

North Wales Fire and Rescue Authority-Statement of Accounts 2014-15

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EXPLANATORY FOREWORD

1. Operational guidance for Fire and Rescue Services in Wales is detailed in the Fire and Rescue National Framework which has been produced by the Welsh Government. The National Framework seeks to expand the role of Fire and Rescue Services in Wales in relation to prevention, education and engaging with the communities they serve whilst ensuring that their reactive firefighting capability is not compromised. At a time of extraordinary financial challenge, the North Wales Fire and Rescue Authority is committed to continuing to provide excellent prevention services, fire safety enforcement services and emergency response to a range of incidents including fire, flooding and road traffic accidents.

The North Wales Fire and Rescue Service produces annual action plans for managing down risks and improving services with an increasing emphasis on prevention and education. The Authority remains committed to playing its part in building stronger and safer communities, but also acknowledges that for the future the financial situation means that being able to sustain service delivery will require a great deal of flexibility and innovation.

The Authority works in partnership with other emergency services, for example, the property portfolio is managed by a joint Facilities Management Department with North Wales Police and Fire Service Control is located in a shared facility with the Police at St Asaph. The Authority is also engaged in a number of other projects which reflect the objectives of the National Framework for example the Young Firefighters' Association operated by off duty firefighters with branches across North Wales; the Phoenix project which has proved very successful with youngsters in the area; and Road Safety Education in partnership with North Wales Police and the Welsh Ambulance Service through a number of 'Deadly Impact' events across North Wales.

The Authority's Statement of Accounts is a publication required by law; the prime purpose of which is to give clear information about the financial position and the financial performance of the North Wales Fire Authority for the financial year 2014-15.

- 2(a). The statements and their purposes are as follows:-

(i) **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' (ie those that can be applied to fund expenditure or reduce contributions from the Constituent Authorities) 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 which is funded by contributions from the six Constituent Authorities. 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.

(ii) **The Comprehensive Income and Expenditure Account (CIES)**

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 contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in the Movement in Reserves Statement.

(iii) **Statement of Financial Position (Balance Sheet)**

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, ie those reserves that the Authority may use to provide services, subject to the need to maintain a 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'.

(iv) **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 contributions 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 (ie borrowing) to the Authority.

(v) **The Firefighters' Pension Fund Account**

This shows the financial position of the Firefighters' Pension Fund Account, indicating whether the Authority owes, or is owed money by the Welsh Government in order to balance the account, together with details of its net assets.

(vi) **Statement of responsibilities for the Statement of Accounts**

This sets out the respective responsibilities of the Authority and its officers for the preparation and approval of the Statement of Accounts.

A statement of the responsibilities for this statement of accounts is given on page 7.

(vii) **Notes to the Accounting Statements**

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They provide information not presented elsewhere in the financial statements and are relevant to an understanding of the accounts.

- 2(b). The Movement on Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the Pension Fund Account are supported by notes which provide additional information. The Statement of Accounts meets the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 (the Code) and the Service Reporting Code of Practice (SeRCOP), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Accounts and Audit (Wales) Regulations 2005 and the 2007 Amendments to the Regulations.

3. **SUMMARY OF FINANCIAL YEAR 2014-2015****Revenue Expenditure 2014-2015**

The budget for the year was approved by Members of the Authority at £31,772,011. Further details on the operational spend, which is the actual expenditure for the Authority without the accounting adjustments, can be found in Note 23. The actual expenditure was lower than budgeted and was achieved by curtailing expenditure wherever possible to ease anticipated pressures in the coming years and create additional provisions to cover possible contingent liabilities. The Authority was able to set aside £616k in to reserves to offset future budgetary pressures and fund part of the capital programme from a contribution from the revenue budget, this amounted to £534k. Income was higher than budget due to the transfer of the Firelink Grant in to the revenue account.

	Budget	Actual	Variance
	£000	£000	£000
Revenue			
Expenditure	32,476	31,433	(1,043)
Income	(298)	(811)	(513)
Net Expenditure	32,178	30,622	(1,556)
Earmarked Reserves and Provisions	(406)	1,150	1,556
Unitary Authority Contributions	(31,772)	(31,772)	0
(Surplus) /Deficit	0	0	0
Capital			
(inc b/f slippage)	15,280	6,654	(8,626)

Reconciliation of Revenue Surplus to the Surplus on the Provision of Services

	£'000
*Net Expenditure	30,622
**Accounting Adjustments	(815)
***Cost of Services	29,807

*detailed in 'The Outturn for the Year 2014/15 (above)

**detailed in Note 23

***detailed in the CIES

The Authority incurs revenue spending on items, which are generally consumed within the year, and this is financed by contributions from the six constituent local authorities in proportion to population. For 2014-15, the proportions were as follows:

Authority	2014/2015 Contribution £	Proportion %
Conwy County Borough Council	5,283,704	16.63
Anglesey County Council	3,198,669	10.07
Gwynedd Council	5,588,255	17.59
Denbighshire County Council	4,342,155	13.67
Flintshire County Council	7,018,721	22.09
Wrexham County Borough Council	6,340,507	19.95
TOTAL	31,772,011	

The Authority received a number of revenue grants from the Welsh Government during the year to promote various schemes within North Wales. The total value of the grants received was £1.8m (£2.1m 2013-14). Details of the grants received can be found in Note 28 to the accounts.

Revenue Sources of Funding Included in the CIES

2013/14 £'000		2014/15 £'000
31,772	Unitary Authority Contributions	31,772
55	Revenue Grants	441
21	Interest	22
222	Fees and Charges and Other Income	348

Capital Expenditure 2014-2015

Total capital expenditure in the year amounted to £6.654m. Further details can be found in Note 30 to the accounts.

2013/14 £'000		2014/15 £'000
1,821	Property – Refurbishments, adaptations, new buildings	3,179
1,929	Vehicles and Plant	2,568
195	Operational and I.C.T. Equipment	907
3,945	Total Capital Expenditure	6,654

Capital Borrowing

Under the Prudential Code the Authority can finance the capital programme in accordance with whichever method of financing is most cost effective. In 2014-2015 the capital programme was financed mainly by external borrowing (£3,124k) and a contribution from revenue (£534k).

A detailed report on the financial activity for the year was presented to the Fire Authority on 15 June 2015 and is available on the Fire service website (www.nwales-fireservice.org.uk).

Pension Liability

In 2014-15, 7 wholetime uniformed staff and 8 retained duty system staff retired. The net cost of the Firefighters' Pension Scheme to the revenue budget increased slightly compared to last year £2.28m (£2.26m 13/14) due to new entrants in to the scheme. The liability in terms of future pension commitments increased to £265.35m (£235.57m 13/14) due to a change in the actuarial assumptions. The actuarially assessed liability as at 31 March 2015 for the Local Government pension scheme was £12.79m (£8.41m 13/14), again the increase was due to a change in actuarial assumptions.

Under International Accounting Standard 19 (Employee Benefits) the Authority is required to provide details of assets and future liabilities for pensions payable to employees, both past and present. This is outlined in greater detail in the disclosures to the accounts.

Material and unusual charge or credit in the accounts

Grant income for Firelink was previously included in a note to the accounts covering grant expenditure. However, all other grants fully cover the cost of the expenditure incurred so there is transparency whereas the Firelink grant is a contribution and does not meet the full costs of the scheme. In order to show the full costs of the scheme and the grant income this has now been moved to the revenue account for 2014-15, this shows in the CIES as increased income compared to the previous year.

Capital Financing Costs

The charge made to the service revenue accounts to reflect the cost of fixed assets used in the provision of services was £2.733m. This is a notional charge for depreciation and an adjustment is made to the year end balance so the contributions required to fund the service are not affected. The actual cost to the service for financing capital is £406k loan interest and £2,142k Minimum Revenue Provision and Voluntary Revenue Provision.

The increase in borrowing is dependent upon a number of factors; the amount of capital expenditure to be financed by borrowing and the loan debt repaid as part of the Minimum Revenue Provision. The Authority's loan debt at 31 March 2015 was £24.940m.

Provisions and Reserves

The Authority holds provisions to meet known future liabilities which have arisen due to past events. The balance at the beginning of the year was £0.764m and at the end of the year £0.764m. There was no movement in the year but it is expected that the provision to cover possible retrospective pension contributions for RDS staff following the equal pay claim will be utilised in 2015-16.

Money was set aside in to a capital reserve, £1.44m, in 2013-14 which was to be used to finance the capital programme in order to reduce the debt charges for future budgets. In 2014-15 £700k of the reserve has been utilised.

Earmarked reserves totalling £525k were set aside in the year to cover transitional costs for the radio project and to cover the reduction in funding for HFSC.

Further details of the provisions and reserves held are included in Notes 17 and 18 to the core financial statements.

Impact of the Current Economic Climate

Members agreed that the priority when setting the budget was to maintain the current level of service provision and also to deliver on the objectives set out in the Improvement Plan; delivering 30,000 Home Fire Safety Checks; and optimising fire and rescue cover in North Wales by finding alternative options to the Retained Duty System (RDS). However, given the impact of the local government settlement and the reduction in funding to the constituent authorities Members agreed to set a frozen budget with any inflationary pressures being met from other resources. At the time of setting the budget it was expected that these inflationary pressures would be around £406k so money from the general reserve was set aside to cover the budget shortfall.

4. ADDITIONAL INFORMATION

Additional information about these accounts is available from the Treasurer to the Authority at Bodlondeb, Conwy. Interested members of the public also have a statutory right to inspect the accounts before the audit is completed. Availability of the accounts for inspection is advertised in the local press and on both the websites for North Wales Fire and Rescue Authority (www.nwales-fireservice.org.uk) and Conwy County Borough Council (www.conwy.gov.uk).

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/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statement of Accounts is required to give 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

In preparing the 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 Local Authority Code.

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.

TREASURER'S CERTIFICATE **STATEMENT OF ACCOUNTS 2014/2015**

I certify that the accounts provide a true and fair view of the financial position of the Authority as at 31 March 2015 and its income and expenditure for the year then ended.

SIGNED: _____ DATED: _____
K W FINCH CPFA
Treasurer, North Wales Fire Authority

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH WALES FIRE AUTHORITY

I have audited the accounting statements and related Notes of:

- North Wales Fire Authority; and
- Firefighters' Pension Fund

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

North Wales Fire Authority's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes.

Firefighters' Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Firefighters' Pension Fund's accounting statement, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes: an assessment of whether the accounting policies are appropriate to the North Wales Fire Authority's and Firefighters' Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of North Wales Fire Authority

In my opinion the accounting statements and related notes:

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

Opinion on the accounting statements of Firefighters' Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Firefighters' Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of North Wales Fire Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

For and on behalf of

Huw Vaughan Thomas

Auditor General for Wales

**Wales Audit Office,
24 Cathedral Road,
Cardiff,
CF11 9LJ**

CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for the years ended 31 March 2014 & 2015	Note	General Fund Balance	Earmarked and Grant Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013		1,609	424	0	2,033	(238,252)	(236,219)
Movement in Reserves during 2013/14							
Surplus or (Deficit) on the Provision of Services		(9,552)	0	0	(9,552)	0	(9,552)
Other Comprehensive Income & Expenditure		0	0	0	0	18,448	18,448
Total Comprehensive Income & Expenditure		(9,552)	0	0	(9,552)	18,448	8,896
Adjustments between accounting basis & funding basis under regulations	5	10,990	0	0	10,990	(10,990)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		1,438	0	0	1,438	7,458	8,896
Adjustment		0	0	0	0	0	0
Other Transfers to/(from) Earmarked Reserves		(1,322)	1,322	0	0	0	0
Increase/(Decrease) in 2013/14	6	116	1,322	0	1,438	7,458	8,896
Balance as at 31 March 2014		1,725	1,746	0	3,471	(230,794)	(227,323)

Movement in Reserves Statement	Note	General Fund Balance	Earmarked and Grant Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014		1,725	1,746	0	3,471	(230,794)	(227,323)
Movement in reserves during 2014/15							
Surplus or (deficit) on the provision of services		(9,642)	0	0	(9,642)	0	(9,642)
Other Comprehensive Income & Expenditure		0	0	0	0	(24,246)	(24,246)
Total Comprehensive Income & Expenditure		(9,642)	0	0	(9,642)	(24,246)	(33,888)
Adjustments between accounting basis & funding basis under regulations	5	10,158	(704)	(22)	9,432	(9,432)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		516	(704)	(22)	(210)	(33,678)	(33,888)
Adjustment		0	0	0	0	0	0
Other Transfers to/(from) Earmarked Reserves		(424)	525	22	123	(123)	0
Increase/(Decrease) in 2014/15	6	92	(179)	0	(87)	(33,801)	(33,888)
Balance as at 31 March 2015		1,817	1,567	0	3,384	(264,595)	(261,211)

THE COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

2013/14				2014/15			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
2,084	(63)	2,021	Community Fire Safety - Inspection & Certification		2,079	(188)	1,891
3,974	0	3,974	Community Fire Safety - Prevention & Education		4,003	0	4,003
19,810	(222)	19,588	Fire Fighting - Operational Responses		19,955	(652)	19,303
3,571	0	3,571	Fire Fighting - Communications & Mobilising		4,173	0	4,173
192	0	192	Fire Fighting - Securing Water Supplies		231	0	231
198	0	198	Corporate & Democratic Core Costs		199	0	199
19	0	19	Non Distributed Costs		7	0	7
29,848	(285)	29,563	Cost of Services		30,647	(840)	29,807
554	0	554	Other Operating Expenditure	7	541	(22)	519
11,228	(21)	11,207	Financing & Investment Income & Expenditure	8	11,110	(22)	11,088
0	(31,772)	(31,772)	Contributions from Constituent Authorities		0	(31,772)	(31,772)
		9,552	Deficit or (Surplus) on Provision of Services				9,642
		0	Surplus or Deficit on Revaluation of Property, Plant & Equipment Assets				(113)
		(18,448)	Remeasurement of the net defined Benefit Liability				24,359
		(18,448)	Other Comprehensive (Income) & Expenditure				24,246
		(8,896)	Total Comprehensive (Income) & Expenditure				33,888

BALANCE SHEET

31 March 2014		Note	31 March 2015
£'000			£'000
37,761	Property, Plant & Equipment	10	41,214
0	Intangible Assets	10	0
37,761	Long Term Assets		41,214
449	Inventories	13	471
2,419	Debtors	14	1,021
1,531	Cash & Cash Equivalents	15	2,910
4,399	Current Assets		4,402
10,654	Short Term Borrowing	11	9,021
3,407	Creditors	16	2,943
127	Provisions	17	127
14,188	Current Liabilities		12,091
243,981	Pension Liability	33	278,140
667	Provisions	17	667
10,647	Long Term Borrowing	11	15,929
255,295	Long Term Liabilities		294,736
(227,323)	Net Assets		(261,211)
3,471	Usable Reserves	18	3,384
(230,794)	Unusable Reserves	19	(264,595)
(227,323)	Total Reserves		(261,211)

CASH FLOW STATEMENT

2013/14		Note	2014/15
£'000			£'000
9,552	Net (Surplus)/Deficit on the Provision of Services		9,642
(12,953)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements		(13,633)
(369)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities		(384)
(3,770)	Net Cash Flows From Operating Activities	20	(4,375)
3,402	Investing Activities	21	5,266
1,073	Financing Activities	22	(2,270)
705	Net (Increase) or Decrease in Cash and Cash Equivalents		(1,379)
(2,236)	Cash and Cash Equivalents at the beginning of the reporting period		(1,531)
(1,531)	Cash and Cash Equivalents at the End of the Reporting Period	15	(2,910)

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

1. **GENERAL**

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 by the Accounts and Audit (Wales) Regulations 2005, which those Regulations require to 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 (the Code) and the Service Reporting Code of Practice 2014-15 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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.

The ratio of Current Liabilities to Current Assets is high and this would indicate that the Authority may have a problem with liquidity in that it will not have sufficient resources available to meet its' short term obligations. However, the Authority has ready access to borrowings from the Public Works Loan Board and other sources and there is no significant risk that it will be unable to raise finance to meet its commitments.

2. **INCOME AND EXPENDITURE**

In the revenue accounts, income and expenditure are accounted for, net of VAT, in the year in which they arise, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Authority provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and consumption they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for 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 income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. **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 no more than 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.

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.

4. **CHARGES TO REVENUE FOR NON CURRENT ASSETS**

Depreciation is provided for vehicles on a straight-line basis, with acquisitions being depreciated in the following year following purchase. Buildings have been depreciated on a straight-line basis over the estimated useful life of the assets, as supplied by Wilks Head and Eve, Chartered Surveyors.

Depreciation is charged to the service departments within the income and expenditure account. This amount is credited to the General Fund Balance therefore having a neutral impact on the contributions made by the constituent authorities.

Assets are being depreciated using the straight-line method over the following periods:-

Buildings	20-75 years
Infrastructure	10-20 years
Vehicles, Plant and Equipment	3-20 years
Intangible Assets	5-15 years

The Authority is not required to raise a levy 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. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution from General Fund Balances (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

5. **EMPLOYEE BENEFITS**

Benefits payable during employment

Salaries and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Termination Benefits

Termination benefits are amounts payable as a result of 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 and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement.

6. **POST EMPLOYMENT BENEFITS**

The Authority participates in two different pension schemes, which meet the needs of different groups of employee. The schemes are as follows:

Firefighter Pension Scheme (FPS)

The Firefighters' pension scheme is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet the actual pension payments as they fall due. Employee and employer contributions are based on a percentage of pensionable pay set nationally by the Welsh Government and this is subject to triennial revaluation by the Government Actuary's Department (GAD).

The pension fund is treated as a separate income and expenditure statement in the Statement of Accounts and is ring fenced to ensure accounting clarity, please see Notes 19, 33 and the Firefighters' Pension Fund Account on page 54 for more detail. It is through the pension fund that the Authority discharges its responsibility for paying the pensions of retired officers, their survivors and others who are eligible for benefits under the scheme.

The estimated long term liability to the Fire and Rescue Authority to meet these costs is disclosed by a note to the accounts as required by IAS 19.

Support and Control Room Staff

This is a funded scheme with pensions paid from the underlying investment funds managed by Flintshire County Council pension fund (the 'fund') which is part of the Local Government Pension Scheme (LGPS). Actuaries determine the employer's contribution rate. Further costs, which arise in respect of certain pensions paid to retired employees, are paid on an unfunded basis. Please see Note 33 for more detail.

7. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified.

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

8. 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.

9. 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 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.

10. FINANCIAL INSTRUMENTS

A Financial Instrument is defined as 'any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another'. Financial liabilities (loans) and financial assets (investments) are initially measured at fair value and carried at their amortised cost. The annual interest paid and received in the Income and Expenditure account is based on the carrying amount of the loan or investment multiplied by the effective rate of interest for the instrument. For all of the loans and investments the Authority has, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

11. INVESTMENTS

Investments are shown in the Balance Sheet at their cost to the Authority and are itemised in a separate note.

12. FOREIGN CURRENCY TRANSLATION

The majority of transactions of the Authority are in sterling. Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

13. ACCOUNTING FOR GOVERNMENT GRANTS

Government grants cannot be offset against fixed assets, but government grants (and other contributions) are immediately recognised in the Comprehensive Income and Expenditure Account when the required conditions have been satisfied. The income is subsequently transferred to the Capital Adjustment Account or Capital Grants Unapplied Account, dependent upon whether it has been applied. In essence Government Grants awarded for capital schemes are used as a source of financing for the capital programme.

14. INVENTORIES

Inventories have been valued using First in First Out (FIFO) or weighted average cost formulae. Where there are deferred payment terms for the purchase of inventories, this is regarded as a financing arrangement and the difference between the price that would have been paid for "normal" credit terms and the actual amount paid has been recognised as an interest expense over the period of the financing.

15. LEASES**Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Authority, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating Leases

Where assets are available for use under leasing arrangements, the rentals payable are charged to the appropriate service account on a straight-line basis irrespective of the payment arrangements. Since the Authority does not own these assets, the cost does not appear in the Balance Sheet. The liability to pay future rental charges is similarly excluded, but a separate note is annexed to the Balance Sheet.

16. **ALLOCATION OF CENTRAL ADMINISTRATIVE CHARGES**

The major central administrative services such as Finance, Property Management and Legal and Administrative Support are bought in from other Local Authorities. These costs and the costs of central administration at the Fire Authority have been allocated to front line services in line with CIPFA's Statement on Accounting for Overheads and the Service Reporting Code of Practice, with the exception of:

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

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

17. **PROPERTY PLANT AND EQUIPMENT**

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potentially be provided to, the Authority;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the items form part initial equipping and setting-up cost of a new building or refurbishment of a station or offices, irrespective of their individual or collective cost. Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

The de Minimus level for capitalising assets is £100.

Useful Economic Life of Assets

The assets will be held by the service over their useful economic life and will be in the following ranges;

Buildings	20-75 years
Infrastructure	10-20 years
Vehicles, Plant and Equipment	3-20 years
Intangible Assets	5-15 years

Non-Specialised Operational and Non-Operational Assets

Non-specialised operational and non-operational land and buildings are carried at Fair Value normally determined from market based evidence, which is generally taken to mean open market value, but the Code allows these assets to be carried forward at the existing use value.

Assets of a Specialised Nature

For assets of a specialised nature where there is no market evidence, an estimate of fair value has been based on Depreciated Replacement Cost (DRC), the valuation being that of a Modern Equivalent Asset (MEA) using the "instant build" approach. Fire stations are included under this category.

Land and Buildings

Land and buildings have been accounted for separately, and land is assumed to have an infinite life.

Assets Under Construction

Assets under construction have been valued at historic cost.

Surplus Assets

Surplus assets have been valued at Fair Value that is considered to be open market value. Where the asset is not held for generating cashflows, the value in use is the Present Value of the asset's remaining service potential, assumed to be at least equal to the cost of replacing that service potential and used as a measure of fair value.

If the surplus asset is of a specialised nature, then DRC has been used as an estimate of fair value. Surplus assets have been depreciated, with the depreciation being shown against "non-distributed costs" rather than a specific service.

Component Accounting

A component of property, plant and equipment is an item that has a cost that is significant in relation to the total cost of the asset. Components should be depreciated individually over their useful lives. However, on transition to the Code, component accounting has only been applied when a component is replaced or part enhanced, and the old component has been derecognised.

Revaluation

When an asset is re-valued, an entry has been made between the Revaluation Reserve and the Capital Adjustment Account which represents the difference between depreciation based on historic cost and the re-valued amount.

Revaluation Losses

A revaluation loss that is due to a clear consumption of economic benefit, if there is a previous revaluation surplus on that asset, is first charged against the surplus to the extent of the surplus, with the balance of the loss being charged to the Comprehensive Income and Expenditure Account.

The latest full property valuation was carried out by Wilks Head and Eve, a firm of valuers based in London, on 1 April 2009. A number of properties were re-valued on 1 April 2012 due to works undertaken on these properties and were part of the policy introduced by the Authority to value their property on a rolling basis rather than carry out a full valuation every 5 years. One property was revalued in 2014-15 as works undertaken on the property portfolio were minor. Office accommodation has been valued at existing use value and fire stations at depreciated replacement cost. To comply with the Code of Practice the valuer estimated residual lives for all the Authority's buildings so that a charge for depreciation could be calculated. Other assets are recognised at historic cost which is a proxy for current cost on short life assets and depreciated over their useful lives.

Impairment

Assets are carried at no more than their recoverable amount, and impairment is measured by comparing the carrying value with the higher of fair value less costs to sell (equivalent to net selling price) and value in use. Impairment is assessed annually, and the indicators to reverse an impairment are the same for tangible and intangible assets. All impairment losses on re-valued assets are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each individual asset.

18. CAPITAL RECEIPTS

The proceeds from disposed of assets are held as Usable Capital Receipts in the Usable Capital Receipts reserve until used to finance capital expenditure.

19. RESERVES AND PROVISIONS

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

The Authority maintains reserves to meet future expenditure. These are disclosed within the balance sheet and their purposes are explained in the notes to the balance sheet.

20. 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.

21. VALUE ADDED TAX

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

22. INTANGIBLE ASSETS

Internally generated intangible assets are capitalised where the recognition criteria are met. The criteria are as follows: it must be possible to separate the asset from the entity, the entity must control the asset, there must be future economic benefit from the asset, it must be probable that the economic benefits will flow to the entity, and the cost of the asset can be measured reliably. The intangible asset will be initially measured at cost, all revaluations are charged initially to the revaluation reserve, and there is no maximum useful life for the asset.

23. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code. The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

- *IFRS 13 – Fair value measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts*
- *IFRIC 21 Levies. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.*
- *Annual improvements to IFRSs (2011-2013 Cycle). These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.*

NOTES TO THE ACCOUNTS

1. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out on pages 14-21, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the statement of accounts is due to the high degree of uncertainty about future levels of funding for local Government. However the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

2. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR 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 main item in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
RETAINED FIREFIGHTERS' PENSIONS	The Authority made a provision of £667k in 2013-14 for retrospective access to the Firefighter's pension scheme for Retained Duty System (RDS). Agreement has been reached between the FBU and DCLG and it is now a case of calculating monies due for those that take up the offer. An assessment was made of the maximum costs to the Authority and this was estimated at £960k based on the assumption that all RDS staff that are currently in the pension scheme would back date.	The provision has been based on an estimate that possibly two thirds of the RDS staff would back date. If this is significantly higher then it will be necessary to add to the provision. It is expected that payments from the provision will be made in 2015-16.
PENSIONS LIABILITY	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government pension Scheme, the expected return on pension fund assets. Actuaries are engaged to provide an assessment of the liabilities.	Relatively small changes in the assumptions made can have a significant impact on the pension net liability. The pension net liability shown in the balance sheet will only become payable over the retirement period of current and retired employees, so adjustments to the liability can be spread over a number of years through changes in employee and employer contributions. Increases in employer contributions have a direct impact on the budget.

3. MATERIAL ITEMS OF INCOME AND EXPENSE

There were no material items of income or expense that were outside the normal operation of the Fire Authority.

4. EVENTS AFTER BALANCE SHEET DATE

The Statement of Accounts has not yet been authorised for issue by the Treasurer to the Fire Authority as at 30 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS and FUNDING BASIS UNDER REGULATION

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.

2014/15	Useable Reserves				Unusable Reserves
	General Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(3,274)	0	0	(3,274)	3,274
Revaluation (losses)/Gains on Property, Plant and Equipment	113			113	(113)
Amortisation of Intangible assets	0			0	0
Capital grants and contributions applied	661	704	0	1,365	(1,365)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	2,142	0	0	2,142	(2,142)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	22	22	(22)
Adjustment primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 19)	(13,050)	0	0	(13,050)	13,050
Employer's pensions contributions and direct payments to pensioners payable in the year	3,260	0	0	3,260	(3,260)
Adjustment primarily involving the Accumulated Absences Account:					
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	(10)	0	0	(10)	10
Total Adjustments	(10,158)	704	22	(9,432)	9,432

2013/14	Useable Reserves				Unusable Reserves
	General Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(3,216)	0	0	(3,216)	3,216
Revaluation losses on Property, Plant and Equipment					
Amortisation of Intangible assets	0			0	0
Capital grants and contributions applied	543	0	0	543	(543)
Adjustment	125	0	0	125	(125)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	2,052	0	0	2,052	(2,052)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0
Adjustment primarily involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 19)	(13,685)	0	0	(13,685)	13,685
Employer's pensions contributions and direct payments to pensioners payable in the year	3,156	0	0	3,156	(3,156)
Adjustment primarily involving the Accumulated Absences Account:					
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	35	0	0	35	(35)
Total Adjustments	(10,990)	0	0	(10,990)	10,990

6. TRANSFERS TO AND FROM EARMARKED RESERVES

This note sets out the transfers to and from reserves from 1 April 2013.

	Balance 1 April 2013	Transfers out 2013/14	Transfers In 2013/14	Balance 31 March 2014	Transfers out 2014/15	Transfers In 2014/15	Balance 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
General Fund	(1,609)	0	(116)	(1,725)	0	(92)	(1,817)
Earmarked and Grant Reserves	(424)	118	(1,440)	(1,746)	704	(525)	(1,567)
Total	(2,033)	118	(1,556)	(3,471)	704	(617)	(3,384)

7. OTHER OPERATING EXPENDITURE AND INCOME

2013/14 £000		2014/15 £000
11	Deficit on Trading Operations	7
0	Gains/losses on the disposal of non-current assets	(22)
543	Revenue Contribution to Capital	534
554	Total	519

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2013/14 £000		2014/15 £000
390	Interest payable and similar charges	406
(21)	Interest	(22)
10,838	Net Interest on the net defined benefit liability	10,704
11,207	Total	11,088

9. TAXATION AND NON SPECIFIC GRANT INCOMES

2013/14 £000		2014/15 £000
(31,772)	Local Authority Levies	(31,772)
(31,772)	Total	(31,772)

10. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Assets are valued as outlined in Notes 4 and 17 of Accounting Policies. Details of the value of assets held at 31 March 2015 and comparative figures for 31 March 2014 are shown below, together with details of movement in the year:-

2014-2015	<i>Land and Buildings</i>	<i>Vehicles and Equipment</i>	<i>Infra - structure</i>	<i>Non-Operational Assets</i>	<i>Property Plant and Equipment Total</i>	<i>In-Tangible Assets Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value at 1 April 2014	26,419	23,327	260	2,610	52,616	65
VALUE AT 1 APRIL 2014	26,419	23,327	260	2,610	52,616	65
Additions	893	2,651	0	3,110	6,654	0
Transfer Non-Operational	0	1,398	0	(1,398)	0	0
Revaluations	113	0	0	0	113	0
Write out Lease	0	(40)	0	0	(40)	0
Disposals	0	(126)	0	0	(126)	0
Impairment/Capitalised Under Statute	(541)	0	0	0	(541)	0
GROSS BOOK VALUE AT 31 MARCH 2015	26,884	27,210	260	4,322	58,676	65
Accumulated Depreciation at 1 April 2014	(3,507)	(11,104)	(244)	0	(14,855)	(65)
Revaluation	0	0	0	0	0	0
Depreciation for Year	(792)	(1,940)	(1)	0	(2,733)	0
Impairment CIES	0	0	0	0	0	0
Impairment Rev Res	0	0	0	0	0	0
Disposals	0	126	0	0	126	0
Accumulated Depreciation at 31 March 2015	(4,299)	(12,918)	(245)	0	(17,462)	(65)
NET BOOK VALUE AT 31 MARCH 2015	22,585	14,292	15	4,322	41,214	0
NET BOOK VALUE AT 31 MARCH 2014	22,912	12,223	16	2,610	37,761	0

Comparative Data 2013-2014	<i>Land and Buildings</i>	<i>Vehicles and Equipment</i>	<i>Infra - structure</i>	<i>Non- Operational Assets</i>	<i>Property Plant and Equipment Total</i>	<i>In- Tangible Assets Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Gross Book Value at 1 April 2013	26,088	25,121	260	173	51,642	65
VALUE AT 1 APRIL 2013	26,088	25,121	260	173	51,642	65
Additions	782	726	0	2,437	3,945	0
Revaluations	0	0	0	0	0	0
Write out Depreciation	0	0	0	0	0	0
Disposals	0	(2,520)	0	0	(2,520)	0
Impairment/Capitalised Under Statute	(451)	0	0	0	(451)	0
GROSS BOOK VALUE AT 31 MARCH 2014	26,419	23,327	260	2,610	52,616	65
Accumulated Depreciation at 1 April 2013	(2,760)	(11,608)	(242)	0	(14,610)	(65)
Revaluation	0	0	0	0	0	0
Depreciation for Year	(747)	(2,016)	(2)	0	(2,765)	0
Impairment CIES	0	0	0	0	0	0
Impairment Rev Res	0	0	0	0	0	0
Disposals	0	2,520	0	0	2,520	0
Accumulated Depreciation at 31 March 2014	(3,507)	(11,104)	(244)	0	(14,855)	(65)
NET BOOK VALUE AT 31 MARCH 2014	22,912	12,223	16	2,610	37,761	0
NET BOOK VALUE AT 31 MARCH 2013	23,328	13,513	18	173	37,032	0

11. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£'000	£'000	£'000	£'000
Investments				
Loans and receivables	-	-	2,880	1,510
Available-for-sale financial assets	-	-	-	-
Total Investments	0	0	2,880	1,510
Debtors				
Loans and receivables	-	-	-	-
Financial assets carried at contract amounts	-	-	0	40
Total Debtors	0	0	0	40
Borrowings				
Financial liabilities at amortised cost	15,929	10,647	9,021	10,654
Total Borrowings	15,929	10,647	9,021	10,654
Creditors				
Financial liabilities carried at contract amount	-	-	1,582	1,066
Total Creditors	-	-	1,582	1,066

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note 2 – Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Whilst there is no need to produce more detailed information, additional information will however be needed in the following, albeit unlikely circumstances:

- Any unusual movements;
- Reclassification of instruments;
- De-recognition of instruments;
- Collateral;
- Allowance for credit losses; and
- Defaults and breaches.

These are explained in more detail below

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:

Financial Instruments Gains and Losses				
	2013/14		2014/15	
	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000
Interest expense	390		406	
Total expense in Surplus or Deficit on the Provision of Services	390		406	
Interest income		(21)		(22)
Total income in Surplus or Deficit on the Provision of Services		(21)		(22)
Net gain/(loss) for the year	(390)	21	(406)	22

External Borrowing

The loans outstanding have been raised through the Public Works Loan Board (PWLB). The following table gives an analysis of the loans by maturity.

Source of Loan	Interest Rate Payable 2014/15 %	Minimum to Maximum approved limits %	Actual % March 2014	Actual % March 2015	Total Outstanding at 31 March 2014		Total Outstanding at 31 March 2015	
					£'000		£'000	
Public Works Loans Board	1.09 – 4.9					14,290		17,940
Market Loans	0.33 – 0.55					7,000		7,000
<u>ANALYSIS OF LOANS BY MATURITY</u>								
Within 1 Year		0% - 55%	50.04%	36.13		10,654		9,010
Between 1 and 2 years		0% - 50%	17.22%	12.97	3,666		3,234	
Between 2 and 5 years		0% - 50%	14.89%	1.89	3,171		471	
Between 5 and 10 years		0% - 75%	4.35%	28.28	927		7,052	
Over 10 years		0% - 100%	13.50%	20.74	2,872		5,173	
TOTAL						21,290		24,940

Conwy County Borough Council manages the Treasury function on behalf of the Fire Authority and has brokered the short term Market loans under the name of Conwy County Borough Council to take advantage of the lower rates available to a Local Authority.

12. FAIR VALUE OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their 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 the PWLB and other loans payable, borrowing from the 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 carrying amount 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:

	31 March 2014		31 March 2015	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
PWLB debt	14,290	15,263	17,940	20,148
Non-PWLB debt	7,000	7,000	7,000	7,000
Total debt	21,290	22,263	24,940	27,148

The fair value has been calculated with direct reference to published price quotations in an active market. In the case of the Fire Authority they are based on premiums that would be payable if PWLB loans were surrendered and provides an estimate of the additional interest payable compared to the same loan at current market rates discounted back to the current period.

13. INVENTORIES

An analysis of the stocks held and the movements during the year as at 31 March 2014 and 31 March 2015 is shown below.

	<i>Main Stores</i>		<i>Transport Van Stock</i>		<i>Totals</i>	
	<i>2013/14 £'000</i>	<i>2014/15 £'000</i>	<i>2013/14 £'000</i>	<i>2014/15 £'000</i>	<i>2013/14 £'000</i>	<i>2014/15 £'000</i>
Balance at start of year	369	435	14	14	383	449
Purchases	280	265	19	21	299	286
Recognised as an Expense in year	(214)	(243)	(19)	(21)	(233)	(264)
Balance outstanding at year end	435	457	14	14	449	471

14. DEBTORS

	31 March 2014 £'000	31 March 2015 £'000
Central Government Bodies	2,213	725
Other Local Authorities	11	147
NHS Bodies	28	1
Public Corporations and Trading Funds	77	44
Other Entities and Individuals	90	104
TOTAL DEBTORS	2,419	1,021

15. CASH AND CASH EQUIVALENT

The actual cash in hand represented the cash shown in the Balance Sheet, together with transactions not effected within the cleared bank balance at 31 March 2015. The following table summarises the position:-

	31 March 2014 £'000	31 March 2015 £'000
Bank Call Accounts	1,510	2,880
Short Term Investments	0	0
Bank Current Accounts	19	28
Petty Cash Imprests	2	2
Total Cash and Cash Equivalents	1,531	2,910

16. CREDITORS

	31 March 2014 £'000	31 March 2015 £'000
Central Government Bodies	510	183
Other Local Authorities	902	71
Public Corporations and Trading Funds	46	59
NHS Bodies	0	179
Other Entities and Individuals	1,949	2,451
TOTAL CREDITORS	3,407	2,943

17. PROVISIONS

At 31 March 2015 the Authority held three provisions. The provisions held and the movement on the provisions is as follows.

Pension Provision

A provision has been set aside for lump sum payments in to the Pension Fund due to full time Firefighters retiring on ill health grounds. The level of the provision is based on the known liability of the future payments in to the pension fund. There has been no movement on the fund this year as it has been possible to fund these costs from the revenue budget.

Equal Pay Provision

A provision has been recognised to offset the financial consequences of retained firefighters becoming entitled to the same conditions of service as whole-time firefighters. The majority of the payments were paid between 2012-13 and 2014-15. It is expected that there may be some more payments in 2015-16. This provision will be reviewed in 2015-16 to determine the level of outstanding claims.

Retrospective Pension provision

Following negotiations between the Fire Brigade Union and DCLG an agreement has been reached which allows RDS staff retrospective access to the pension scheme. The provision is to cover the backdating of the employer's contribution in to the pension fund for RDS staff. It will take some time to set up and calculate the sums due so it has been designated as a longer term provision.

	<i>Pension Provision</i>	<i>Equal Pay Provision</i>	<i>Retrospective Pension provision</i>	<i>Less than 1 Year Totals</i>	<i>Greater than 1 year Totals</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Closing Bal 31 March 2013	(100)	(41)	(300)	(141)	(300)
Transfers (in)/out,	0	14	(367)	14	(367)
Closing Bal 31 March 2014	(100)	(27)	(667)	(127)	(667)
Transfer (in)/out 2014-15	0	0	0	0	0
Closing Bal 31 March 2015	(100)	(27)	(667)	(127)	(667)

18. USABLE RESERVES

General Reserves

It is prudent for the Authority to hold a General Reserve and it is anticipated that the areas where it will be used will be:-

- pay increases;
- underpin the budget for 2015-16; and
- decrease in grant funding.

The balance on the reserve at 31 March 2015 is £1.817m (31 March 2014, £1.725m).

Earmarked Reserves

A number of earmarked reserves have been set up for schemes that the Authority has agreed to fund.

	<i>Balance 1 April 13</i>	<i>Transfers in/(out) 13/14</i>	<i>Balance 31 March 14</i>	<i>Transfers in/(out) 14/15</i>	<i>Balance 31 March 15</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Pension Reserve	169	0	169	0	169
Radio Scheme	0	0	0	300	300
HFSC Grant Reduction	0	0	0	225	225
Incident Command Courses	116	(116)	0	0	0
Interest Reserve	100	0	100	0	100
Capital Reserve	0	1,440	1,440	(700)	740
Totals	385	1,324	1,709	(175)	1,534

Grant Reserves

Under IFRS any grants that have been received by the Authority for specific schemes but have not yet been utilised in year are shown under Usable Reserves. The amount carried forward for 2014-15 relates to Resilience grants. The balance on the reserve as at 31 March 2015 is £33,172 (31 March 2014 - £37,165).

31 March 2014 £'000		31 March 2015 £'000
1,725	General Reserve	1,817
1,709	Earmarked Reserves	1,534
37	Grant Reserves	33
3,471	Total Usable Reserves	3,384

19. UNUSABLE RESERVES

31 March 2014 £'000		31 March 2015 £'000
3,028	Revaluation Reserve	3,018
10,406	Capital Adjustment Account	10,784
(243,981)	Pensions Reserve	(278,140)
(247)	Accumulated Absences Account	(257)
(230,794)	Total Unusable Reserves	(264,595)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £'000	Revaluation Reserve	2014/15 £'000
3,147	Balance at 1 April	3,028
0	Upward revaluation of assets	113
(119)	Difference between fair value depreciation and historical cost depreciation	(123)
3,028	Balance at 31 March	3,018

Capital Adjustment Account

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 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 contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2013/14	Capital Adjustment Account	2014/15
£'000		£'000
10,783	Balance at 1 April	10,406
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,097)	▪ Charges for depreciation & impairment of non-current assets	(3,151)
(3,097)		(3,151)
(3,097)	Net written out amount of the cost of non-current assets consumed in the year	(3,151)
	Capital financing applied in the year:	
0	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	22
543	▪ Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,365
2,052	▪ Statutory provision for the financing of capital investment charged against the General Fund	2,142
125	▪ Prior year lease adjustment	0
(377)		378

The opposite entries for Depreciation, Impairment charges and Revaluations are posted to either the Revaluation Reserve or the Capital Adjustment Account according to the criteria detailed above. The table below shows the transactions that have been posted to the Revaluation Reserve and the Capital Adjustment Account.

2014-15	Fixed Asset Statement (Note 10)	Revaluation Reserve	Capital Adjustment Acct	Totals
Depreciation	(2,733)	(123)	(2,610)	(2,733)
Impairment	(541)	0	(541)	(541)
Revaluations	0	0	0	0
Revaluations Depreciation	0	0	0	0
Total	(3,274)	(123)	(3,151)	(3,274)
2013-14	Fixed Asset Statement (Note 10)	Revaluation Reserve	Capital Adjustment Acct	Totals
Depreciation	(2,765)	(119)	(2,646)	(2,765)
Impairment	(451)	0	(451)	(451)
Revaluations	0	0	0	0
Revaluations Depreciation	0	0	0	0
Total	(3,216)	(119)	(3,097)	(3,216)

Pensions Reserve

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 any benefits earned to be financed as the Authority makes employer 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 benefits 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.

<i>2013/14</i> <i>£'000</i>	<i>MOVEMENTS on PENSION RESERVE</i>	<i>2014/15</i> <i>£'000</i>
(251,900)	Opening Balance 1 April	(243,981)
(13,685)	Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income and Expenditure Statement	(13,050)
3,156	Employer's pensions contributions and direct payments to pensioners payable in the year	3,260
0	Adjustment	(10)
18,448	Re-measurement of the net defined benefit liability	(24,359)
7,919	MOVEMENT ON PENSION RESERVE	(34,159)
(243,981)	CLOSING BALANCE	(278,140)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

<i>2013/14</i> <i>£'000</i>	<i>Accumulated Absences Account</i>	<i>2014/15</i> <i>£'000</i>
(282)	Balance at 1 April	(247)
282	Settlement or cancellation of accrual made at the end of the preceding year	247
(247)	Amounts accrued at the end of the current year	(257)
(247)	Balance at 31 March	(257)

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

2013/14 £'000		2014/15 £'000
9,552	Net (Surplus)/Deficit on the Provision of Services	9,642
	Adjustments to Net (Surplus)/Deficit for Non Cash Movements	
0	Revaluation Reserve	(113)
66	Increase in Stock	22
(129)	Decrease in Debtors	(1,398)
(409)	(Increase)/Decrease in Creditors	464
(2,765)	Depreciation Charge	(2,733)
0	Contributions Received/Capital Receipts	(153)
(10,529)	IAS 19 Pension Adjustments	(9,790)
(451)	Impairment Charge	(541)
(125)	Adjustment for Finance Leases	0
(14)	Contribution to Various Provisions	(1)
(2)	Decrease in Grant Reserve	4
1,440	Transfers to Reserves	616
(35)	Accumulated Absences Reserve	(10)
(12,953)	Less Total Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	(13,633)
(390)	Interest paid	(406)
21	Interest Received	22
(369)	Less Total	(384)
(3,770)	Net Cash Flow From Operating Activity	(4,375)

21. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2013/14 £'000		2014/15 £'000
3,945	Purchase of property, plant and equipment, investment property and intangible assets	6,654
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(22)
(543)	Other receipts from investing activities	(1,366)
3,402	Net cash flows from investing activities	5,266

22. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2013/14 £'000		2014/15 £'000
(15,291)	Cash receipts of short-term and long-term borrowing	(19,000)
17,069	Repayments of short –term and long-term borrowing	15,351
(705)	(Decrease)/Increase in call accounts and short –term investments (Note 15) less interest due	1,379
0	Other payments for investing activities	0
(1,073)	Net cash flow from financing activities	(2,270)

23. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Fire Authority on the basis of budget reports. 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 Fire Authority budget reporting is based on a subjective analysis of expenditure and income e.g. Employee costs, Premises, Transport etc. rather than on the objective basis that is reported in the accounts e.g. Fire Fighting – Operational Response, Community Fire Safety – Inspection and Certification.

A summary of the budget report presented to Members reporting the financial position is as follows:-

North Wales Fire & Rescue Service
Management Accounts Summary 2013/14 and 2014/15

2013/14		2014/15
	EXPENDITURE	
	EMPLOYEE COSTS	
13,046,523	Uniformed Staff - Wholetime	13,132,815
3,829,504	Uniformed Staff - Part time	3,526,282
3,951,665	Support Services Staff	4,187,208
527,711	Training Costs	591,366
19,236	Supplementary Payments to Pension Funds	7,412
469,112	Pension payments	473,687
81,921	Other Staff Costs	92,487
21,925,672	TOTAL EMPLOYEE COSTS	22,011,257
	PREMISES COSTS	
910,377	Utilities & Taxation	811,996
286,170	Maintenance	495,867
148,948	Rents	169,989
0	Other	90,927
1,345,495	TOTAL PREMISES COSTS	1,568,779
	TRANSPORT	
804,824	Maintenance & Running Expenses	949,219
295,026	Travelling Expenses & Lease Car Scheme	264,478
157,118	Operating Lease Payments	28,418
1,256,968	TOTAL TRANSPORT COSTS	1,242,115
	SUPPLIES & SERVICES	
381,682	Equipment	426,266
1,508,089	IT & Communications	1,813,156
1,119,510	Other Supplies & Services	1,093,657
3,009,281	TOTAL SUPPLIES & SERVICES	3,333,079
	SUPPORT SERVICES	
310,593	Agency Payments	325,706
363,302	Support Service Agreements	403,641
673,895	TOTAL SUPPORT SERVICES	729,347
2,442,048	CAPITAL FINANCING COSTS	2,547,941
30,653,359	TOTAL EXPENDITURE	31,432,518
	INCOME	
(329,839)	Sales, Fees & Charges	(281,672)
(21,165)	Other Income	(529,163)
(351,004)	TOTAL INCOME	(810,835)
30,302,355	NET OPERATING COSTS	30,621,683
102,717	Contribution to Capital for Equipment & Vehicles	534,048
1,366,940	Contribution to Provisions and Reserves	616,281
(31,772,011)	Income From Contributions	(31,772,011)
0	SURPLUS/DEFICIT FOR YEAR	0

Reconciliation of Service Income and Expenditure presented in the Management Accounts to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the Management Accounts relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2013/14 £'000			2014/15 £'000	
	30,302	Net Expenditure in the Service Analysis		30,622
		Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis		
2,765		Depreciation	2,733	
(125)		Lease Adjustment	0	
0		Government Grant Released	(4)	
(309)		IAS 19 – Pensions Adjustment (Note 33)	(914)	
451		Impairment	541	
35		Accumulated Absences	(10)	
	2,817	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement		2,346
(2,052)		Debt Repayment (MRP and VRP)	(2,142)	
(390)		Interest Paid	(406)	
21		Interest Received	22	
(1,146)		Provisions and Reserves	(628)	
11		Trading Account Deficit	(7)	
	(3,556)			(3,161)
	29,563	Cost of Services in the Comprehensive Income and Expenditure Statement		29,807

24. TRADING OPERATIONS

The Authority opened its first Community Fire Station in Rhyl in 2008-09. The facility provides meeting rooms for the local community and the objective is to break even on the income received from room hire and the operating costs. The summary below shows all associated income and expenditure for this year and the previous year.

2013/14 £'000		2014/15 £'000
(31)	Turnover	(32)
42	Expenditure	39
11	Deficit	7

25. MEMBERS' ALLOWANCES

During 2014-2015 the sum of £70,851 (£60,947 in 2013-2014) was paid to Members in the form of Members Allowances and travel expenses.

2013/14		2014/15
	<u>Full Year Allowances</u>	
10,085	Chair	10,400
5,095	Deputy Chair	5,400
5,095	Chair Audit Committee	5,400
1,350	Member	1,700
53,917	Total of Members' Allowances paid	63,939
7,030	Total of Members' Expenses paid	6,912

26. OFFICERS' REMUNERATION

SENIOR OFFICERS' EMOLUMENTS 2014-2015 – SALARY BETWEEN £60,000 AND £150,000

POST TITLE	Year	SALARY (inc fees and allowances)	EXPENSES RE-IMBURSED	BENEFIT IN KIND (Provided vehicle)	TOTAL (excl pension contributions)	PENSION CONTRIBUTIONS	TOTAL REMUNERATION
		£	£	£	£	£	£
Chief Fire Officer	2013/14	120,911	168	6,260	127,339	0	127,339
	2014/15	119,835	152	5,545	125,532	0	125,532
Deputy Chief Fire Officer	2013/14	97,531	229	4,268	102,028	20,736	122,764
	2014/15	93,107	140	4,340	97,587	22,044	119,631
Assistant Chief Fire Officer	2013/14	83,861	128	2,900	86,889	17,059	103,948
	2014/15	86,611	126	4,350	91,087	20,507	111,594
Assistant Chief Fire Officer	2013/14	81,226	922	2,361	84,509	17,301	101,810
	2014/15	83,592	126	2,324	86,042	17,782	103,824
Assistant Chief Fire Officer	2013/14	87,151	165	3,934	91,250	18,441	109,691
	2014/15	0	0	0	0	0	0

The Authority does not have any employees with a salary in excess of £150k. One of the Assistant Chief Fire Officers retired in March 2014 and the post has not been filled as yet. The Treasurer to the Authority is not included in the above table as he is not an employee of North Wales Fire Authority.

The number of employees whose remuneration was £60,000 or more in bands of £5,000 was:-

REMUNERATION BAND	2013/14 NUMBER OF EMPLOYEES	2014/15 NUMBER OF EMPLOYEES
£80,000 - £84,999	0	1
£75,000 - £79,999	0	0
£70,000 - £74,999	2	3
£65,000 - £69,999	1	0
£60,000 - £64,999	1	0

Remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The above data does not include employer's pension contributions.

The following table gives the ratio between the Chief Fire Officer's scale point and the median scale point of Fire Service staff:

	2014/15 Scale Point £
Chief Fire Officer	119,835
Median	29,054
Ratio	4.12

There were no exit packages in 2013-14 or 2014-15 or compulsory redundancies.

27. EXTERNAL AUDIT COSTS

Fees payable to the statutory auditors equate to £50,592 (2013/14 £62,229) with regard to external audit services received.

	2013/2014 £000	2014/2015 £000
Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor	53	51
Fees payable to the Auditor General for Wales in respect of Statutory inspection	0	0
Fees payable in respect of other services provided by the appointed auditor	0	0

28. GRANTS

The following grants were received by the Authority:-

	2013/14 £'000	2014/15 £'000
Airwave	457	416
All Wales Resilience	0	25
Arson Reduction Team	255	255
Dangerpoint	8	0
Defra/DEIIT Phase 1	250	0
HFSC Partnership Development	25	28
Interventions	477	461
NDG Equipment Maintenance	112	97
New Dimensions	281	130
Phoenix	176	165
Resilience Officer	55	60
RTC Initiatives	4	96
Third Sector Co-ordinator	24	56
TOTAL	2,124	1,789

29. RELATED PARTIES

The Authority has a number of links with the constituent authorities:

- Each Member of the Authority is also a Member of one of the constituent authorities
- The Treasurer to the Authority is the Strategic Director -Democracy, Regulation and Support, Conwy County Borough Council
- The Monitoring Officer is the Chief Executive of Flintshire County Council

North Wales Police have some joint arrangements with the Authority which include a joint Estates Management Department, a shared control room and partnership working on a number of projects.

The service works closely with and contributes towards Firebrake Wales a community fire safety trust that has been set up to promote fire safety across Wales.

Conwy County Borough Council manages the Treasury function on behalf of the Fire Authority and brokers Market loans and Investments under the name of Conwy County Borough Council to take advantage of the lower rates available to a Local Authority. The position as at 31 March 2015 was that £7m in Market Loans were brokered by Conwy on behalf of the Fire Service.

During the year transactions with related parties arose as shown below.

	£'000
Conwy CBC – Treasurer and Financial Services	109
Conwy CBC – Legal Services	10
Flintshire CC – Monitoring Officer	14
Carmarthenshire CC – Superannuation Service	40
Welsh Local Government Association	20
North Wales Police – Facilities Management	189
North Wales Police - Procurement	8
Firebrake	35

There were no balances outstanding at the year end.

Members and senior officers of the Authority were asked to declare any third party transactions during the year. Apart from Member's allowances and expenses no other transactions were identified.

This note has been compiled in accordance with the current interpretation and understanding of IAS 24 and its applicability to the public sector.

30. CAPITAL EXPENDITURE AND FINANCING

The capital expenditure incurred during the year and the impact upon the Capital financing Requirement is detailed below :-

2013/14 £'000		2014/15 £'000
22,969	Opening Capital Financing Requirement	24,320
3,945	Capital Investment in Year	
	• Fixed Assets	6,654
	Sources of Finance	
(543)	• Grants and Contributions	(131)
(2,051)	• Revenue and Other Provisions	(3,399)
24,320	Closing Capital Financing Requirement	27,444
1,351	Change in Capital Financing Requirement	3,124
1,351	Explanation of change: Increase in underlying need to borrow	3,124

Capital Expenditure during the year was as follows:

Scheme	£000
Station Refurbishments	3,179
Vehicles	2,568
ICT	711
Operational Equipment	196
Total	6,654

CAPITAL COMMITMENTS 2014-2015 ONWARDS

The capital commitments entered into as at 31 March 2015 were for vehicles and station refurbishments. There are contracts let for stage builds on 5 Water Tenders and the final stage build is valued at £165k. There are also contracts let for the refurbishment of Deeside Fire Station and the new Tywyn Fire Station. The combined value of the contracts let is £2.29m. Capital commitment as at 31 March 2015 is £2.455m.

FINANCING OF CAPITAL SPEND

Capital expenditure in the year was financed as follows:

	2013/14 £000	2014/15 £000
External Loans	0	3,649
Grant Funding	0	131
Capital Receipts	0	22
Internal Borrowing	2,522	1,618
Revenue Contribution	543	1,234
External Creditor	880	0
Total	3,945	6,654

31. LEASES

Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2014 £'000	31 March 2015 £'000
Vehicles, Plant, furniture and Equipment	40	0
Total	40	0

The change in the lease values is due to a renegotiation of the terms of the leases. The minimum lease payments are made up of the following amounts:

	31 March 2014 £'000	31 March 2015 £'000
Finance lease liabilities (NPV of minimum lease payments)		
▪ Current	40	0
▪ Non-Current	0	0
Finance costs payable in future years	0	0
Minimum Lease Payments	40	0

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

	<i>Minimum Lease Payments</i>		<i>Finance Lease Liabilities</i>	
	<i>31 March 2014 £'000</i>	<i>31 March 2015 £'000</i>	<i>31 March 2014 £'000</i>	<i>31 March 2015 £'000</i>
No later than one year	40	0	40	0
No later than one year and not later than 5 years	0	0	0	0
Total	40	0	40	0

Operating Lease

The operating lease payments outstanding as at 31 March 2015 are £0 (31 March 2014, £85,254), with payment of operating leasing charges during the year of £28,418 (2013/14, £32,118). All operating leases are for vehicles. All leases have been re-negotiated so that all leased assets are now owned by the Authority.

<i>LEASING OBLIGATIONS</i>	<i>£'000</i>
Expires within 12 months	0
Expires between 2 and 5 years	0
Expires after 5 years	0
TOTAL for 2013/14	0

32. TERMINATION BENEFITS

The Authority terminated no contracts in 2014-15. No termination costs were payable in 2014-15 or 2013-14 any costs would have been charged within the year with the only future liabilities being in respect of future pensions. These liabilities would have been contained within pension liabilities under IAS 19 and included within pension disclosure Note 33 below.

33. TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

Pensions

(i) Local Government Services and Control Staff

In 2014-2015 the Authority paid an Employer's Pension contribution of £1,024,147 (2013-2014, £870,554) representing 11% (2013-2014, 10.2%) of employees' pensionable pay and included a lump sum payment of £545,200 (2013-14, £459,000) into the Clwyd Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31 March 2013. Following the review the employer's contribution is set to rise incrementally from 10.2% to 12.8% by 2017-18. Under current Pensions Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

During 2014-2015 added years benefits and early retirement costs due to redundancies of £10,707 (2013-2014, £10,436) were paid to employees which represents 0.17% (2013-2014, 0.27%) of employees' pensionable pay. Pension contributions to be paid in to the scheme for the financial year 2015-16 are estimated to be £1,127,000 for the employer. Further information on the Clwyd Pension Fund can be found in the Pension Funds Annual Report and Accounts which is available on request from the County Treasurer at Flintshire County Council, County Hall, Mold, CH7 6NA or on the website www.flintshire.gov.uk.

(ii) **Firefighters**

The Firefighters' Pension Scheme is an unfunded scheme with defined benefits. In 2014-2015 the Authority paid an Employer's Pension contribution of £1,811,674 (2013-14, £1,813,679). Pensions paid from revenue amounted to £473,687 (2013-2014 £469,060). In 2015-2016 the employer's contribution to the scheme is estimated to be £2,000,000 and the estimate for Pensions paid from revenue is £452,000. The majority of pension payments to retired firefighters is paid from a separate Pension Fund account administered by the Authority, details of the Fund and how it operates can be found on page 54.

International Accounting Standard No 19 – Retirement Benefits

In accordance with the requirements of International Accounting Standard No 19 - Retirement Benefits (IAS19) the Authority has to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained in Note 33 the Authority participates in two schemes, the Firefighters' Pension Scheme for full time Firefighters which is unfunded, and the Local Government Pension Scheme (Clwyd Pension Fund) for other employees which is administered by Flintshire County Council. In addition, the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

To comply with IAS19 the Authority appoints actuaries on an annual basis to assess the assets and liabilities of both schemes. Mercer were appointed to assess the Local Government Pension scheme and the Government Actuary's Department the firefighters scheme as they relate to past and current employees of North Wales Fire Authority. For the Local Government Pension scheme the actuary assessed that the net liability to the Authority as at 31 March 2015 was £12.79m (31 March 2014, £8.41m) and for the Firefighters scheme the liability was £265.35m as at 31 March 2015 (31 March 2014 £235.57m). A breakdown of the assets and liabilities of both schemes and the assumptions used in the actuarial calculations can be found below.

The IASB issued an amended IAS19 – Accounting for Pension Costs, which will come in to force for financial periods beginning on or after 1 January 2013. The principal changes are:-

- The expected return on assets is calculated at the discount rate, instead of an expected return rate;
- The interest on the service cost is included in the service cost itself, and

For this Authority, as will be the case for most organisations, this will result in a higher Profit and Loss charge going forward.

This disclosure is fully incorporated into the 2013-14 and 2014-15 Statement of Accounts.

Transactions relating to Retirement benefits recognised in the accounts

	<i>Funded</i>		<i>Unfunded</i>	
	<i>2013/14</i>	<i>2014/15</i>	<i>2013/14</i>	<i>2014/15</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Comprehensive Income and Expenditure Account				
Net Cost of Service	(773)	(760)	(5,880)	(5,230)
Current Service Cost				
	(1,117)	(385)	(10,410)	(10,340)
Financing and Investment Income and Expenditure				
Net Interest				
Total Defined Benefit Charged to Provision of Service	(1,890)	(1,145)	(16,290)	(15,570)
Other Pension Costs Charged to the Comprehensive Income and Expenditure Statement				
Return on Assets (excluding Interest)	689	1,130	0	0
Remeasurements	1,638	4,269	16,810	20,100
Total Pension Costs Charged to the Comprehensive Income and Expenditure Statement	437	4,254	520	4,530
Movement in Reserves Statement				
Reversal of Charges in accordance with the code	13,685	13,050	-	-
Actual Amounts charged to the General Fund in the year				
Employer Contributions	3,156	3,260		
Adjustment for the Top Up Grant	3,806	3,595		

IAS 19 Pension Adjustment to the Net cost of Service - Income and Expenditure Account

<i>Adjustment to Net Cost of Service</i>	<i>2013/14</i>	<i>2014/15</i>
	<i>£'000</i>	<i>£'000</i>
Current Service Costs	6,653	5,930
Past Service Costs	0	0
Employer's Contributions	(3,156)	(3,260)
Top Up Grant	(3,806)	(3,595)
Actuarial Adjustment/Curtailment	0	11
Transfer Values In	0	0
Adjustment to Net cost of Service	(309)	(914)

Pension assets and liabilities recognised in the balance sheet arising from the Authority's obligation, in respect of its defined benefit plan is as follows:

	<i>31 March</i>	
	<i>2014 £'000</i>	<i>2015 £'000</i>
Estimated Present value of the defined benefit obligation in the Firefighters' Pension Scheme	235,570	265,350
Estimated Present value of the defined benefit obligation in the Clwyd Pension Fund	24,650	32,249
Total Estimated share of liabilities	260,220	297,599
Estimated Share of assets in Clwyd Pension Fund	16,239	19,459
Net Pensions Deficit	243,981	278,140

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Liabilities	<i>2013/14 £'000 Clwyd</i>	<i>2013/14 £'000 Firefighters</i>	<i>2014/15 £'000 Clwyd</i>	<i>2014/15 £'000 Firefighters</i>
	Balance as at 1 April	(25,037)	(242,160)	(24,650)
Current Service Cost	(773)	(5,880)	(760)	(5,170)
Transfer Values In	0	0	0	(60)
Interest	(1,098)	(10,410)	(1,130)	(10,340)
Curtailments	0	0	0	0
Actuarial Loss/Gain	2,091	16,810	(5,918)	(20,100)
Benefits paid	427	7,280	493	7,250
Member contribution	(260)	(1,210)	(284)	(1,360)
Net Pension Liabilities at Year End	(24,650)	(235,570)	(32,249)	(265,350)

The expected return on 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. A reconciliation of the fair value of the scheme Assets, this only relates to the Clwyd Pension Fund:

Assets	2013/14 £'000	2014/15 £'000
Balance 1 April	15,297	16,239
Interest on Plan Assets	689	766
Remeasurements/Admin	(472)	1,628
Employer Contributions	892	1,035
Member Contributions	260	284
Benefits Paid	(427)	(493)
Net Pension Assets at Year End	16,239	19,459

The Local Government scheme is a funded scheme and as such has built up assets over the years to generate income to meet future liabilities. Assets in the Clwyd Pension Fund consist of:

Asset Category	Quoted Prices in Active Markets	31 March 2014	31 March 2014	31 March 2015	31 March 2015	
		£'000	%	£'000	%	
Equity Securities						
UK Quoted	Y	1,625	10.0	-	0.0	
Global Quoted	Y	974	6.0	1,459	7.5	
Global Unquoted	N	650	4.0	681	3.5	
US	Y	487	3.0	-	0.0	
Japan	Y	487	3.0	-	0.0	
Europe	Y	487	3.0	-	0.0	
Emerging Markets	Y	974	6.0	1,168	6.0	
Frontier	Y	162	1.0	195	1.0	
Far East	Y	974	6.0	0	0.0	
Bonds						
Overseas Other	N	2,273	14.0	2,530	13.0	
LDI	Y	0	0.0	4,476	23.0	
Property						
UK	Y	487	3.0	584	3.0	
Overseas	N	812	5.0	778	4.0	
Alternatives						
Hedge Funds/Private Equity/ Commodities/GTAA	Y	5,360	33.0	7,004	36.0	
Cash & Cash Equivalents						
All	Y	487	3.0	584	3.0	
Totals		0	16,239	100	19,459	100

Details regarding the changes in the Local Government Pension Scheme rules, including the change from final salary benefits to career average re-valued benefits for service from 1st April 2014 onwards, can be found on the following link:

<http://www.lgps.org.uk/lge/core/page.do?pagelid=97977>

Sensitivity Analysis

If the assumptions were changed the effect on the data would be as per the following table.

	LGPS % Change	LGPS Impact £ Million	Firefighters % Change	Firefighters Impact £Million
Rate of Discounting	+0.1	(0.76)	-0.5	28.60
Rate of Increase in Salaries	+0.1	0.27	+0.5	4.10
Rate of Increase in Pension	+0.1	0.79	+0.5	23.4
Life Expctancy + 1 Year	1	0.63	1	6.50

Basis for Estimating Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The Firefighters' Scheme has been valued by the Government Actuary's Department and the Clwyd Pension Fund liabilities have been valued by Mercer, an independent firm of actuaries. The main assumptions used in the calculations are:

	Firefighters' Scheme		Clwyd Pension Fund	
	2014 %	2015 %	2014 %	2015 %
Rate of Inflation	2.5	2.2	2.4	2.1
Rate of Increase in Salaries	4.5	4.2	3.9	3.6
Rate of Increase in Pensions	2.5	2.2	2.4	2.1
Rate of Discounting Scheme Liabilities	4.4	3.3	4.6	3.4
Life Expectancies Estimated as at 31 March 2015				
Life Expectancy at 65	Males	Females	Males	Females
Current Pensioners	22.5	22.5	23.4	25.9
Future Pensioners	24.8	24.8	26.3	29.3

The Firefighters' Pension scheme is an unfunded scheme and as such holds no assets to generate income to meet the schemes liabilities. Funding for the payments made from the scheme is met from employers and employees contributions in the year and an annual grant from the Welsh Assembly Government.

34. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

- 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
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage the above risks. At the beginning of the financial year Members are presented with a report outlining the Treasury Management Strategy to be followed for the year and setting out the Prudential Indicators (PI's) for the year. Half way through the year a report detailing progress against strategy and if necessary a revision of the PI's. At year end the final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to Members and can be accessed from North Wales Fire and Rescue Service website www.nwales-fireservice.org.uk.

The highest credit risk is for investments and these are managed through the Treasury Management Strategy as detailed above. In the current market the Authority only invests short term, up to a maximum of 3 months, with institutions that are on the Authority's counterparty list. On a daily basis the Authority is updated with any changes to the credit status of institutions on the counterparty list and if any institutions are down graded and fail to meet the criteria set out in the Treasury management Strategy then they are removed from the list. If an institute failed to repay an investment then the financial loss to the Authority could be in excess of £1m. However, due to careful management of the portfolio no institutions have failed to repay monies due.

The Authority has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

An assessment of the financial effect of a 1% increase in interest rates has been undertaken; interest on variable rate and temporary borrowing would have increased by £70k; and interest from investments would have increased by £15k.

35. CONTINGENT LIABILITIES

Retained Firefighter Pensions

Retained Firefighters have been able to join the New Firefighter Pension Scheme since 1 April 2006. However, as a consequence of a court case in relation to the Part-Time Workers (Prevention of less favourable treatment) Regulations, which came into force on 1 July 2000, under certain circumstances Retained Firefighters are permitted to buy into the Firefighters' Pension Scheme from an earlier date. The current estimate is that the maximum cost to the Authority could be up to £960k and a provision of £667k has been set aside to offset these costs (see note 2). Agreement has been reached between the FBU and DCLG and it is now a case of calculating monies due for those that take up the offer and the risk is that more staff take up the offer than has been estimated.

THE FIREFIGHTERS' PENSION FUND ACCOUNT

<i>Fund Account</i>	<i>2013/14 £000</i>	<i>2014/15 £000</i>
INCOME		
Contributions Receivable:		
Employer normal contributions	(1,814)	(1,812)
Employer Ill Health Charge	(57)	(57)
Members	(1,211)	(1,362)
Transfers In	(4)	(61)
TOTAL	(3,086)	(3,292)
EXPENDITURE		
Benefits Payable:		
Pension Payments	5,680	5,969
Commutation of Pensions and Lump Sum benefits	1,212	918
Payments to and on Behalf of Leavers:		
Transfers out	0	0
TOTAL	6,892	6,887
NET AMOUNT (PAYABLE)/RECEIVABLE BEFORE TOP UP GRANT	3,806	3,595
Top Up grant receivable from WG	(3,806)	(3,595)
NET AMOUNT (PAYABLE)/RECEIVABLE FOR YEAR	0	0

<i>Net Assets Statement</i>	<i>2013/14 £000</i>	<i>2014/15 £000</i>
Net Current Assets and Liabilities:		
Top Up payable (from)/to WG	(694)	(275)
Amount owed from/to the General Fund	694	275
Net Assets at year end	0	0

Notes to the Firefighters' Pension Fund Account

The Fund was established 1 April 2007 and covers both the 1992 and 2007 Firefighters' Pension Schemes and is administered by the Authority. Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by WG and subject to triennial revaluation by the Government Actuary's Department (GAD). The scheme is an unfunded scheme with no investment assets and any difference between benefits payable and contributions receivable is met by Top Up Grant from WG.

Transfers in to the scheme are a transfer of pension benefits from another pension scheme for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions in to the fund and these are the costs that are included in the accounts for the Authority.

At the beginning of the financial year an assessment is made of the amount of Top Up grant required from WG and 80% of the estimate is paid in July. The 2014-15 estimate included an assessment of the number of firefighters due to retire within the year based on age and years service from this an estimate can then be made of the commutation payments that would fall due and the additional pension payments. In 2014-15 the estimate for the Top Up Grant due was £4.22m and the actual was £3.595m. At the year end the Authority was owed £0.275m from WG which equates roughly to the 20% of the grant that is paid in arrears.

The accounting policies for the Pension Fund Account are consistent with the accounting policies on pages 14 – 21.

Contribution Rates

Under the Firefighters' Pension Regulations the employers contribution rates for the 2007 scheme were 11% of pensionable pay with employees rates as per the pensionable pay banding detailed below:

Pensionable Pay Band	2014-15 Contribution Rate %
Up to and including £15,000	8.5
More than £15,000 and up to and including £21,000	9.4
More than £21,000 and up to and including £30,000	10.4
More than £30,000 and up to and including £40,000	10.9
More than £40,000 and up to and including £50,000	11.2
More than £50,000 and up to and including £60,000	11.3
More than £60,000 and up to and including £100,000	11.7
More than £100,000 and up to and including £120,000	12.1
More than £120,000	12.5

For the 1992 scheme the employers contribution rates were 21.3% of pensionable pay with employees rates as per the pensionable pay bandings detailed below:

Pensionable Pay Band	2014-15 Contribution Rate %
Up to and including £15,000	11.0
More than £15,000 and up to and including £21,000	12.2
More than £21,000 and up to and including £30,000	14.2
More than £30,000 and up to and including £40,000	14.7
More than £40,000 and up to and including £50,000	15.2
More than £50,000 and up to and including £60,000	15.5
More than £60,000 and up to and including £100,000	16.0
More than £100,000 and up to and including £120,000	16.5
More than £120,000	17.0

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 33 to the core financial statements (2015 - £265.35m, 2014 - £235.57m).



**Gwasanaeth Tân ac Achub
Fire and Rescue Service**

Annual Governance Statement 2014/2015

1 Introduction

- 1.1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the 'Delivering Good Governance in Local Governance Framework'.

2 Scope of Responsibility

- 2.1 North Wales Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 2.3 The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2011.

3 The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services and continuous improvement.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Service's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 3.3 The governance framework has been in place at the Authority for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

4 The Governance Framework

- 4.1 This statement describes the key elements of the Authority's Governance Framework and our self-assessment of the compliance with the Authority's Code of Corporate Governance. The governance assurances contained in this statement are structured around each of the 6 core governance principles contained in the Framework for Delivering Good Governance in Local Government.
- 4.2 Each of these principles is an important part of the Authority's Code of Corporate Governance arrangements. By applying these principles we can demonstrate that we are delivering the services to our citizens and communities in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusivity.

Principle 1
Focusing on the purpose of the Authority, the outcomes for the community and creating and implementing a vision for the local area.

- 5.1 The Authority's **Combined Improvement and Risk Reduction Plan 2014/15** sets out its vision, mission statement and values. The plan is compiled in accordance with specific duties arising from the Local Government (Wales) Measure 2009 and the Fire and Rescue National Framework for Wales 2008-11. Three different purposes are covered within the plan:
- The provision of information about the Authority and Service, and the context within which they operate;
 - Recording of the highest priorities of the Authority and tracing its progress towards achieving specific goals;
 - Recording of historical performance spanning three financial years.
- 5.2 The report, published in March 2014, outlines how the Authority will make improvements and reduce risk for 2014/15 and 2015/16 as well as setting its own improvements objectives.
- 5.3 In accordance with Section 15 of the Local Government (Wales) Measure 2009, the Authority annually publishes an assessment of its performance via '**How did we do?**' This assessment demonstrates how the Authority has discharged its general duty to improve and progress against the objectives it set itself for the year. It also summarises its collaborations and its performance against specified national and local performance indicators and measures of success.
- 5.4 Throughout the year, Principal Officers are accountable for ensuring that the Authority's priorities are delivered. Performance against key targets is regularly monitored via the **performance management** framework and is reported to Members on a quarterly basis as well as at the end of the financial year.
- 5.5 The Authority has in place robust arrangements for effective **financial control** through its accounting procedures and Financial Regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to Members comparing actual revenue and capital expenditure to annual budgets. The Treasurer is responsible for ensuring the proper administration of the Authority's financial affairs, as required by Section 151 of the Local Government Act 1972. There is a clear segregation of responsibilities between the management accountancy function undertaken internally and the

financial accountancy function, which is undertaken through a SLA with Conwy County Borough Council. The Authority's **Treasury Management** arrangements follow professional practice and are subject to regular review and include reports presented to Members on a quarterly basis.

- 5.6 At the end of each year in accordance with legislation, the Authority publishes its annual **Statement of Accounts** giving clear information about its financial position and performance during the year.
- 5.7 Included within the financial statements is the **WAO Audit opinion**. For year ending 31 March 2015 the audit opinion reported that the statements provided a true and fair view of the financial position of the Authority for the year.
- 5.8 In addition, a clear and easy to read summary of the Authority's performance during the year is produced and available on the Authority's website for members of the public to access.
- 5.9 Members of the public can easily access information on the website as to how they can make a complaint about the Service. The Authority has an established **Complaints Management** policy specifying the procedures relating to the management and monitoring of complaints from external sources.
- 5.10 The Authority has agreed principles and processes to ensure that its objectives, priorities and values are promoted and safeguarded when working in partnership. A **Partnership Strategy** has been published and is available on the Service's website. Clear accountability and communication provisions are provided within all partnership agreements.
- 5.11 The Authority has made improvements in the areas of quality assurance and performance management within the area of **voluntary sector engagement**. Improvements include:
 - Formalisation of the provision of information sharing protocols with partner agencies involved with our Phoenix scheme and with voluntary sector organisations, who deliver Home Fire Safety Checks on our behalf;
 - Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved;
 - A guidance document has been completed for Community Safety Education in schools and confirmation of the partnership objectives within the multi-agency Crucial Crew project. In addition a risk register has been compiled and a risk assessment completed for areas of work within Community Safety.

Principle 2
Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

- 6.1 The Fire and Rescue Authority is made up of 28 elected members from the six unitary authorities covered by the Fire and Rescue Service area in accordance with the North Wales Fire Service (Combination Scheme) Order 1995.

The role of the Authority, which can be found on the website, is defined within its **Standing Orders**:

- To perform all the duties and responsibilities of a Fire and Rescue Authority in accordance with appropriate legislation and regulations, in particular the [Fire and Rescue Services Act 2004](#), and the [Regulatory Reform \(Fire Safety\) Order 2005](#) - which came into force on 1 October 2006, and the [1995 Combination Scheme](#).
- To agree the annual service plans the revenue and capital budgets and the contribution for the constituent councils.
- To monitor the revenue and capital budgets and deal with any significant variations, including decisions on any supplementary contributions.

The full Authority meets four times per year in March, June, October and December and considers such topics as service plans, routine business matters, budgets and spending, and to take or approve policy decisions as appropriate. Extraordinary meetings of Authority can be called at any time if urgent business requires to be transacted. All Authority meetings are open to the public.

The Chair and Deputy Chair are elected at the annual meeting held in June.

The Authority's correct functioning is further supported by its Clerk and Treasurer. Meetings are open to the public, and records of the Authority's transactions are available.

- 6.2 **The Authority has adopted the WLGA / CLILC Fire and Rescue Authority Member Role Descriptions and Person Specification.** These role descriptions set out the responsibilities and functions of the role of elected Member and the person specifications based upon a set of descriptions and general requirements of the roles of Members that were created by the Welsh Local Government Authority (WLGA).
- 6.3 The Authority has established a **Protocol on Member and Officer Relations** to ensure effective communication between Members and Officers. It codifies existing good practice in Member/Officer relations.
- 6.4 A **Scheme of Delegation** to the Chief Fire Officer is in place which documents decision making powers delegated to the Chief Fire Officer to take any such decisions on the Authority's behalf.
- 6.5 Policy and decision-making is facilitated through the Executive Group. This strategic group consists of the Chief Fire Officer, Deputy Chief Fire Officer and three Assistant Chief Fire Officers who meet every six weeks to review standing items including performance, risk and financial management and development of internal policy and procedures.
- 6.6 The **Executive Panel** has a varied role dealing with such topics as examining the detail of improvement and financial plans, dealing with certain audit matters and with policy and constitutional issues as the need arises. It usually deals with responses to consultation

papers and other policy developments, and makes recommendations to the Fire and Rescue Authority on its key policies including the Combined Improvement and Risk Reduction Plan. The Panel also deals with senior appointments by setting up a special sub-committee for the purpose.

- 6.7 The **Audit Committee** was appointed with effect from the 2009/10 year. The Committee has four primary roles of audit and scrutiny; governance, financial and resource management, risk management and performance. Membership consists of all non-executive (panel) Members and meets on a quarterly basis. The Chair and Deputy Chair are appointed from different constituent authorities in the interests of representations of the communities of North Wales.
- 6.8 The **Standards Committee** was established in accordance with the requirements of the Local Government Act 2000 and its terms of reference were set in 2003. Its duties include the consideration of complaints against Authority members referred to it by the Ombudsman and the granting of dispensations. The committee consists of six members, four of whom are independent. The Fire and Rescue Authority representatives on this committee cannot be an office holder on the Authority. The Chair and Deputy Chair are drawn from the independent members. There has been a positive absence of any Member conduct referrals to the Standards Committee/Ombudsman in recent years.

Principle 3

Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 7.1 Policies are in place to ensure the Authority establishes ethical governance frameworks which include:
- Codes of Conduct for Officers and Members, which are regularly reviewed, updated and tested for compliance;
 - A policy maintaining a disciplinary process to deal with any breaches of the code of conduct for Officers;
 - A whistle-blowing policy widely communicated within the Service and which is regularly reviewed;
 - Registers of personal and business interests;
 - An agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied.

- 7.2 The Clerk to the Fire and Rescue Authority is the designated '**Monitoring Officer**' in accordance with the Local Government and Housing Act 1989, and ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the Authority in respect of any proposals, decisions or omissions which could be unlawful. The Authority's established **anti-fraud and corruption** arrangements provide a deterrent, promote detection, identify a clear pathway for investigation and encourage prevention. These include procedures designed to combat money-laundering.
- 7.3 Awareness training in employment law, whistleblowing, Bribery act 2010, Data Protection and Freedom of Information was delivered to the Executive Group on the 28 February 2015. The intention is to cascade this through- out North Wales Fire and Rescue Service during 2015/16.
- 7.4 The Authority is required to collect, process and safeguard personal data in compliance with the Data Protection Act 1998 and, specifically, the eight guiding principles of that Act. The Authority achieves this through the application of its Data Protection and Data Retention policies, both first issued in July 2010. Information security is a standing agenda item for all meetings of the Authority's Information Steering Group.

Principle 4
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- 8.1 The Authority outsources its **Internal Audit** function to Conwy Council Borough Council as part of its Treasury and Financial Services SLA. The Service, which is independent in its planning and operation, complies with CIPFA's Code of Internal Audit Practice in the UK 2006 and is designed to give assurance that the Authority maintains adequate systems of internal control and makes recommendations on the ways to enhance these where it feels necessary. The Head of Audit Services has direct access to the Chief Fire Officer, all levels of management and elected members. The Internal Audit service is delivered on the basis of a needs assessment, a risk based approach to determining the needs of the Authority at the start of each year and detailed in operational plans which are presented to the Audit Committee on an annual basis for approval. The Audit Opinion for the year provided by the Head of Audit Services was as follows:-

‘ I am satisfied that internal audit work undertaken, together with our maintained knowledge of the organisation and its procedures allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the NWFRA risk management, control and governance processes. In my opinion, for the 12 months ended 31 March 2015, NWFRA has satisfactory internal control and corporate governance processes to manage the achievement of the Authority's objectives.’

- 8.2 The **Audit Committee** monitors the effective development and operation of corporate risk management in the Authority, monitors the work of internal and external auditors and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. The Committee has responsibility for scrutinising all financial reports and making recommendations to the Fire and Rescue Authority as to their findings. It has in the past few years been given delegated responsibility for approving the annual Statement of Accounts and its associated reports, including this report as well as the Internal Audit Annual Statement of Assurance and Annual Audit Plan. The Committee's membership

consists of all non-executive panel members and meets a minimum of twice per year. The Chair and Deputy Chair are appointed from different constituent authorities in the interests of representations of the communities of North Wales.

- 8.3 The Authority has published a **Business Continuity Management (BCM)** policy. Each department within the Service has developed individual functional business continuity plans. Following risk analysis the plans cover various scenarios and measures taken to ensure resilience to potential disruptions including situations such as industrial dispute action. The plans have clearly defined and allocated responsibility for business continuity management within the Service; giving equal importance to corporate and operational business continuity management to ensure that no area has been overlooked and that recovery plans are robust. The Service continues to develop a programme of testing and exercising to check the validity of existing plans.
- 8.4 A draft **Strategic Risk Management Policy** has been developed prior to approval by the Authority in 2015.
- 8.5 The Authority maintains a **Publication Scheme**, which is available on the website along with the minutes of all Authority meeting.
- 8.6 The Authority complies with **Freedom of Information (FOI)** legislation via its FOI policy published in February 2011. An Internal Audit of the Authority's FOI procedures confirmed that the Authority was meeting its statutory duty and responding within stipulated timescales.
- 8.7 The Authority maintains a **Whistleblowing** Policy, whereby Members, staff and external stakeholders can raise concerns about behaviour of anyone connected with the work of the Authority.
- 8.8 The Authority's Monitoring Officer maintains a **Register of Members Personal and Business Interests**, in accordance with the Code of Conduct.

Principle 5
Developing the capacity and capability of members and officers to be effective

- 9.1 The Authority's **recruitment** procedures provide equality of employment opportunities. An **equality-assessed pay structure** meets the requirements of the Single Status Agreement of 1997. All members of staff are issued with a contract, job description and have an annual performance development review.
- 9.2 The Authority recognises the importance of an informed, competent and motivated workforce to successfully deliver its services. The Service is committed to developing an environment which promotes continuous development, improvement and innovation. Each employee has an **Individual Development Review** on an annual basis. This process will soon be replaced by an Appraisal System, which will be recorded on the PDR Pro platform.

- 9.3 The Authority holds the WLGA Charter for **Member Support and Development**, and therefore has in place established procedures to assess the training needs of Members. The aim of the Charter is to ensure that authorities are served by effective Members working to improve corporate governance, local democracy and local services.
- 9.4 **The Fire Professional Framework** has been developed to provide a framework for achieving competence for operational firefighters and commanders, to ensure they can use their skills, knowledge and understanding safely in an operational environment. It defines operational competence and then looks how National Occupational Standards (NOS) can be used to assess competence thereby reducing risk. The framework is designed to supersede IPDS.
- 9.5 The Authority has worked alongside the other two Welsh Services to develop **career development pathways** for all roles within the organisation; this allows individuals to identify the requirements of various career paths. The pathways will also be used for succession planning.
- 9.6 Through its **Equality and Diversity Policy** and **Strategic Equality Plan** the Authority is committed to delivering equal opportunities in employment across the organisation. It is policy to ensure that all applicants and employees are treated fairly and with care and promote a harmonious working environment for all staff, free from harassment and victimisation.
- 9.7 The Authority's **Welsh Language Scheme 2010-2013**, which on the advice of the Commissioner has been extended into 2015, includes the Authority's Welsh language obligations in relation to its workforce. The Authority has adopted the principle that in the conduct of public business in Wales it will treat the English and Welsh languages on a basis of equality. Staff are required to comply with the policy requirements as detailed in the Scheme.
- 9.8 Staff are kept informed about issues relating to the Service. A 'Weekly Brief' service provides staff with information such as the Chief Officer's Update, issues appearing in the media and other important events and dates happening within the Service. Y Fflam is the staff newsletter that is distributed bi-monthly and is available on the intranet.

Principle 6
Engaging with Local People and other stakeholders to
ensure robust public accountability

- 10.1 The Authority acknowledges that it needs to communicate with the people who live in, work in or visit the region, to educate and inform people about its prevention, protection and responding activities. The **Corporate Communications Department** has day to day responsibility for co-ordinating internal and external communications, media relations, the Welsh language policy and translation. Positive publicity in the media enhances the reputation of the Service and promotes the aim of making North Wales a safer place to live, work and visit.

- 10.2 The Authority has established a **Corporate Communications Strategy 2014-19: Putting People First**, which sets out the principles and approach to be followed to ensure continuous improvement in the work to communicate with key stakeholders. In addition the Authority is part of an **All Wales Memorandum of Understanding: Our Strategic Direction**, which has been produced by the All Wales Communications Group. Its purpose is to assist the three Welsh FRAs adopt a common and generic approach to public engagement and consultation.
- 10.3 In addition, the Authority is committed to offering the public a real language choice. Through its **Welsh Language Scheme** it recognises that service users are able to express their views and needs better in their preferred language and offering this is good practice not a concession.
- 10.4 The Authority's stakeholders are consulted in regard to determining the priorities needed to realise the vision set out in the **Combined Improvement and Risk Reduction Plan**. The report published in March 2014, outlines how the Authority will make improvements and reduce risk as well as setting improvement objectives for 2014/15 and 2015/16. The Authority conducted a public consultation to ensure that there was wider support for the proposals. 74% thought the Authority had identified the right priorities.
- 10.5 The Deputy Chief Fire Officer and other Senior Officers meet with members of the Authority's Representative Bodies on a regular basis to consult on both key policies and Service delivery changes.

11 Review of Effectiveness

- 11.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Group and other senior officers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and other reviews undertaken.
- 11.2 A statement of assurance has been discussed and approved by the Audit Committee as to the effectiveness of the governance arrangements for which it is responsible, including the system of internal control. The statement of assurance covers all the principles set out in the Authority's Code of Corporate Governance. The statement of assurance reveals no areas of weakness in the Authority's corporate governance arrangements; the arrangements are in all cases at least adequate and in the majority of areas good.
- 11.3 In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following have been considered:-
- i) the Internal Audit function performs regular reviews of the financial systems and controls to provide assurance to the Authority through its Audit Committee;
 - ii) WAO and KPMG consider the overall control environment to be generally sound, with robust systems of internal financial control and financial management arrangements in operation;

- iii) the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes 'follow-up' work to ensure that Principal Officers implement agreed recommendations;
- iv) the annual assessment of Internal Audit by the Authority's external auditors, concludes that, Internal Audit complies with CIPFA's 'Code of Practice for Internal Audit in Local Government in the United Kingdom 2006';
- v) the work of the Authority's committees;
- vi) the opinions and recommendations of the Authority's external auditors and other inspection and review agencies;
- vii) regular monitoring of performance against the Improvement Plan and service plans and of key targets and reporting of this to Authority Members.

12 Recommendations for Improvement

12.1 In respect of those 'significant control issues' included in the Statement on Internal Control for the previous financial year (2013/14), progress in 2014/15 was as follows:

Improve understanding of the Authority's decision making process for stakeholders	Establishment of a Constitution via a single document to regulate the behaviour of individuals and groups through codes of conduct, protocols and standing orders.	A draft document has been produced and is awaiting approval from the clerk prior to publication.
Review of Financial Regulations and Anti-Fraud and Corruption Policy	Review and update of the Authority's Financial Regulations and Anti-Fraud and Corruption Policy to reflect current legislation and practices in order to provide staff with appropriate guidance.	Completed
Review of Contract Standing Orders	Review and update of the Authority's Contract Standing Orders to reflect current legislation and to set a clear methodology for the procurement of goods, works services and utilities.	Completed

Establishment of Officers' Declaration of Interests Policy and Register	Establishment of an Officers' Declarations of Interests Policy and Register to ensure that all officers' declare any relationships, involvements or interests of a financial or non-financial nature, which may result in a conflict of interests with the Authority.	Further research revealed that Fire Officers are exempt from this regulation. However declarations of interest have been completed by the three senior tiers of management and are held by the Members Liaison Officer.
Establishment of a Risk Management Policy and Corporate Risk Register	Establishment of a Risk Management Policy and Corporate Risk Register in order to identify, evaluate and manage the Authority's key strategic risks.	A draft policy has been completed and is awaiting approval by the authority in June 2015.
Establishment of a Sustainability and Environmental Strategy	Establishment of a Sustainability and Environmental Strategy , in order to clarify what the Authority believes to be its area of influence on sustainable development and to set out the main principles, proposals and required actions as well as stating its commitment to reducing the environmental impacts of its activities and operations.	This has not been progressed due to awaiting the Well-being of Future Generations (Wales) Act 2015. It will be carried forward into next year.

12.2 The Authority has effective controls and governance but is not complacent. This Annual Governance Statement as well as a recent audit carried out on the Authority's governance arrangements has identified areas where further improvements need to be made.

12.3 Annual Governance Statement 2014/15 Action Plan - New Actions for 2015/16:

Establishment of a Sustainability and Environmental Strategy	Establishment of a Sustainability and Environmental Strategy , in order to clarify what the Authority believes to be its area of influence on sustainable development and to set out the main principles, proposals and required actions as well as stating its commitment to reducing the environmental impacts of its activities and operations.	Environmental and Energy Conservation Manager
Improve knowledge of expected high standards of conduct and behaviour.	Cascade externally facilitated training about whistleblowing, the bribery act, data protection and Freedom of Information throughout NWFRS	HR Manager
	Publish an anti-bribery statement on NWFRA website and on the intranet	Support Services Co-Ordinator
	Publish the hospitality register on the NWFRA website	Support Services Co-Ordinator
Improve compliance with the regulation of Investigatory Powers Act (RIPA)	Update RIPA policy and arrange training for authorising officers.	DCFO
	Arrange for CCTV awareness signage to be fitted where CCTV is in use	DCFO
Improve Data protection	The development and implementation of a data breach policy.	Support Services Co-Ordinator

13 Assurance Summary

- 13.1 Good governance is the foundation for the delivery of good quality services that meet all stakeholders' needs and it is fundamental to showing that public money is well spent. Based on the review, assessment and on-going monitoring work undertaken during 2014/15, we have reached the opinion that good governance arrangements are in place, key systems are operating soundly and that there are no fundamental control weaknesses in evidence. However, no system of control can provide absolute assurance against misstatement or loss. Based on the various assurances given, this statement is intended to provide reasonable assurance that satisfactory corporate governance arrangements are in place and working effectively.

13.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:
(Chief Fire Officer)

2015

Signed:
(Chair NWFRA)

2015