Reserve	778
25,086	Net written out amount of the cost of non-current assets consumed in the year	**23,639**
	Capital Financing applied in the year	
1,450	Capital Grants credited to the Comprehensive Income and Expenditure Statement	1,561
511	Minimum revenue provision for capital financing	440
1,154	Voluntary revenue provision for capital financing	1,563
1,450	Capital expenditure charged in-year to the fund balance	3,393
29,651	**Balance at 31 March 2015 (2014)**	**30,596**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Pensions Reserve Summary – See Note 26 for further information

2013/14 £'000		2014/2015 £'000
(521,156)	**Balance at 1 April 2014 (2013)**	**(510,769)**
39,076	Remeasurements of pensions assets and liabilities	(24,938)
(34,224)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(32,561)
5,535	Employer's pensions contributions and direct payments to pensioners payable in the year	5,863
(510,769)	**Balance at 31 March 2015 (2014)**	**(562,405)**

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefit earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

This reserve relates to the two pension schemes, Fire Fighters and Local Authority and additional information is shown in note 26.

Collection Fund Adjustment Account

2013/2014 £'000		2014/2015 £'000
187	**Balance at 1 April 2014 (2013)**	**377**
45	Bath and North East Somerset	(10)
134	Bristol City Council	(9)
(7)	North Somerset	1
18	South Gloucestershire	(106)
377	**Balance at 31 March 2015 (2014)**	**253**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers, compared with the statutory arrangements for paying across amounts to the Fire Authority from the billing authorities. The annual movement attributable to each of the four billing authorities is shown in the table above.

Accumulated Absences Account

2013/2014 £'000		2014/2015 £'000
(329)	**Balance at 1 April 2014 (2013)**	**(225)**
329	Settlement or cancellation of accrual made at the end of the preceding year	225
(225)	Amount accrued at the end of the current year	(141)
104	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	84
(225)	**Balance at 31 March 2015 (2014)**	**(141)**

25. Authorisation of Accounts for issue

The date that the financial statements were authorised for issue by the Treasurer of the Fire Authority was 25th September 2015. Events that occur after this date have not been recognised in the Statement of Accounts.

26. Retirement Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two pension schemes:

- Local Government Pension Scheme

  All staff, other than uniformed Firefighters, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and final salary. It is a 'defined benefit' scheme. The Fund's Actuary carries out a valuation of the Fund every three years in accordance with government regulations. If the valuation indicates that there are insufficient assets to meet future liabilities, employer contribution rates are increased to make up the shortfall. The latest valuation was undertaken at 31 March 2013 and assessed the overall funding level at 78%.

- Firefighters scheme

  Regular Firefighters employed before 6 April 2006 were eligible to join the Firefighters Pension Scheme but this scheme closed to new entrants from April 2006. The Employer contribution rate for this scheme was 21.3%. Employee contributions vary according to salary, as shown in the table under Note 2 to the Firefighters Pension Fund Account on page 80.

  A New Firefighters Pension Scheme was introduced for regular and retained Firefighters employed since 6 April 2006, which has different contribution rates payable into the scheme and benefits available to scheme members. The employer contribution rate for this scheme was 11.0%. Employee contributions vary according to salary, as shown in the table under Note 2 to the Firefighters Pension Fund Account on page 81.

  The arrangements for financing Firefighters pensions which came into effect in April 2006 required the Authority to set up a new ring fenced 'Pensions Account' from which pension payments, retirement lump sums and transfers out have been made. The Pensions account is funded by employee and employer contributions, the reimbursement by the employer of charges for ill-health early retirements and transfers in to the scheme with any deficit / surplus at the year-end being met by / paid to central government. The employer contribution rate is determined by central government.

  With effect from 1 April 2015 a new firefighters pension scheme, "The 2015 Firefighters Pension Scheme", has been introduced which replaces both the 1992 and 2006 schemes. All firefighters in the 1992 or 2006 schemes will transfer to the new scheme on 1 April 2015 unless they are eligible for taper protection. Eligibility for taper protection is dependent on the age of the individual firefighter as at 1 April 2012 and depending on circumstances can extend to 31 March 2022.

As part of the Retained Firefighters' Pension Settlement the Government has introduced the terms under which individuals that were employed as Retained Firefighters between 1 July 2000 and 5 April 2006 are entitled to purchase pension rights. The pension benefits are incorporated within the Firefighters' Pension Scheme 2006 and it does not constitute a scheme on its own but rather a new modified section of the 2006 Scheme with different benefits. The modified scheme will be subject to the reforms that apply to the 1992 and 2006 schemes.

Transactions Relating to Retirement Benefits

The costs of retirement benefits are recognised in the Surplus or Deficit on Provision of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge required to be met from council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The transactions shown in the table on the next page have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Firefighters Scheme	
	2013/14	2014/15	2013/14	2014/15
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Costs of Services:				
Current Service Cost	925	823	10,940	9,280
Financing and Investment Income and Expenditure:				
Net Interest expense	449	388	21,910	22,070
Total Post-employment Benefits charged to the Surplus or Deficit on Provision of Services	1,374	1,211	32,850	31,350
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure:				
Remeasurement of the net defined benefit liability comprising:				
Return on Plan Assets (excluding the amount included in the Net Interest expense)	317	(2,131)	(21,362)	(16,969)
Actuarial gains and losses arising on changes in demographic assumptions	(122)	-	(50)	(47,270)
Actuarial gains and losses arising on changes in financial assumptions	(2,889)	5,758	(14,970)	85,550
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(1,320)	4,838	(3,532)	52,661
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the code	(1,374)	(1,211)	(32,850)	(31,350)
Actual amount charged against the Fund Balance for pensions in the year:				
Employers contributions payable to the scheme	693	787	3,612	3,826
Retirement Benefits payable to pensioners			1,230	1,250

The cumulative amount of re-measurements recognised in the Comprehensive Income and Expenditure Statement to 31 March 2015 is (£206,655k).

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Funded liabilities Local Government		Unfunded liabilities Firefighters Scheme	
	2013/2014	2014/2015	2013/2014	2014/2015
	£'000	£'000	£'000	£'000
Liabilities at beginning of year	(32,268)	(31,871)	(510,501)	(502,127)
Current Service Cost	(925)	(823)	(10,940)	(9,280)
Interest Cost	(1,342)	(1,416)	(21,910)	(22,070)
Contributions by scheme participants	(264)	(288)	(2,318)	(2,550)
Remeasurements (gains) and losses:				
Actuarial (gains) / losses from changes in demographic assumptions	122	-	-	-
Actuarial (gains) / losses from changes in financial assumptions	2,889	(5,758)	15,020	(38,280)
Actuarial (gains) / losses from experience	(963)	-	13,240	11,430
Benefits Paid	880	1,083	15,282	13,165
Liabilities at end of year	(31,871)	(39,073)	(502,127)	(549,712)

Reconciliation of fair value of the scheme assets:

	Funded Assets Local Government		Unfunded Assets Firefighters Scheme	
	2013/2014	2014/2015	2013/2014	2014/2015
	£'000	£'000	£'000	£'000
Assets at beginning of year	21,613	23,229	-	-
Interest Income	909	1,045	-	-
Return on Plan Assets, excluding the amount included in the net interest expense	646	2,131	8,122	5,539
Administration expenses	(16)	(17)	-	-
Employer contributions	693	787	4,842	5,076
Contributions by scheme participants	264	288	2,318	2,552
Benefits paid	(880)	(1,083)	(15,282)	(13,165)
Refund of Contributions			-	(2)
Assets at end of year	23,229	26,380	-	-

The expected return on LGPS scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £3,176k (2013/14: £1,480k).

Scheme History

	2010/11 £'000s	2011/12 £'000s	2012/13 Restated £'000s	2013/14 £'000s	2014/15 £'000s
Present value of liabilities					
Local Government Scheme	(24,896)	(27,870)	(32,268)	(31,871)	(39,073)
Firefighters Scheme	(401,980)	(439,395)	(510,501)	(502,127)	(549,712)
	(426,876)	(467,265)	(542,769)	(533,998)	(588,785)
Fair value of assets in the Local Government Scheme	18,515	19,523	21,613	23,229	26,380
Surplus/(deficit) in the					
Local Government Scheme	(6,381)	(8,347)	(10,655)	(8,642)	(12,693)
Firefighters Scheme	(401,980)	(439,395)	(510,501)	(502,127)	(549,712)
Total	(408,361)	(447,742)	(521,156)	(510,769)	(562,405)

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £562m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £511m.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- The deficit on the Firefighters scheme will be made good by annual contributions by central government to the ring fenced "Pensions Account" together with revised future employer contributions as determined by central government.
- The total contribution expected to be made by the Authority in the year to 31 March 2016 for the Local Government Pension Scheme is £855k.
- The total contribution expected to be made by the Authority in the year to 31 March 2016 for the Firefighters pension scheme is £3,366k (1992 scheme: £2,895k; 2006 scheme: £471k).

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Scheme liabilities have been assessed by Mercer Ltd the independent actuary to the Avon Pension Fund, which manages the Local Government Scheme on behalf of the Authority. The Firefighters scheme liabilities have been assessed by the Government Actuary's Department (GAD). The estimates for the Local Government scheme are based on the latest full valuation as at 31 March 2013 updated for the following years.

The main assumptions used by the actuary have been:

	Local Government		Fire Fighters Scheme		
	2013/2014	2014/2015	2013/2014	2014/2015	
Long-term expected rate of return on assets in the scheme:					
Equity investments	7.0%	6.5%	-	-	
Government Bonds	3.4%	2.2%	-	-	
Other Bonds	4.3%	2.9%	-	-	
Property	6.2%	5.9%	-	-	
Cash / Liquidity	0.5%	0.5%	-	-	
Other	7.0%	6.5%	-	-	
Mortality assumptions:					
Longevity at 65 for current					
Men	23.3	23.4	23.5	22.5	
Women	25.8	25.9	25.5	22.5	
Longevity at 65 for future					
Men	25.7	25.8	26.6	24.8	
Women	28.7	28.8	28.6	24.8	
Rate of inflation CPI	2.4%	2.0%	2.5%	2.2%	
Rate of inflation RPI	N/A	N/A	3.7%	3.4%	
Rate of increase in salaries	3.9%	3.5%	4.5%	4.2%	*
Rate of increase in pensions	2.4%	2.0%	2.5%	2.2%	
Rate of discounting scheme	4.5%	3.3%	4.4%	3.3%	
Take-up of option to convert annual pension into retirement lump sum	50%	50%	-	-	
* Allowance has been made for short-term public sector pay restraints as announced by Government					

The actuary has not carried out any specific investigations in relation to whether the average age of the membership has increased, but does not believe that there have been substantial changes since the 2013 valuation. For any employers who are not admitting new entrants to the Fund, the average age can be expected to increase gradually over time.

The Firefighters scheme has no assets to cover its liabilities. The Local Government Scheme's assets consist of the following categories, by proportion of the total assets held:

Local Government Scheme		31 March 2014 %	31 March 2015 %
Equities	UK quoted	16.7	15.9
	UK Futures	0.4	0.0
	Global quoted	13.9	12.4
	North America - quoted	5.2	0.0
	North America - non-quoted	0.2	9.2
	Japan	2.3	2.9
	Europe ex UK	6.0	6.3
	Pacific Rim ex Japan	2.4	2.5
	Emerging markets	9.4	9.6
Bonds	UK Government fixed	2.8	3.4
	UK Government gilt futures	0.4	7.6
	UK Government indexed	5.7	3.0
	Overseas Government fixed	2.2	0.0
	Sterling Corporate Bonds	8.1	8.8
Property	UK property Funds	4.5	4.6
	Overseas Property Funds	3.2	3.8
Alternatives	Hedge funds	4.9	4.4
	Diversified Growth Funds	9.5	3.3
Cash	Cash accounts	1.7	0.0
	Net current assets	0.4	2.3
		100	100

History of Experience Gains and Losses

The experience adjustments arising on scheme assets and liabilities expressed as a percentage of the asset or liability at the year-end are as follows:

Local Government	2010/11 %	2011/12 %	2012/13 Restated %	2013/14 %	2014/15 %
Experience gains and (losses) on assets	3.7%	(3.7)%	7.6%	6.4%	12.0%
Experience gains and (losses) on liabilities	(1.5)%	0.0%	0.0%	3.0%	0.0%

Firefighters Scheme	2010/11 restated %	2011/12 %	2012/13 Restated %	2013/14 %	2014/15 %
Experience gains and (losses) on liabilities	0.5%	1.0%	3.7%	2.6%	2.1%

Sensitivity Analysis Firefighters Scheme

The Code of Practice requires disclosure of information that describes how its defined benefit plans may affect the amount, timing and uncertainty of the Authority's future cash flows. Sensitivity analyses have been provided by the actuaries for the pension schemes as follows:

Sensitivity Analysis Firefighters Pension Scheme 1992 Change in assumption *		%	£ Million
Rate of discounting scheme liabilities	-1/2% a year	10.9%	55.0
Rate of increase in salaries	+1/2 % a year	1.4%	7.0
Rate of increase in pensions / deferred revaluation	+1/2 % a year	9.1%	45.0
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed		2.5%	13.0

The weighted average duration of the defined benefit obligation is around 21 years.

Note: Employer Contributions of £3,421,079 were received during 2014/15.

Note: Current Service Cost (inclusive of member contributions) for 2015/16 is 73.3% of Pensionable Pay.

Sensitivity Analysis Firefighters 2006 scheme Change in assumption *		%	£ Million
Rate of discounting scheme liabilities	-1/2% a year	16.1%	3.2
Rate of increase in salaries	+1/2 % a year	5.9%	1.1
Rate of increase in pensions/ deferred revaluation	+1/2 % a year	9.4%	1.8
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed		2.1%	0.4

The weighted average duration of the defined benefit obligation is around 31 years.

Note: Employer Contributions of £404,740 were received during 2014/15.

Note: Current Service Cost (inclusive of member contributions) for 2015/16 is 42.5% of Pensionable Pay.

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumptions in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

Sensitivity Analysis Local Government Pension Scheme

Sensitivity Analysis Local Government Pension scheme		Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
Disclosure item		+0.1% pa discount rate	+0.1% pa inflation	+0.1% pa pay growth	1 year increase in life expectancy
	£'000s	£'000s	£'000s	£'000s	£'000s
Liabilities	39,073	38,311	39,849	39,300	39,809
Assets	(26,380)	(26,380)	(26,380)	(26,380)	(26,380)
Deficit/ (Surplus)	12,693	11,931	13,469	12,920	13,429
Projected Service Cost for next year	1,058	1,027	1,091	1,058	1,081
Projected Net Interest Cost for next year	405	391	431	413	429

27. **Analysis of Income**

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

2013/2014 £'000		2014/2015 £'000
	Credited to Taxation and Non Specific Grant	
1,420	General Capital Grant	1,513
1,420	Total Capital Grant	1,513
21,223	Precepts	22,395
19,383	General Government Grants	17,502
4,398	Non-domestic Rates Distribution	4,405
46,424	**Total**	**45,815**
	Credited to Services	
1,305	New Dimension / USAR	1,001
334	Fire Link	392
894	PFI grant	895
280	Other income	2,650
2,813	**Total**	**4,938**

None of the grants received by the Authority in 2013/14 or 2014/15 have conditions attached to them and therefore they are recognised as income in their year of receipt.

28. Financing and Investment Income and Expenditure

2013/2014 £'000		2014/2015 £'000
	Interest Payable and Similar Charges	
497	Loans & Leases	428
391	PFI	394
888		822
22,343	Net Interest on the net defined benefit liability	22,441
(35)	Interest Receivable and Similar Income	(32)
(8)	Other Investment Income	(8)
23,188	Total	**23,223**

29. **Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by function on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, budget reports to the board are analysed across CIPFA detail analysis. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular;

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure for the Authority recorded in the budget reports for the year is as follows:

2013/14 £'000	Income and Expenditure	2014/15 £'000
(318)	Fees, charges & other service income	(349)
(1,639)	Government Grants	(1,676)
(1,957)	**Total Income**	**(2,025)**
34,169	Employee expenses	33,859
1,951	Premises	2,002
1,638	Transport	1,660
4,044	Supplies & Services	4,333
3,444	Other Service expenses	5,658
45,246	**Total Expenditure**	**47,512**
43,289	**Net Expenditure**	**45,487**

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure:

	2013/14 **£'000**	2014/15 **£'000**
Net expenditure in the analysis	43,289	45,487
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	8,878	10,338
Amounts included in the analysis not included in the Cost of Services	(3,522)	(5,751)
Cost of Services in Comprehensive Income and Expenditure Statement	**48,645**	**50,074**

30. **Reconciliation to Subjective Analysis**

This reconciliation shows how the figures in the analysis of income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Analysis £,000	Amounts not reported to mgt for decision making £,000	Amounts not included in Cost of Services £,000	Cost of Services £,000	Corporate Amounts £,000	Total £,000
Fees, charges & other service income	(263)	-	-	(263)	-	**(263)**
Interest and Investment	(27)	-	27	-	(40)	**(40)**
Income from Council Tax	-	-	-	-	(22,395)	**(22,395)**
Income from locally retained business rates	(59)	-	-	(59)	(4,345)	**(4,404)**
Government Grants and Contributions	(1,676)	(3,000)	-	(4,676)	(19,015)	**(23,691)**
Total Income	**(2,025)**	**(3,000)**	**27**	**(4,998)**	**(45,795)**	**(50,793)**
Employee expenses	33,859	6,279	-	40,138	-	**40,138**
Premises	2,002	-	-	2,002	-	**2,002**
Transport	1,660	-	-	1,660	-	**1,660**
Supplies & services	4,333	489	(35)	4,787	-	**4,787**
Other/ capital costs	5,658	-	(5,743)	(85)	822	**737**
Depreciation, amortisation and impairment	-	6,570	-	6,570	-	**6,570**
Pensions - Change in indices	-	-	-	-	22,441	**22,441**
(Gain) or Loss on Disposal of Fixed Assets	-	-	-	-	171	**171**
Total Expenditure	**47,512**	**13,338**	**(5,778)**	**55,072**	**23,434**	**78,506**
(Surplus) or deficit on the provision of services	**45,487**	**10,338**	**(5,751)**	**50,074**	**(22,361)**	**27,713**

2013/14	Analysis	Amounts not reported to mgt for decision making	Amounts not included in Cost of Services	Cost of Services	Corporate Amounts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Fees, charges & other service income	(280)	-	-	(280)	-	**(280)**
Interest and Investment	(38)	-	38	-	(43)	**(43)**
Income from Council Tax	-	-	-	-	(21,223)	**(21,223)**
Income from locally retained business rates	-	-	-	-	(4,398)	**(4,398)**
Government Grants and Contributions	(1,639)	(894)	-	(2,533)	(20,803)	**(23,336)**
Total Income	**(1,957)**	**(894)**	**38**	**(2,813)**	**(46,467)**	**(49,280)**
Employee expenses	34,169	6,242	-	40,411	-	**40,411**
Premises	1,951	-	-	1,951	-	**1,951**
Transport	1,638	-	-	1,638	-	**1,638**
Supplies & services	4,044	491	(35)	4,500	-	**4,500**
Other/ capital costs	3,444	-	(3,525)	(81)	888	**807**
Depreciation, amortisation and impairment	-	3,039	-	3,039	-	**3,039**
Pensions - Change in indices	-	-	-	-	22,343	**22,343**
(Gain) or Loss on Disposal of Fixed Assets	-	-	-	-	5	**5**
Total Expenditure	**45,246**	**9,772**	**(3,560)**	**51,458**	**23,236**	**74,694**
(Surplus) or deficit on the provision of services	**43,289**	**8,878**	**(3,522)**	**48,645**	**(23,231)**	**25,414**

31. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2013/2014 £'000		2014/2015 £'000
(6,055)	Depreciation	(4,869)
3,088	Impairment	(1,623)
(72)	Amortisation	(77)
3,965	(Increase) / decrease in Creditors	(402)
(1,463)	Increase / (decrease) in Debtors	(1,274)
(28,689)	Movements in Pension Liability	(26,698)
(526)	Contributions to/(from) Provisions	(15)
(102)	Carrying amount of non-current assets held for sale, sold or derecognised	(220)
(29,854)		(35,178)
1,420	Capital grants	1,513
29	Proceeds from Sale of Equipment	49
1,449		1,562

Cash Flow Statement – Operating Activities (Interest)

2013/2014 £'000		2014/2015 £'000
(38)	Interest received	(27)
773	Interest paid	699

32. Cash Flow Statement – Investing Activities

2013/2014 £'000		2014/2015 £'000
3,225	Purchase of property, plant and equipment	5,835
(29)	Proceeds from Sale of Equipment	(49)
(1,077)	Capital Grants	(1,077)
2,119	Net cash flows from investing activities	4,709

33. **Cash Flow Statement – Financing Activities**

2013/2014 £'000		2014/2015 £'000
-	Cash Receipts for long-term borrowing	(7,000)
1,509	Repayments of long-term borrowing	1,849
172	Cash payments for the reduction of a finance lease liability	109
51	Cash payments for the reduction of a PFI liability	45
1,732	Net cash flows from investing activities	(4,997)

34. **Contingent Liabilities**

There is an outstanding personal injury case, the outcome of which will be subject to legal processes.

The Information Commissioner's Office is currently investigating a potential breach of data protection legislation, the outcome of which is uncertain at this stage.

The Pensions Ombudsman has determined that commutation factors used in the calculation of firefighter pensions need to be updated. As a national scheme the Government is currently considering the financing options.

35. **Events After the Balance Sheet Date**

There are no known events after the balance sheet date at the date of publication.

Firefighters Pension Fund Account

Under the new arrangements for financing Firefighters pensions which came into effect from April 2006 the Authority was required to set up a new ring fenced 'Pensions Account'.

Details of the transactions on this account during the year are as follows:

2013/2014 £'000		2014/2015 £'000	2014/2015 £'000
	Contributions receivable:		
	Fire Authority		
(3,718)	- contributions in relation to pensionable pay	(3,634)	
(91)	- early retirements	(297)	
(2,390)	Firefighters contributions	(2,600)	
(6,199)	**Total**		**(6,531)**
-	**Transfers in from other authorities**	-	**-**
	Benefits payable:		
11,111	Pensions	11,629	
2,554	Commutations and lump sum retirement benefits	2,781	
24	Other	2,269	
13,689			**16,679**
	Payments to and on account of leavers:		
97	Transfers out to other authorities		-
7,587	**Net amount payable for the year**		**10,148**
(7,587)	Top-up grant payable by the Government		(10,148)
-			**-**

Net assets statement

The assets and liabilities of the pensions account as at 31 March 2014 are as follows:

31/03/2014 £'000		31/03/2015 £'000
	Current assets	
2,120	Top-up grant receivable from the Government	2,798
2,120		**2,798**
	Current liabilities	
(2,120)	Cash and Bank	(599)
-	Creditor	(2,199)
(2,120)		**(2,798)**
-	**Net assets**	**-**

Notes to the Firefighters Pension Fund Account

1. Operation of the Fund

The Fire Fighters Pension Fund Account was established under the Firefighters Pension Scheme (Amendment) (England) Order 2006 and the Fire Authority is responsible for its administration.

The Scheme is available to all Firefighters whether whole-time or part-time and whether regular, retained or volunteer, who satisfy one of the eligibility conditions set out in Part 2 of the Order.

The Firefighters Pension scheme is an unfunded scheme and there are no investment assets. Benefits payable are funded by employer and employee contributions with the difference being met by top-up grant receivable from or payable to Central Government. The fund is balanced to nil each year by the inclusion of a Central Government debtor or creditor in respect of the amount of top-up grant due to or payable from Central Government for the year.

2. Contributions

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Department of Communities and Local Government and are subject to triennial revaluation by the Government Actuary's Department.

With effect from 1 April 2012 Employee contributions to the Firefighters pension schemes are paid in relation to salary ranges as shown in the table below:

	2014/ 2015								
Salary range from	£0	£15,001	£21,001	£30,001	£40,001	£50,001	£60,001	£100,001	£120,001
Salary range up to	£15,000	£21,000	£30,000	£40,000	£50,000	£60,000	£100,000	£120,000	-
Firefighters pension scheme:									
1992 Scheme									
Employer	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
Employee	11.0%	12.2%	14.2%	14.7%	15.2%	15.5%	16.0%	16.5%	17.0%
Total	32.3%	33.5%	35.5%	36.0%	36.5%	36.8%	37.3%	37.8%	38.3%
2006 Scheme									
Employer	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Employee	8.5%	9.4%	10.4%	10.9%	11.2%	11.3%	11.7%	12.1%	12.5%
Total	19.5%	20.4%	21.4%	21.9%	22.2%	22.3%	22.7%	23.1%	23.5%

	2013/ 2014								
Salary range from	£0	£15,001	£21,001	£30,001	£40,001	£50,001	£60,001	£100,001	£120,001
Salary range up to	£15,000	£21,000	£30,000	£40,000	£50,000	£60,000	£100,000	£120,000	-
Firefighters pension scheme:									
1992 Scheme									
Employer	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%
Employee	11.0%	11.9%	12.9%	13.2%	13.5%	13.7%	14.1%	14.5%	15.0%
Total	32.3%	33.2%	34.2%	34.5%	34.8%	35.0%	35.4%	35.8%	36.3%
2006 Scheme									
Employer	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	
Employee	8.5%	9.1%	9.6%	9.9%	10.1%	10.2%	10.5%	10.8%	
Total	19.5%	20.1%	20.6%	20.9%	21.1%	21.2%	21.5%	21.8%	

In addition the Employer is required to reimburse charges for any ill-health early retirements.

3. Benefits payable from the fund

Pension benefits are payable from the fund in accordance with the relevant statutory provisions and include ordinary and ill health awards.

4. Accounting Policies

As an unfunded scheme there are no investment assets and the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. In all other respects the accounting policies followed are the same as set out in the Statement of Accounting Policies on pages 22–33. Details of the pension liability of the Firefighters scheme, calculated in accordance with IAS 19, and included in the Core Financial Statements are set out in note 26 to the Core Financial Statements.

5. Past service cost – Adjustment to commutation factors

In May 2015 the Pensions Ombudsman published its determination in the case of Milne v the Government Actuary's Department (GAD) which concerns the pension lump sum paid to a firefighter on their retirement. The determination found that GAD should have updated the relevant commutation factors, which form the basis for calculating pension lump sums, on 1 December 2001 and again on 1 December 2004.

As a result firefighters, who retired between December 2001 and August 2006, may be entitled to higher lump sums than they received at the time. Guidance has been issued by GAD and the Department for Communities and Local Government (DCLG) on how the additional payments to those affected by the judgement should be calculated, with the expectation that the calculations should be completed by December 2015 and payments made by April 2016. Based on the GAD / DCLG guidance it has been estimated that cost to the Firefighter's Pension Fund Account will be around £2.1m which will be reimbursed by DCLG. It is expected that the cost will be incurred during 2015/16.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVON FIRE AUTHORITY

We have audited the financial statements of Avon Fire Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Avon Fire Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of the Treasurer Responsibilities, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Avon Fire Authority as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Avon Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Avon Fire Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Peter Barber
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

25 September 2015

GLOSSARY OF TERMS

ACCOUNTING PERIOD - This is the length of time covered by the accounts. This is normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS - The accruals basis of accounting ensures that income and expenditure is reflected in the financial statements in the accounting period that they were earned or incurred, not as any cash is received or paid.

ACTUARY - One who makes calculations for pensions and insurance purposes.

ACTUARIAL GAINS AND LOSSES - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed

ASSET - An asset is something that the Council owns that has a monetary value. Assets are either current or long term.

- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors)
- A long term (fixed) asset provides the Council with benefits for a period of more than one year (e.g. property, plant and equipment).

BALANCE SHEET - The Balance Sheet is a financial statement summarising the overall financial position of the Council at the end of the financial year.

BUDGET - A budget is a statement that sets out the Council's service delivery plans and capital expenditure in monetary terms.

CAPITAL ADJUSTMENT ACCOUNT - This is the money set aside in the Council's accounts for capital spending and to repay loans.

CAPITAL CHARGES - This is a charge made to the Council's service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

CAPITAL EXPENDITURE - Expenditure on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period.

CAPITAL FINANCING - This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

CAPITAL RECEIPT - A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

CASH AND CASH EQUIVALENTS - Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

COMMUNITY ASSETS - This is land and property the Council intends to own forever. These generally have no determinable useful life and there are often restrictions regarding their disposal. Examples of community assets include parks and historic buildings.

CONTINGENT LIABILITIES - A possible liability relating to future expenditure at the Balance Sheet date, depending on the outcome of future uncertain events.

CREDITORS - Amounts owed by the Council to others for goods and services that have been supplied but not yet paid for by the end of financial year.

CURRENT ASSETS - Items that can be readily converted into cash.

CURRENT LIABILITIES - Items that are due to be paid immediately or in the short term.

DEBTOR - Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

DEPRECIATION - This is a charge made to the revenue account each year, which reflects the loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS) - Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

FINANCE LEASE - A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee (the Council) from the lessor.

FIXED ASSETS - These are assets that yield benefits to the Council and the services it provides for a period of more than one year.

GENERAL FUND - The account that summarises the cost of providing Council services (excluding the Housing Revenue Account).

GOVERNMENT GRANTS - Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

HERITAGE ASSET - An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held or maintained principally for its contribution to knowledge and culture. Examples of Heritage Assets are historical buildings, civic regalia and museum and gallery collections.

IMPAIRMENT - The reduction in value of an asset in the Balance Sheet owing to a change in the market value. This can be as a result of market fluctuations, physical damage or obsolescence.

INCOME & EXPENDITURE ACCOUNT - This is the Council's main revenue account. It summarises the income received from Council Tax and business rates, grants and fees and charges along with the associated expenditure on services provided.

INTANGIBLE ASSETS - These are fixed assets on the Balance Sheet such as software licences that don't have physical form but still have value.

LEASING - Method of financing the acquisition of capital assets, usually in the form of operating or financing leases.

LIABILITIES - Amounts the Council either owes or anticipates owing to others, whether they are due for immediate payment or not.

MINIMUM REVENUE PROVISION (MRP) - The minimum amount that the Council must charge to revenue account to provide for the repayment of debt.

NATIONAL NON-DOMESTIC RATE (NNDR) - A flat rate in the pound set by Government and levied on businesses in the City. The money is collected by the Council then pooled and redistributed by the Government to local authorities based on the resident population.

NON-OPERATIONAL ASSETS - These are fixed assets owned by the Council that it does not directly occupy or use in the delivery of services. Examples include investment properties or assets that are surplus to requirements.

OPERATING LEASE - This is a lease where the effective ownership of the asset remains with the lessor.

OPERATIONAL ASSETS - These are fixed assets owned by the Council and used in the direct delivery of services.

PRIOR YEAR ADJUSTMENT - A material adjustment applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

PROVISIONS - Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

PUBLIC WORKS LOAN BOARD (PWLB) **-** A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

RELATED PARTIES - Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests. Examples of related parties include central government, other local authorities and other bodies precepting or levying demands on the Council Tax, its members and its chief officers.

RESERVES - An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

REVENUE EXPENDITURE - Spending on day to day items including salaries and wages and other running costs associated with the provision of services.

REVENUE SUPPORT GRANT (RSG) - The main grant paid to a local authority by Central Government to help fund the cost of its services.

WORK IN PROGRESS - The value of work(s) that have been completed or are partially complete at the end of the accounting period that should be included in the financial statements.