



ROYAL BERKSHIRE FIRE AUTHORITY  
STATEMENT OF ACCOUNTS 2008/09



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For further information concerning any items contained in this Statement please write to the Treasurer, Royal Berkshire Fire Authority, 103 Dee Road, Tilehurst, Reading RG30 4FS or telephone 0118 932 2251.

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## 1. Members of the Authority

The Authority is made up of 25 Members who are appointed in proportion to the number of local government electors in each authority area.

<b><i>Bracknell Forest Borough Council</i></b>	<b><i>Slough Borough Council</i></b>
A Ward I McCracken C Dudley	J Grewal (from 15 May 2008) S Chaudhry (from 15 May 2008) D Smith (until 1 May 2008) S Wright M Dodds (until 15 May 2008)
<b><i>Reading Borough Council</i></b>	<b><i>The Royal Borough of Windsor &amp; Maidenhead</i></b>
F Pugh T Crisp (until 1 May 2008) P Jones C Harris P Gittings (from 20 May 2008)	C Bateson K Newbound S Evans J Lenton P Bicknell
<b><i>West Berkshire District Council</i></b>	<b><i>Wokingham Borough Council</i></b>
J Brooks P Bryant (Chairman) G Findlay OBE E Webster A Edwards	A Bradley P Bray P Helliard-Symons C Bowring A Ross

## 2. Officers of the Authority

### *Chief Fire Officer*

Iain Cox QFSM MA BSc(Hons) MCIPD

### *Clerk & Monitoring Officer*

Caroline Redzikowska LLB(Hons) DipLG

### *Treasurer of the Combined Fire Service Fund*

Andrew Vallance MBA MA(Oxon) CPFA

## 3. Auditors

### *The Audit Commission*

District Auditor – Phil Sharman CPFA NZICA

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## **4. Explanatory Forward**

### **4.1 The Authority**

Royal Berkshire Fire and Rescue Service provides cover from 19 fire stations across the county, stretching from Slough and Langley in the east to Lambourn and Newbury in the west. Its area includes one of Europe's busiest motorways, busy urban centres, suburban communities and large rural areas.

### **4.2 The Accounts**

The Accounting Statements which follow form the Fire Authority's Statutory Accounts for the year ended 31 March 2009.

The accounts are drawn up in accordance with the Accounting Policies that are set out in detail in section 5.

A description of the core financial statements is given below:

- a) The Income and Expenditure Account summarises the resources that have been generated and consumed in providing services and managing the Authority during the last year.
- b) The Statement of Movement on the General Fund Balance summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.
- c) The Statement of Recognised Gains and Losses brings together all the recognised gains and losses of the Authority during the year and shows the aggregate increase in its net worth.
- d) The Balance Sheet shows the Authority's position as a whole and summarises its assets and liabilities.
- e) The Cash Flow Statement summarises the in-flows and out-flows of cash arising from transactions with third parties for revenue and capital purposes.

### **4.3 Revenue Spending**

Revenue budgets and expenditure for 2008/09 are show in the tables below.

	Latest Budget £'000	to Mar 09 Outturn £'000	Variance £'000	Notes
<b>EMPLOYEE COSTS</b>				
Uniformed	20,514	19,666	(848)	(1)
Non-uniformed	4,622	4,642	20	(2)
Training	551	429	(122)	(3)
Other	142	129	(13)	(4)
	<b>25,829</b>	<b>24,866</b>	<b>(963)</b>	
<b>PREMISES</b>				
Repairs and Maintenance	627	640	13	
Rates	378	371	(7)	
Cleaning	193	182	(11)	
Utilities	290	375	85	(5)
	<b>1,488</b>	<b>1,568</b>	<b>80</b>	
<b>SUPPLIES</b>				
Insurance	421	298	(123)	(6)
Equipment	1,005	977	(28)	(7)
Clothing	176	138	(38)	(8)
Communications	519	457	(62)	(9)
Occupational Health	174	172	(2)	
Print/Stationery/Publications/Surveys	172	176	4	
Hydrant Repairs	98	86	(12)	(10)
Community Fire Safety Supplies	270	254	(16)	
Other *	472	406	(66)	(11)
	<b>3,307</b>	<b>2,964</b>	<b>(343)</b>	
<b>CONTRACTS</b>				
Administration Contracts	131	113	(18)	
Other	412	415	3	
	<b>543</b>	<b>528</b>	<b>(15)</b>	
<b>TRANSPORT</b>				
Vehicle Running Costs	886	958	72	(12)
Transport Leasing / Hire Charges	254	253	(1)	
Travel	305	306	1	
	<b>1,445</b>	<b>1,517</b>	<b>72</b>	
<b>FIREFIGHTER PENSION COSTS</b>	<b>629</b>	<b>170</b>	<b>(459)</b>	(13)
<b>INCOME</b>				
Fees & Charges	(312)	(275)	37	(14)
Seconded Officers	(16)	(16)	0	
Other	(645)	(688)	(43)	(15)
	<b>(973)</b>	<b>(979)</b>	<b>(6)</b>	
<b>NET COST OF SERVICES</b>	<b>32,268</b>	<b>30,634</b>	<b>(1,634)</b>	
<b>DEBT CHARGES</b>				
Interest	<b>333</b>	<b>298</b>	<b>(35)</b>	(16)
<b>INVESTMENTS</b>				
Interest	<b>(169)</b>	<b>(155)</b>	<b>14</b>	
<b>NET OPERATING EXPENDITURE</b>	<b>32,432</b>	<b>30,777</b>	<b>(1,655)</b>	
<b>REVENUE FUNDING OF CAPITAL</b>	<b>67</b>	<b>361</b>	<b>294</b>	(17)
<b>APPROPRIATION TO/(FROM) RESERVES</b>	<b>(328)</b>	<b>(65)</b>	<b>263</b>	(18)
<b>MINIMUM REVENUE PROVISION</b>	<b>273</b>	<b>260</b>	<b>(13)</b>	
<b>CORPORATE UNDERSPEND</b>	<b>32,444</b>	<b>31,333</b>	<b>(1,111)</b>	(19)

\* The different types of expenditure contained within this line are shown in the table below

**Types of expenditure contained within SUPPLIES - Other**

SUPPLIES - Other	Latest Budget £'000	to Mar 09 Outturn £'000	Variance £'000	Notes
Regional Control & Collaboration	99	33	(66)	(11)
Laundry	35	21	(14)	
Strategic Misc	47	53	6	
Catering	82	93	11	
Postage	26	21	(5)	
Performance & Review	21	13	(8)	
LGA Subscription / Conferences	27	28	1	
Precept Leaflet	14	12	(2)	
Fit for Duty	10	0	(10)	
Medical Costs	6	20	14	
Health & Safety Misc	8	9	1	
Financial Services	11	12	1	
Equal Ops	6	4	(2)	
Business Continuity	2	1	(1)	
Other Misc	78	86	8	
	472	406	(66)	

**Explanation of Major Revenue Budget Variances**

- Over £600,000 of the variance on uniformed employee costs relates to retained firefighters. The budget to pay for Retained firefighters was increased by £60,000 in 2007/08 and by a further £160,000 in 2008/09 in anticipation of a recruitment drive led by a new Recruitment and Retention Co-ordinator. However, the aim of increasing retained firefighter numbers has not been achieved. Consequently, as discussed previously, a strategic review of the retained service will be undertaken this year.

As well as the budget increasing, costs have fallen. One reason is that the number of retained appliance movements has decreased compared to last year due to the introduction of the Brigade's crewing optimisation policy. There has also been less use of retained firefighters due to the implementation of standby and automated fire alarm policies and a large reduction in fire calls. Standby movements fell from 1,530 in 2007/08 to 902 in 2008/09 while turnouts fell from 3,162 to 2,338. Directors agreed in October 2008 to use retained firefighters to carry out community safety work. This was not achieved in 2008/09 due to vacancies in the Community Safety Department. £40,000 therefore needs to be carried forward to 2009/10.

The retained firefighter budget for 2009/10 has been reduced by £275,000. The budget for subsequent years will depend on the outcome of the strategic review.

There have been vacancies in the Fire Safety Department throughout the year, resulting in an underspend of £200,000. Recruitment is now taking place to fill these posts.

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Another reason for the underspend is the saving in overtime payments due to better management of crewing.

2. Non-uniformed staff costs are above profiled budget due to redundancy payments to cooks being above budget and the cost of long-term sickness cover.
3. There is an underspend on the training budget at year end. This is mainly due to a temporary reduction in the number of trainee firefighters. However, £37,000 needs to be carried forward for training needs identified in the 2008/09 Learning & Development Plan but which will not be delivered until 2009/10.
4. As agreed as part of the 2009/10 Budget setting process, £21,600 needs to be carried forward to pay for criminal record checks in connection with the registration of RBFRS staff with the Independent Safeguarding Association. This was initially due to happen in 2008/09 but slipped due to delays in the establishment of the Independent Safeguarding Association.
5. Expenditure on utilities has been above budget due to the spike in prices during 2008/09. The budget has been increased by £55,000 for 2009/10 but it is hoped that energy consumption can be decreased over time through the implementation of energy saving measures.
6. Although the Authority is not currently receiving insurance cover through FRAML due to legal challenges, the Authority is still benefiting from FRAML's existence in that it is providing a potential source of competition in the marketplace. Given the soft market, the Authority has been able to obtain cover at a very favourable price, hence the underspend against budget. The budget for 2009/10 has been reduced by £100,000.
7. A budget carry forward of £20,000 is required to fund the costs of a new air shelter. This was planned for 2008/09 but was not implemented due to delays in the multi-purpose vehicle project and the IRMP chemical incident response project. There is also a carry forward of £6,000 for IT equipment that could not be purchased in 2008/09 due to supplier bottlenecks.
8. There have been delays in purchasing non-operational clothing. It was initially hoped to purchase through Firebuy but its proposal was uncompetitive. RBFRS has now started a new tender process in collaboration with other Fire and Rescue Services.
9. The underspend on this line needs to be carried forward to pay for upgrading the Easynet network to Slough, Maidenhead, Langley and Newbury Fire Stations. This work was planned for 2008/09 but got postponed due to delays in Firelink.
10. The underspend on this budget needs to be carried forward as orders have already been placed. Actions have been taken by RBFRS to ensure that in future contractors fulfil orders in a timely manner.
11. This budget is underspent due to delays in the Regional Control Project. However, as in previous years, £40,000 will be taken from this budget and moved to the Regional Control Reserve to meet the transition costs of moving to the Regional Control Centre.
12. Vehicle running costs are above budget due to the high cost of fuel in the early part of the year and the payment of an insurance excess for damage caused to the cage

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of the Aerial Ladder Platform. The fuel budget for 2009/10 has been increased by 4%.

13. The main reason this line is underspent is that there have been no ill-health retirements in 2008/09. Consequently, the Authority has not been required to pay ill-health charges into its Pension Account. There are two types of ill-health charge: upper tier and lower tier. An upper-tier ill-health retirement results in an ill-health charge of four times pensionable pay whereas a lower-tier ill-health retirement results in a charge of two times pensionable pay. The Authority budgets for one lower-tier and two upper-tier ill-health retirements. The Authority has also received some pension transfer income. Given the Authority's good performance in relation to ill-health retirements, a reduced budget for ill-health retirements will be considered as part of the budget-setting process later in the year.
14. Cross border income from Buckinghamshire Fire and Rescue was below budget. Income from commercial training courses was also below budget due to the refurbishment of the training centre in December.
15. The Authority was reimbursed legal fees amounting to £48,000 that had been paid in relation to the IRMP judicial review. The initial fees were paid from the legal fees budget whereas the reimbursement was unbudgeted.
16. Debt charges are below budget due to slippage in the capital programme and the decision in 2007/08 to pay for part of the capital programme from revenue resources.
17. £361,000 from the revenue budget has been used to fund the capital programme. This will have the effect of reducing debt service charges in future years and is prudent given the size of the capital programme in 2009/10.
18. The variance on this line represents the budget carry forwards for goods / services that were planned for 2008/09 but which will not be delivered until 2009/10.
19. At the end of 2007/08 it was agreed to set up a reserve for protective equipment to cover the replacement cost which will about £785,000. There is currently £285,000 in the reserve. The addition of £500,000 to the reserve from the corporate underspend will mean that the replacement cost will be fully covered.

Given the legal judgment that retained firefighters were unfairly treated in relation to pension rights and sick pay, the Fire Authority will be obliged to meet its liabilities in this matter. It is prudent to set money aside to meet these costs and therefore it is suggested that £250,000 is added to the pension reserve.

#### **4.4 Capital Expenditure and Financing**

Capital expenditure in 2008/09 was £1,578,000 against a budget of £3,002,000 (including budgets brought forward from the previous year and budgets that have been grant or revenue funded).

	Latest Budget £'000	to Mar 09 Outturn £'000	Variance £'000
Premises	912	464	-448
Equipment	654	449	-205
Vehicles	1,436	665	-771
Total	3,002	1,578	-1,424

The tables below give a breakdown of capital expenditure by project.

	Latest Budget £'000	to Mar 09 Outturn £'000	Variance £'000	Notes
PREMISES				
M Maidenhead Stn Washroom	29	6	-23	(1)
Wokingham Rd Stn Rewire	66	64	-2	Completed
Newbury Stn Rewire	109	107	-2	Completed
General Premises Works	39	4	-35	(2)
Newbury Stn Re-roof	32	32	0	Completed
M Maidenhead Stn Washdown roof	15	15	0	Completed
Environmental Projects	15	0	-15	(3)
HQ Building Cladding	26	0	-26	(4)
Station Rewires	52	52	0	Completed
Langley Stn Heating	33	0	-33	(5)
Wokingham Stn Temporary Building	180	0	-180	(6)
Bracknell Stn Staircase	8	8	0	Completed
Dee Rd Stn Staircase	17	1	-16	(7)
Windsor Houses	106	106	0	Completed
M Maidenhead Station Windows	41	5	-36	(7)
Newbury Station Washroom	26	19	-7	(7)
Langley Stn Electrical Works	105	33	-72	(5)
Ascot Heating	13	12	-1	Completed
Total	912	464	-448	

1. Currently the full extent of the damage to the floor and why water is pooling is unknown. A more in-depth investigation needs to be undertaken, which will mean the washroom being off the run for up to three months. The cost of hiring equipment is high and the investigative works will be about £3,000 but at this stage rectification costs are unknown.
2. This budget is the amount that has not been allocated to specific premises works and therefore will not be required in 2009/10. The small amount of expenditure is

the payment of retention monies for projects that were completed in the previous year.

3. The original project was to install a bund at the warehouse at Whitley Wood Fire Station. An alternative control measure has since been identified which is likely to result in an underspend, which will be used for other environmental projects in 2009/10.
4. Only minor repair works to the exterior of the headquarters building were required during 2008/09. These works were funded from the revenue budget. The capital budget is no longer required.
5. This project will be completed by mid June 2009.
6. It has been agreed that the money would be better spent on the permanent extension to Wokingham Fire Station. A separate bid for the extension was submitted and approved as part of the 2009/10 Budget.
7. These projects were completed in May 2009.

	Latest Budget £'000	to Mar 09 Outturn £'000	Variance £'000	Notes
<b>EQUIPMENT</b>				
Fitness Equipment	25	23	-2	Completed
Breathing Apparatus Cylinders	190	124	-66	(1)
Data Recorders	20	16	-4	Completed
Cutting Equipment	48	47	-1	Completed
Fire Fighting Branches	14	10	-4	Completed
Radiation Monitoring Equipment	46	35	-11	Completed
Heavy Capacity Rescue Equipment	40	32	-8	Completed
Breathing Apparatus Communication Equipment	15	0	-15	(2)
IT Hardware	90	50	-40	(3)
PC Monitors	30	23	-7	(3)
Firelink Radio	47	0	-47	(4)
Vector Licences	81	81	0	Completed
Outreach East IT Equip	8	8	0	Completed
<b>Total</b>	<b>654</b>	<b>449</b>	<b>-205</b>	

1. The tender for compressors is now complete, which should result in the project being completed by the end of September 2009.
2. This purchase would have been completed by March 2009 if the supplier had sent the correct equipment. The budget will be spent by June 2009.

3. Due to workload pressures of Firelink and the Regional Control Centre projects, the acquisition of IT hardware was not completed in 2008/09. As such there were no capital bids for IT hardware and PC monitors for 2009/10. Therefore, the remaining budget will need to be carried forward to fund IT hardware purchases in 2009/10.
4. Due to project slippage by CLG and the project co-ordinators, the commitment to this area was not possible in 2008/09. There has also been a change in RBFRS requirements, as such only £20,000 will need to be carried forward to purchase hand-held terminals.

	Latest Budget £'000	to Mar 09 Outturn £'000	Variance £'000	Notes
VEHICLES				
Hydraulic Platform	385	409	24	Completed
Rescue Support Vehicle	190	74	-116	(1)
Water Tenders	772	103	-669	(1)
Light Vehicles	74	67	-7	Completed
Outreach East	15	12	-3	Completed
Total	1,436	665	-771	

1. The chassis for the water tenders and the rescue support vehicle were delayed due to the high demand for Mercedes trucks world wide during 2007/08, as a result of China and Russia requiring a higher than normal quota. This meant that production was overstretched and the UK demand was limited to less than 10%. A further delay was caused by the change in environmental exhaust emissions standards which required development and testing approvals for fire chassis. Both of these factors resulted in deliveries being rescheduled to the first quarter of 2009. Chassis have now been delivered and production commenced in the last week in May with final deliveries of the finished appliances commencing November/December.

No alternative chassis were available from other manufacturers as they were all suffering from the same demands; also the demise of Dennis fire chassis exacerbated the situation.

Appliances that are part of the 2009/10 capital programme are on order and due for completion by January / February 2010. Despite the current financial uncertainties, production and deliveries are back on stream.

The delay has meant keeping one appliance on the run for a further eighteen months and three for a further nine months as they would normally have arrived in January / February of this year. The fact that Sonning Fire Station's appliance, and latterly Cookham Fire Station's appliance came out of service has helped cover these delays.

A fifteen year life for appliances is not recommended on the basis of use and the obsolescence of spares which does already give problems with twelve year old

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appliances on occasions. Most fire and rescue services have twelve year replacement programmes and are considering moving to ten years due to the points referred to above.

During 2008/09 the Authority took out a loan of £1,750,000 and paid back a loan of £403,000. All of the Authority's loans are with the Public Works Loan Board and are used to fund capital expenditure. Total borrowing at 31 March 2009 amounted to £8,042,000.

#### **4.5 Pensions**

The *1992 Firefighters Pension Scheme* was closed to new members from April 2006. From this date new members and retained firefighters had the option to join the *2006 Firefighters Pension Scheme*. Both schemes are unfunded. The negative net values reflect the unfunded liability facing this authority (other fire authorities face similar liabilities). The Authority is not currently required to make any financial provision for these future commitments, and there is no effect on the level of the Council Tax.

From April 2006, the Authority has had to pay employer contributions into a pensions account. These contributions consist of a flat rate contribution and an ill-health charge. Ill-health charges are spread over three years. Contributions are used to pay pensions and any shortfall is made up by the Government.

#### **4.6 Royal Berkshire Fire & Rescue (Training) Limited**

Royal Berkshire Fire & Rescue (Training) Limited was set up by the Authority to ensure the continued provision of fire safety training on a commercial basis. The law relating to powers allowing Fire Authorities to trade and charge for services is in a state of transition and it was felt that setting up the company would best secure an important income stream as well as promoting fire safety. The company is a wholly-owned subsidiary of the Authority and started trading on 1 January 2009. Prior to this date the courses were run by a training team within the Authority. The company made a loss of £10,000 during the three months to 31 March 2009 in difficult trading conditions. However, during this period, the Authority re-charged the company £19,000 for accommodation and provision of services (mainly officer time), most of which can be set against the £10,000 loss as it is net income that the Authority would not otherwise have received.

Group accounts have not been produced as the revenue generated by the company during 2008/09 is immaterial compared to the size of the Authority's budget.

#### **4.7 Future Developments**

The Authority has adopted a Corporate Plan containing the Strategic, Best Value Performance and Community Safety Plans intended to shape the direction and future resource needs of the Service and against which performance is measured. Proposals for budget growth or contractions incorporate a defined link to Strategic Plan priorities.

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Future developments will include the transfer of the Fire Control function to a regional company part-owned by the Authority.

Andrew Vallance MBA MA(Oxon) CPFA  
Treasurer to the Royal Berkshire Fire Authority

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## **5. Accounting Policies**

### **5.1 General Principles**

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice (SORP) published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

### **5.2 Accruals**

All material revenue income and expenditure in the accounts has been accounted for on an accruals basis. This requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

The only exceptions to this are that:

- a) Public utility payments are charged at the date of meter reading, and are not apportioned on a time basis.
- b) Salaries and wages are paid in arrears, and amounts charged correspond to the income tax year.

The effects of these policies are not considered to be material, as they are applied consistently each year.

The capital accounts are also prepared on an accruals basis in accordance with ACOP.

The cashflow statement, in accordance with requirements, is prepared on a receipts and payments basis.

Accrued interest is added to temporary investments rather than debtors on the balance sheet.

### **5.3 Contingent Assets**

Contingent assets are not recognised in the accounting statements. Instead they are disclosed by way of notes if the inflow of a receipt or economic benefit is probable.

### **5.4 Contingent Liabilities**

Contingent liabilities are not recognised in the accounting statements. Instead they are disclosed by way of notes if there is a possible obligation, which may require a payment or transfer of economic benefits.

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## **5.5 Fair Value of Assets and Liabilities carried at Amortised Cost**

Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or billed amount.

The differences between the carrying amount and the fair value of PWLB debt are due to the fixed rate of interest on the loans being different from the prevailing rate at 31 March.

## **5.6 Fixed Assets**

### **i Recognition**

The expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on the acquisition of a tangible or intangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, is capitalised and classified as a fixed asset, provided that the fixed asset yields benefits to the authority and the service it provides is for a period of more than one year. Expenditure on routine repairs and maintenance is charged direct to the revenue account.

### **ii Measurement**

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- Other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value

Net current replacement cost is assessed as:

- Investment properties and surplus assets – market value
- Operational properties – depreciated replacement cost
- Vehicles, plant and equipment – depreciated historic cost

Revaluations of land and buildings are carried out by a qualified valuer and valuations are carried out every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

### **iii Impairment**

The values of each category of assets and of material individual assets are reviewed annually.

### **iv Disposals**

Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account.

Receipts from the disposal of fixed assets are credited to the usable capital receipts reserve and accounted for on an accruals basis. The de minimis level for capital receipts is £10,000.

### **v Depreciation**

Assets, other than land, are being depreciated over their useful economic lives. Property is depreciated using the straight-line method using the estimated lives given as part of the 2005 revaluation exercise by Vail Williams. Equipment is depreciated over its useful life using the straight-line method. Vehicles are being depreciated using the reducing balance method (assumed useful lives as follows: cars 5 years, vans 7 years and fire engines 10 years). Non-operational assets are not depreciated.

### **vi Amortisation of Intangible Assets**

The Authority's intangible assets consist of software licences, which are amortised over the life of the licences.

### **vii Charges to Revenue**

General Fund service revenue accounts incur a capital charge for all tangible and intangible fixed assets used in the provision of the service. The charge covers the annual provision for depreciation and amortisation.

Capital charges are reversed out when calculating the amounts required to be raised from local taxation.

## **5.7 Government Grants and Contributions (Revenue)**

Government grants and third-party contributions are recognised as income at the date that the Authority satisfies the conditions of entitlement and where expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general

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expenditure are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

## **5.8 Leases**

Rental payments are charged to revenue on the basis of payments due, as this is approximately equivalent to charging on a straight-line basis over the term of the lease.

## **5.9 Overheads**

All support service costs have been recharged on an appropriate basis to the services provided by the Authority or shown as Corporate Costs in accordance with the CIPFA Best Value Accounting Code of Practice.

## **5.10 Pension Costs**

Pension costs have been provided for in accordance with relevant Government regulations and in accordance with FRS17 *Retirement Benefits*. This is in accordance with ACOP.

FRS 17 is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Inclusion of the attributable share of the fund assets and liabilities does not mean that legal title or obligation has passed from the trustees to the employer. Instead it represents the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme.

The Fire Authority participates in three pension schemes, which provide members with defined benefits relating to pay and service. The *1992 Firefighters' Pension Scheme* has been closed to new members since April 2006. Recruits and retained firefighters can instead join the new *2006 Firefighters Pension Scheme*.

### **i Uniformed Firefighters**

The two firefighter pension schemes are unfunded.

In previous years Fire Authorities have suffered budgetary volatility due to fluctuations in the number of Firefighters retiring in any given year. To overcome this problem, Central Government has decided that Fire Authorities must keep a separate Pensions Account from which pensions will be paid. On the income side, employer and employee contributions are paid into the account. Transfer values for firefighters that transfer into and out of the scheme are also posted to the account. If the account is in deficit at the end of the financial year, the Government will provide a top-up to bring the account into balance.

The pension costs have been assessed in accordance with the advice of a professionally qualified actuary. The latest formal valuation was as at 31 December 2008.

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The real discount rate used by the actuary for the Firefighters' Pension Schemes increased from 3.2% per annum at 31 March 2008 to 3.7% per annum at 31 March 2009. This is primarily due to the fall in the level of inflation expectations over the year. This change in assumption has resulted in an actuarial gain of £14,614,000. The actuary has also increased her expectation of how long members might be expected to live resulting in an actuarial loss of £8,170,000.

## **ii The Local Government Superannuation Scheme**

All administrative staff, subject to certain qualifying criteria, are eligible to join. The pension costs that are charged to the Authority's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs may arise in respect of certain pensions paid to retired employees on an unfunded basis. The pension costs have been assessed in accordance with the advice of a professionally qualified actuary. The latest formal valuation was as at 31 March 2007.

There has been an actuarial gain, amounting to £2,224,000, due to changes in financial assumptions used by the actuary.

## **5.11 Provisions**

### **i Bad and Doubtful Debts**

The carrying amount of debtors is adjusted for doubtful debts, by providing a provision for doubtful debts, providing this is material. Known uncollectible debts are written off.

### **ii Provisions – Other**

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 against the provision in the balance sheet.

## **5.12 Prudential Code**

The 2008 SORP incorporates the *Prudential Code for Capital Finance in Local Authorities*. The Authority has fully implemented this code since its introduction on 1 April 2004. Capital expenditure has been financed in accordance with the Code.

## **5.13 Redemption of Debt**

In accordance with Government regulations the Authority is required to make a Minimum Revenue Provision which is charged to the revenue account and which can only be used

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to repay outstanding debt. The charge is based on the statutory requirement of 4% of the Authority's Capital Financing Requirement.

### **5.14 Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate revenue account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

### **5.15 Revenue Expenditure Funded from Capital under Statute**

The 2008 SORP has replaced deferred charges with a new category of expenditure called *Revenue Expenditure Funded from Capital under Statute*.

### **5.16 Stocks**

Stocks are reflected in the balance sheet at average historical cost. This is not consistent with SSAP9, which requires stock to be valued at the lower of cost or net realisable value. However, net realisable value would significantly understate the value to the Authority of the assets held, due to the specialised nature of the stock items. Certain immaterial stocks are treated as current expenditure and charged directly to revenue.

### **5.17 Value Added Tax**

The Authority does not include VAT as part of income or expenditure, whether of a capital or revenue nature, except where it is not able to recover VAT, in common with the requirements of SSAP 5.

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## 6. Statement of Responsibilities

The Fire 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. For the Fire Authority, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting ("the Code"), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2009.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Treasurer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### Treasurer's Certificate

I certify that the statement of accounts, set out on pages 24 to 62, presents fairly the financial position of the Authority for the financial year 2008/09 and was prepared in accordance with the accounting policies stated on pages 12 to 17.

Andrew Vallance MBA MA(Oxon) CPFA  
Treasurer to the Royal Berkshire Fire Authority

24 June 2009

### Approval of the Accounts

I hereby confirm that these accounts were approved by the Fire Authority at its meeting on 24 June 2009.

Dr P Bryant  
Chairman of the Fire Authority

24 June 2009

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## **7. Independent Auditor's Report to the Members of Royal Berkshire Fire Authority**

### **Opinion on the financial statements**

I have audited the accounting statements, the firefighters' pension fund accounting statements and related notes of Royal Berkshire Fire Authority for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, and the related notes. The firefighters' pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial statements and firefighters' pension fund accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of Royal Berkshire Fire Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### **Respective responsibilities of the Treasurer and auditor**

The Treasurer's responsibilities for preparing the financial statements, including the firefighters' pension fund accounting statements, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements, the firefighters' pension fund accounting statements and related notes present fairly, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial transactions of its firefighters' pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

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I read other information published with the accounting statements, the firefighters' pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the firefighters' pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements, the firefighters' pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the firefighters' pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, the firefighters' pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements, the firefighters' pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements, the firefighters' pension fund accounting statements and related notes.

### **Opinion**

In my opinion:

- The accounting statements and related notes present fairly, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- The firefighters' pension fund accounting statements present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial transactions of the firefighters' pension fund during the year ended 31 March 2009 and the amount and disposition of the fund's assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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## **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **i Authority's Responsibilities**

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

### **ii Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for fire and rescue authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **iii Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for fire and rescue authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Royal Berkshire Fire Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

## **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Phil Sharman CPFA  
District Auditor

Audit Commission, Council Offices,  
Farnborough Road, Farnborough, Hants GU14 7JU

30 September 2009

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## 8. Glossary of Financial Terms

### Accounting Standards

Financial Reporting Standards (FRS) and Statements of Standard Accounting Practice (SSAP) refer to the accounting practice that must be adopted in the preparation of accounts.

### Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### Amortisation

The measure of the consumption of an intangible asset over its useful life.

### Balances

The surplus or deficit on any account at the end of the year. Also referred to as reserves.

### Best Value Accounting

A methodology for presenting service expenditure of the Authority in a way which identifies the total cost of each main operational activity (including an apportionment of capital charges and support service overheads). All Authorities are expected to adopt the accounting principles set out in the Best Value Accounting Code of Practice, in order to facilitate comparison of costs between Authorities.

### Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

### Capital Expenditure

The acquisition of fixed assets which will have a long-term value to the Authority e.g. land, buildings, vehicles. See also Fixed Assets.

### Capital Receipts

The proceeds from the disposal of land or other fixed assets. Capital receipts can be used to finance new capital expenditure, within the rules laid down by the Government. They cannot be used to finance day-to-day spending.

### Contingency

A condition which exists at the balance sheet date, where the outcome will only be confirmed on the occurrence or non-occurrence of one or more uncertain future events.

### Depreciation

The measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset.

### Fair Value

The value of investments or loans based on the prevailing interest rate rather than the rate payable or receivable.

### Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment,

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amounts to substantially all of the fair value of the leased asset.

### **Financial Reporting Standards**

See Accounting Standards.

### **Fixed Assets**

Intangible and tangible assets yield benefits to the Authority for more than one year. The only intangible assets that the Authority holds are software licences. See *also* Capital Expenditure.

### **Gross Expenditure**

The total cost of providing the Authority's services before taking into account any income from specific government grants, fees and charges.

### **Intangible Fixed Assets**

Non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the authority.

### **Net Cost of Service**

Gross Revenue Expenditure less service income such as fees and charges.

### **Operating Lease**

A lease other than a finance lease

### **Operational Assets**

Fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it either has a statutory or discretionary responsibility.

### **Provisions**

Provisions are amounts set aside to cover liabilities or losses, which are likely or certain to be incurred but there is uncertainty as to the amounts or the dates on which they will arise.

### **Prudential Code**

The purpose of the Code is to ensure that capital investment plans of local authorities are affordable, prudent and sustainable.

### **Reserves**

See balances.

### **Revenue Expenditure**

This is expenditure on day-to-day running costs and consists mainly of salaries and general running expenses. Sometimes abbreviated simply to "revenue".

### **SSAPs**

See Accounting Standards

## 9. Core Financial Statements

### 9.1 Income and Expenditure Account

The Income and Expenditure Account summarises the resources that have been generated and consumed in providing services and managing the Authority during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Expenditure 2007/08 £000		Gross Expenditure 2008/09 £000	Gross Income 2008/09 £000	Net Expenditure 2008/09 £000	Notes
	<b>SERVICE EXPENDITURE</b>				
3,991	Community Fire Safety				
2,026	Prevention and Education	5,222	-564	4,658	
	Statutory Inspection	1,750	-3	1,747	
	<b>Fire Fighting and Rescue Operations</b>				
1,892	Communications and Mobilising	2,044	-74	1,970	
25,339	Operational Response	23,988	-318	23,670	
221	Securing Water Supplies	215		215	
	Fire Service Emergency Planning	67		67	
	<b>Corporate &amp; Democratic Core</b>				
264	Corporate Management	216		216	
414	Democratic Representation & Management	581		581	
	<b>Share of Operating Results of Joint Arrangement:</b>				
-7	Turnover				
5	Other Operating Income and Expenditure				
-	Non Distributed Costs	73		73	
34,145	<b>NET COST OF SERVICES</b>	34,156	-959	33,197	
-5	(Profit) / loss on the disposal of fixed assets			-2	
281	Interest payable and similar charges			298	
-304	Interest and investment income			-166	
9,388	Pensions interest cost and expected return on pensions assets			10,193	10.4 iii
-1,617	Gain in relation to Government grant payable to the Pension Fund on the Authority's behalf			-2,613	11.2
41,888	<b>NET OPERATING EXPENDITURE</b>			40,907	
-16,211	Precepts			-17,174	10.11
-2,173	General Government Grants			-1,866	
-12,945	Non-Domestic Rates Redistribution			-13,404	
10,559	<b>(SURPLUS) / DEFICIT FOR THE YEAR</b>			8,463	

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## 9.2 Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Authority's spending against the council tax that it raised for the year, taking into account the use or reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

2007/08 £000		2008/09 £000	Notes
10,559	Deficit for the year on the Income and Expenditure Account	8,463	
-10,559	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	-8,814	10.1
0	Increase in General Fund Balance for the year	-351	
-500	General Fund Balance brought forward	-500	
-500	General Fund Balance carried forward	-851	

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### 9.3 Statement of Recognised Gains and Losses

The Statement of Recognised Gains and Losses brings together all the gains and losses of the Authority for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

Restated 2007/08 £000		2008/09 £000	Notes
10,559	(Surplus) / Deficit for the year on the Income and Expenditure Account	8,463	
-613	Surplus arising on revaluation of fixed assets	176	10.24
-37,800	Actuarial (gains) / losses on pension fund assets and liabilities	-994	10.4 iv
-27,854	Total recognised losses / (gains) for the year	7,645	

The line *Actuarial (gains) / losses on pension fund assets and liabilities* has been restated for 2007/08 as explained in 10.4ii.

## 9.4 Balance Sheet

Restated 2007/08 £000		2008/09 £000	Notes
	<b>FIXED ASSETS</b>		
89	Intangible Assets	112	10.12 iv
22,950	Land and Buildings	22,827	10.12 i
1,240	Vehicles, Plant and Equipment	1,774	10.12 i
	<b>Non Operational Assets</b>		
613	Investment Properties	539	10.12 i
518	Work in Progress	284	
130	Long-term Investment	131	
25,540	<b>TOTAL LONG TERM ASSETS</b>	25,667	
	<b>CURRENT ASSETS</b>		
207	Stock and Work in Progress	136	
3,337	Temporary Investments	2,878	
854	Cash and Bank	1,261	
778	Debtors	2,438	10.14
917	Prepayments	762	
6,093	<b>TOTAL CURRENT ASSETS</b>	7,475	
	<b>LESS: CURRENT LIABLITILES</b>		
-403	Borrowing repayable within 12 months	-	
-1,968	Creditors	-1,870	
-1,009	Income in Advance	-1,001	
28,253	<b>TOTAL ASSETS LESS CURRENT LIABLITLIES</b>	30,271	
-6,292	Long-term Borrowing	-8,042	10.15 iii
-58	Provisions	-94	10.20
-451	Government Grants - Deferred	-396	10.21
-6	Unapplied Capital Contributions	-11	10.22
-149,647	Pensions Liability	-157,573	10.4 ii
-128,201	<b>TOTAL ASSETS LESS LIABLITIES</b>	-135,845	
	<b>FINANCED BY:</b>		
613	Revaluation Reserve	437	10.24
17,969	Capital Adjustment Account	17,391	10.25
-	Usable Capital Receipts	-	10.26
-149,647	Pensions Reserve	-157,573	10.4 ii
2,364	Specific Reserves	3,049	10.28
500	General Fund Balance	851	
-128,201	<b>NET WORTH</b>	-135,845	

## 9.5 Cash Flow Statement

Restated 2007/08 £000		2008/09 £000	Notes
	<b>REVENUE ACTIVITIES</b>		
	Cash Outflows		
26,418	Cash paid to and on behalf of employees	27,682	
6,640	Other operating costs	7,402	
	Cash Inflows		
-31,329	Precepts / General Government Grants	-32,444	
-1,494	Specific Revenue Grants	-2,274	10.29 vi
-880	Other revenue cash income	-770	
-645	Net Cash Outflow / (Inflow) From Revenue Activities	-404	10.29 ii
	<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
	Cash Outflows		
281	Interest paid	298	
	Cash Inflows		
-165	Interest received	-102	
116	Net Cash Outflow from Servicing of Finance	196	
	<b>CAPITAL ACTIVITIES</b>		
	Cash Outflows		
1,135	Purchase of fixed assets	1,667	
	Cash Inflows		
-5	Sale of Assets	-2	
-60	Capital Grants Received	-5	10.29 vi
1,070	Net Cash Outflow from Capital Activities	1,660	
	<b>ACQUISITIONS AND DISPOSALS</b>		
	Cash Outflows		
128	Investment in FRAML	-	
128	Net Cash Outflow from Acquisitions and Disposals	0	
669	Net Cash Outflow / (Inflow) before Financing	1,452	
	<b>MANAGEMENT OF LIQUID RESOURCES</b>		
	<b>RESOURCES</b>		
	Cash Outflows		
196	Short term deposits made	72	
	Cash Inflows		
	Repayments of amounts borrowed	-584	
196	Net Cash Outflow / (Inflow) from Management of Liquid Resources	-512	
	<b>FINANCING</b>		
	Cash Outflows		
	Repayment of amounts borrowed	403	
	Cash Inflows		
-550	New loans raised	-1,750	
-550	Net Cash Outflow / (Inflow) from Financing	-1,347	
315	NET (INCREASE) / DECREASE IN CASH	-407	

The figures for 2007/08 have been restated in line with the changed SORP guidance. The guidance replaces deferred charges with a new category of expenditure: *Revenue Expenditure Funded from Capital under Statute*. This change has no impact on the net cash flow.

## 10. Notes to Core Financial Statements

### 10.1 Reconciling Items for General Fund Balance

Restated 2007/08 £000		2008/09 £000
	<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year</b>	
-40	Amortisation of intangible fixed assets	-58
-1,008	Depreciation and impairment of fixed assets	-1,214
32	Government grants deferred amortisation	73
-15,972	Net charges made for retirement benefits in accordance with FRS 17	-15,045
1,617	Gain in relation to Government grant payable to the Pension Fund on the Authority's behalf	2,613
-15,371		-13,631
	<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the movement on the General Fund Balance for the year</b>	
239	Minimum revenue provision for capital financing	260
441	Capital expenditure charged in-year to the General Fund Balance	361
3,661	Employer's contributions payable to the Pensions Account and retirement benefits payable direct to pensioners	3,511
4,341		4,132
	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year</b>	
471	Net transfer to or from earmarked reserves	685
471		685
-10,559	<b>Net additional amount required to be credited to the General Fund Balance for the year</b>	-8,814

The figures for 2007/08 have been restated in line with the changed SORP guidance. The guidance replaces deferred charges with a new category of expenditure: *Revenue Expenditure Funded from Capital under Statute*. This change has no impact on the net additional amount required to be credited to the General Fund Balance for the year.

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## 10.2 Publicity

Section 5 of the Local Government Act 1986 requires the Authority to keep a separate account of its expenditure on publicity.

	2007/08 £000	2008/09 £000
Staff Recruitment Advertising	64	28
Community Fire Safety	69	55
Other Publicity	30	15
	163	98

## 10.3 Audit Costs

Fees relating to external audit and inspection are detailed below. The fees cover a financial statements audit, a use of resources audit and a whole of government accounts audit.

	2007/08 £000	2008/09 £000
Audit Fees	66	81
Total	66	81

## 10.4 Pensions Costs

### i Participation in Pension Schemes

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

The Authority participates in three pension schemes:

The Royal County of Berkshire Pension Fund is for non-uniformed employees and is administered by the Royal Borough of Windsor and Maidenhead under the regulations governing the Local Government Pension Scheme. This is a funded scheme, meaning that the Authority and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

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In addition to the 1992 Firefighters Scheme (now closed to new recruits) a new scheme was set up in April 2006. The new scheme has different contribution rates for employees and employers. Both firefighter pension schemes are unfunded, meaning that no investment assets are built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

## **ii Change of Accounting Policy**

Under the 2008 SORP the Authority has adopted the amendment to FRS 17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £10,266,000 to £10,163,000, a decrease of £103,000, resulting in an increase of the pension deficit of £103,000 (31 March 2008: increase of £102,000). The current and prior year deficits on the Income and Expenditure Account have been unaffected by this change.

## **iii Transactions Relating to Retirement Benefits**

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	Local Government Pension Scheme		Fire-fighters Scheme	
	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000
<i>Net Cost of Services:</i>				
- current service cost	655	780	5,929	4,000
- past service cost	-	63	-	-
- impact of settlements and curtailments	-	10	-	-
<i>Net Operating Expenditure:</i>				
- interest cost	723	853	9,425	10,100
- expected return on assets in the scheme	-760	-760		
<i>Net Charge to Income and Expenditure Account</i>	618	946	15,354	14,100
<i>Statement of Movement in the General Fund Balance</i>				
Reversal of net charges made for retirement benefits in accordance with FRS 17	-618	-946	-15,354	-14,100
<i>Actual Amount Charged for Pension in the Year:</i>				
- employer's contributions payable to scheme	583	657		
- retirement benefits payable to pensioners			4,699	5,761
- net transfers			-4	-294
- government grant payable to the Pension Fund on behalf of the Authority			-1,617	-2,613
	583	657	3,078	2,854

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains of £994,000 (£37,800,000, 2007/08 as restated) were included in the Statement of Total Recognised Gains and Losses. The cumulative actuarial gains / (losses) for all schemes recognised in the Statement of Total Recognised Gains and Losses amount to £3,851,000.

#### **iv Assets and Liabilities in Relation to Retirement Benefits**

Reconciliation of the present value of the scheme liabilities is shown below.

	Local Government Pension Scheme		Fire-fighters Pension Schemes	
	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000
1 April	13,024	12,511	173,935	147,299
Service Cost	655	780	5,929	4,000
Interest Cost	723	853	9,425	10,100
Actuarial Losses / (Gains)	-1,995	-2,140	-37,297	-2,771
Losses / (Gains) on Curtailments		10		
Benefits Paid	-105	-180	-6,186	-7,218
Past Service Cost		63		
Contributions by Scheme Participants	209	254	1489	1456
Net Transfers			4	294
Unfunded Pension Payments		-1		
31 March	12,511	12,150	147,299	153,160

Reconciliation of the fair value of the scheme assets:

Local Government Pension Scheme		
	2007/08 £000	2008/09 £000
1 April	10,113	10,163
Expected return on Scheme assets	759	760
Actuarial (losses) gains	-1,396	-3,917
Contributions by employer	583	658
Contributions by Scheme participants	208	254
Benefits paid	-104	-181
31 March	10,163	7,737

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. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was -£3,157,000 (2007/08 - £822,000)

	2004/05 £000	Restated 2005/06 £000	Restated 2006/07 £000	Restated 2007/08 £000	2008/09 £000
<i>Present Value of Liabilities</i>					
- Local Government Pension Scheme	-9,893	-12,607	13,024	-12,511	-12,150
- Firefighter Pension Scheme	-149,300	-175,700	-173,900	-147,299	-153,160
Fair Value of Assets in Local Government Pension Scheme	6,906	8,975	10,113	10,163	7,737
<i>Surplus / (deficit)</i>					
- Local Government Pension Scheme	-2,987	-3,632	-2,911	-2,348	-4,413
- Firefighter Pension Scheme	-149,300	-175,700	-173,900	-147,299	-153,160
- Total	-152,287	-179,332	-176,811	-149,647	-157,573

The Authority has elected not to restate fair value of scheme assets for 2004/05 as permitted by FRS 17 (as revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £157,573,000 has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £135,845,000. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- finance is only required to be raised to cover firefighters' pensions when the pensions are actually paid.

Contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2010 amount to £607,000. Contributions to the Firefighters pension schemes are expected to be £3,000,000.

## **v Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. These have been assessed by Barnett Waddingham and Hymans Robertson, independent firms of actuaries.

The main assumptions used in their calculations have been:

	Local Government Pension Scheme		Firefighters Pension Scheme	
	2007/08	2008/09	2007/08	2008/09
<i>Long-term expected rate of return on assets in the scheme:</i>				
Equities	7.90%	7.40%		
Gilts	4.50%	4.00%		
Bonds	6.60%	6.50%		
Property	5.90%	5.50%		
Cash	5.00%	3.00%		
<i>Mortality Assumptions:</i>				
Longevity at 65 for current pensioners:				
- Men	21.27	21.27	27.60	27.60
- Women	24.33	24.33	31.00	31.00
Longevity at 65 for future pensioners:				
- Men	22.21	22.21	29.2	29.2
- Women	25.26	25.26	32.7	32.7
Rate of Inflation	3.70%	3.00%	3.60%	3.10%
Rate of increase in salaries	5.20%	4.50%	5.10%	4.60%
Rate of increase in pensions	3.70%	3.00%	3.60%	3.10%
Rate for discounting liabilities	6.60%	6.70%	6.90%	6.90%
Take-up of option to convert annual pension into retirement lump sum	50.00%	50.00%	90.00%	90.00%

The Firefighters Pension Schemes have no assets to cover their liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	Proportion of Assets held at 31 March 2008	Proportion of Assets held at 31 March 2009
Equities	70.3%	62.1%
Gilts	7.9%	9.5%
Other Bonds	8.0%	14.6%
Property	10.4%	10.8%
Cash	3.3%	3.0%
	100.0%	100.0%

There is no provision under the LGPS to split the total assets of the Fund to each participating body. Therefore, for the basis of this disclosure, the above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

## vi History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009:

Local Government Scheme	2004/05 %	2005/06 %	2006/07 Restated %	2007/08 Restated %	2008/09 %
Differences between the expected and actual returns on assets	3.95	17.98	0.08	-15.56	-50.63
Experience gains / (losses) on liabilities	0.65	-0.12	-	1.52	-0.69
Changes in the assumptions underlying the present value of the scheme's liabilities	-22.08	-24.37	6.83	15.91	18.30

Firefighters Scheme	2004/05 Restated %	2005/06 Restated %	2006/07 Restated %	2007/08 Restated %	2008/09 %
Experience gains / (losses) on liabilities	-1.61	0.51	0.92	0.41	-2.35

## 10.5 Leases

The Authority has no finance leases but made rental payments on operating leases as shown below.

	2007/08 £000	2008/09 £000
Photocopiers	15	15
Vehicles	253	253
Furniture	31	20
Equipment	16	22
Building	9	0
Total	324	310

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## 10.6 Operating Lease Commitments

At 31 March 2009, the Authority was committed to making payments under operating leases of £902,000 as set out below.

	Vehicles, Plant & Equipment £000
Leases expiring in 2009/10	56
Leases expiring between 2010/11 and 2013/14	711
Leases expiring after 2013/14	135
Total	902

## 10.7 Emoluments

Starting at £50,000, officers received emoluments in the following ranges:

	Employees 2007/08	Employees 2008/09
50,000 - 59,999	22	24
60,000 - 69,999	3	4
70,000 - 79,999	-	-
80,000 - 89,999	2	2
90,000 - 99,999	2	1
100,000 - 109,999	-	-
110,000 - 119,999	-	-
120,000 - 129,999	-	1
130,000 - 139,999	1	1

Emoluments refer to all amounts paid to, and receivable by, an employee (excluding pension contributions) and include sums due by way of expenses allowances, and the estimated money value of any other benefits received by an employee otherwise than in cash.

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## 10.8 Discontinued Operations

None.

## 10.9 Members Expenses

The budget for members' attendance allowances was £31,000 in 2008/09 while the actual amount payable was £27,000.

## 10.10 Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority, or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Authority.

*Central Government* has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties. It also provided direct financial support to the Authority in 2008/09.

*Other Public Bodies.* The Authority had entered into the original local area agreements in all six unitary authorities of Berkshire. It has subsequently entered into the second generation local area agreements 2008/09 – 2010/11, all of which will increase capacity by further complementing the local public service agreement process and assisting with sustainability. The Authority has a statutory duty for each of the six crime and disorder reduction partnerships of each of the unitary authorities of Berkshire.

*Assisted organisations.* The Authority does not provide any significant financial assistance to outside bodies that are outside of its normal contractual arrangements.

*Members of the Authority* have direct control over the Authority's financial and operational policies. However any contracts entered into are in full compliance with the Authority's constitution and any decisions are made with proper consideration of declarations of interest. Details of any material interests are recorded in the Register of Members' Interests, which is open to public inspection. A Member of the Fire Authority is an elected member of South East Fire & Rescue Service Control Centre Ltd. Another Member has been appointed as chairman of Royal Berkshire Fire & Rescue (Training) Ltd. The relationship between RBFRTL and the Authority is described below under the heading *Companies and Joint Ventures*.

*Senior Officers* of the Authority have control over the day-to-day management of the Authority and all Senior Officers have been asked to declare any related party transactions. The Treasurer is a Director of the Fire and Rescue Authorities' Mutual

Limited (FRAML). The relationship between FRAML and the Authority is explained in the paragraph below. The Director of Human Resources and the Senior Accountant are Directors of Royal Berkshire Fire & Rescue (Training) Ltd and the Clerk and Monitoring Officer is the Company Secretary.

*Companies and Joint Ventures.*

The Authority has invested £128,000 in FRAML, giving it a seven per cent share of the company’s capital and reserves. FRAML is a company limited by guarantee and none of the nine subscribing members is able to exercise control alone. The company is a joint arrangement to provide insurance cover for participating members and does not carry on a trade in its own right.

Royal Berkshire Fire & Rescue (Training) Ltd is a fully owned subsidiary of the Fire Authority. It was set up to provide fire safety courses to commercial organisations. All profits from the company are returned to the Fire Authority.

South East Fire & Rescue Service Control Centre Ltd will assume the fire control room function and is a regional company, part-owned by the Authority.

**10.11 Funding**

The Fire Authority’s net revenue expenditure is funded by Government grants and local authority precepts.

	2007/08 £000	2008/09 £000
RSG / NNDR	15,118	15,270
<i>Contributions / Precepts</i>		
Bracknell Forest Council	2,114	2,273
Reading Council	2,577	2,718
Slough Council	1,994	2,116
West Berkshire Council	3,130	3,290
Windsor and Maidenhead Council	3,213	3,396
Wokingham Council	3,183	3,381
<b>Total</b>	<b>31,329</b>	<b>32,444</b>

## 10.12 Net Fixed Assets

### i Movement of Tangible Fixed Assets 2008/09

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Non-Operational Assets £000	Total £000
Valuation as at 31.3.05	22,545			
Additions since valuation	1,583			
Gross Book Value as at 31.3.08	24,128	6,000	1,131	31,259
Accumulated depreciation	-1,178	-4,760		-5,938
Net Book Value as at 31.3.08	22,950	1,240	1,131	25,321
Movements in year				
Additions	293	713	490	1,496
Disposals/Transfers		619	-619	0
Depreciation for Year	-416	-797		-1,213
Revaluation / Impairment			-179	-179
Net Book Value as at 31.3.09	22,827	1,775	823	25,425
Gross Book Value as at 31.03.09	24,421	7,332	823	32,576
Accumulated Depreciation / Impairment	-1,594	-5,557	-	-7,151
Net Book Value as at 31.03.09	22,827	1,775	823	25,425

Land and buildings have been valued by Vail Williams at 31 March 2005.

Non-operational assets comprise water tenders and specialist vehicles that are under construction as well as three investment properties, valued at £539,000.

Assets valued at less than £10,000 are normally excluded from the balance sheet. The only exceptions are for vehicles and major IT or equipment asset replacement programmes, funded through the capital programme.

### ii Statement of Physical Assets

As at 31 March 2009 the Fire Authority owned the following assets:

Buildings		Vehicles	
Fire Stations	19	Water Tenders	30
Headquarters Offices	1	Specialist Fire Support Vehicles	16
Training Centre	1	Vans and Minibuses	52
Investment Properties	3	Other Vehicles	14

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and leased the following assets:

Vehicles	
Water Tenders	11
Specialist Fire Support Vehicles	3
Boat	1

### iii Fixed Asset Valuation

The freehold and leasehold properties held by the Royal Berkshire Fire Authority were inspected between 11 and 19 April 2005, with a valuation date of 1 April 2005. The valuations were undertaken by Vail Williams under the direction of Mr Chris Perry FRICS. The Instructing Officer was Mr Andrew Vallance CPFA, the Authority's Treasurer. The valuations were undertaken on the under-mentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS). All the properties were regarded by the Authority as operational.

The sources of information and the assumptions made in producing the various valuations are set out in the Valuation Certificate below:

The valuations are on existing use value (EUV). Where the properties are specialised properties, such that it is not possible to form a view of the EUV by reference to normal market information, the basis of the method of valuation as stated in the RICS Appraisal and Valuation Standards (edition 5) is the Depreciated Replacement Cost (DRC), subject to the prospect and viability of the continuance of the occupation and use.

DRC is based on an estimate of the Market Value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation, subject to the prospect and viability of the continued occupation and use (RICS Appraisal and Valuation Standards, edition 5).

The total value of the properties is £22,545,000 and the total number of properties valued was 21.

Full details are set out in the Report and Valuation prepared for the Royal Berkshire Fire Authority.

Mr Chris Perry FRICS  
27 April 2005

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The three investment properties have been valued as at 31 March 2009 by Mark Deacon, MRICS, in accordance with the RICS Red Book.

Based on the assessment of market values and the assessed age of the tenants, the total value of the properties is £539,000.

Full details are set out in the Report and Valuation prepared for the Royal Berkshire Fire Authority.

#### **iv Movement of Intangible Fixed Assets 2008/09**

	Software Licences £000
Original Cost	143
Amortisations to 1 April 2008	-54
Balance at 1 April 2008	89
Expenditure in Year	81
Written off to Revenue	-58
Balance at 31 March 2009	112

The Authority has purchased software licences for command and control of fire ground incidents.

## 10.13 Capital Expenditure and Financing

The table below shows the effect of capital expenditure on the Authority's capital financing requirement.

	Restated 2007/08 £'000	2008/09 £'000
Opening Capital Financing Requirement	5,987	6,505
<i>Capital Expenditure</i>		
Intangible Assets	78	81
Operational Assets	618	1,006
Non-operational Assets	479	490
Investment in FRAML	128	0
<i>Sources of Finance</i>		
Government Grants and other Contributions	-105	-19
Revenue Funding including MRP	-680	-621
Closing Capital Financing Requirement	6,505	7,442
<i>Explanation of Movements in the Year</i>		
Increase in the underlying need to borrow (supported by Government financial assistance)	518	782
Increase in the underlying need to borrow (unsupported by Government financial assistance)		155
Increase / (Decrease) in Capital Financing Requirement	518	937

The figures for 2007/08 have been restated in line with the changed SORP guidance. The guidance replaces deferred charges with a new category of expenditure: *Revenue Expenditure Funded from Capital under Statute*. This change has no impact on the capital financing requirement.

The Fire Authority's formally approved Capital Programme for future years is shown below. However it is normal practice for the future Capital Programme to be reviewed as part of the annual budget process.

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	2009/10 £000	2010/11 £000	2011/12 £000
Vehicles	690	650	465
Buildings	1474	260	0
IT	90	90	20
Equipment	48	48	155
	2,302	1,048	640

Although the Authority has approved capital expenditure as shown in the above table, it has not entered into any significant long-term contracts for capital investment.

### 10.14 Debtors

A breakdown of debtors is given in the table below.

	2007/08 £000	2008/09 £000
VAT Repayment	329	1,404
Government grants owed	276	892
Trade Debtors	174	146
Bad Debt Provision	-1	-4
Total	778	2,438

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## 10.15 Disclosure of Financial Assets and Liabilities

### i Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments.

	Long Term		Current	
	31.03.08	31.03.09	31.03.08	31.03.09
	£000	£000	£000	£000
Financial liabilities at amortised cost	6,292	8,042	403	-
Financial liabilities at fair value through the I&E	-	-	-	-
<b>TOTAL BORROWINGS</b>	<b>6,292</b>	<b>8,042</b>	<b>403</b>	<b>0</b>
Loans and receivables	-	-	3,337	2,878
Available-for-sale financial assets	-	-	-	-
Financial assets at fair value through the I&E	-	-	-	-
Unquoted equity investment at cost in FRAML	128	128	-	-
<b>TOTAL INVESTMENTS</b>	<b>128</b>	<b>128</b>	<b>3,337</b>	<b>2,878</b>

Long-term investment on the Balance Sheet includes the Authority's accumulated share of profits in FRAML (£3,000).

The Authority's three investment properties have not been shown in the table above.

### ii Financial Instruments Gains / Losses

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are shown for 2008/09 and 2007/08 in the tables below.

2008/09	Financial Liabilities	Financial Assets			
	Liabilities measured at amortised cost £000s	Loans and receivables £000s	Available-for-sale assets £000s (1)	Fair value through the I&E £000s (2)	Total £000s
Interest expense	-298	-	-	-	-298
Losses on de-recognition	-	-	-	-	-
Impairment losses	-	-	-	-	-
<b>Interest payable and similar charges</b>	<b>-298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-298</b>
Interest income	-	125	-	-	125
Gains on derecognition	-	-	-	-	-
<b>Interest and investment income</b>	<b>-</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>125</b>
Gains on revaluation	-	-	-	-	-
Losses on revaluation	-	-	-	-	-
Amounts recycled to the I+E Account after impairment	-	-	-	-	-
<b>Surplus arising on revaluation of financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net gain/(loss) for the year</b>	<b>-298</b>	<b>125</b>	<b>-</b>	<b>-</b>	

2007/08	Financial Liabilities	Financial Assets			Total £000s
	Liabilities measured at amortised cost £000s	Loans and receivables £000s	Available-for-sale assets £000s (1)	Fair value through the I&E £000s (2)	
Interest expense	-281	-	-	-	-281
Losses on de-recognition	-	-	-	-	-
Impairment losses	-	-	-	-	-
<b>Interest payable and similar charges</b>	<b>-281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-281</b>
Interest income	-	180	-	-	180
Gains on derecognition	-	-	-	-	-
<b>Interest and investment income</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>180</b>
Gains on revaluation	-	-	-	-	-
Losses on revaluation	-	-	-	-	-
Amounts recycled to the I+E Account after impairment	-	-	-	-	-
<b>Surplus arising on revaluation of financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) for the year</b>	<b>-281</b>	<b>180</b>	<b>-</b>	<b>-</b>	

A reconciliation of the net gain on loans and receivables to investment income as shown in the Income and Expenditure Account is given below.

	2007/08 £000	2008/09 £000
Financial instruments gain	180	125
Rental income from investment properties	55	11
Current account interest	69	30
<b>Investment income received in I&amp;E</b>	<b>304</b>	<b>166</b>

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### iii 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. 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, premature repayment rates 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 principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2008		31 March 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
PWLB debt	6,695	6,851	8,042	8,758
Trade creditors	1,968	1,968	1,870	1,870
<b>Total Financial Liabilities</b>	<b>8,663</b>	<b>8,819</b>	<b>9,912</b>	<b>10,628</b>
Money Market Loans less than one year	3,337	3,337	2,878	2,878
Government debtors	605	605	2,296	2,296
Trade debtors	174	174	146	146
<b>Total loans and receivables</b>	<b>4,116</b>	<b>4,116</b>	<b>5,320</b>	<b>5,320</b>

The fair values for loans and receivables have been determined by reference to the Public Works Loans Board (PWLB) redemption rules which provide a good approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

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## 10.16 Nature and extent of risk arising from financial instruments

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

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

### i Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - the Authority's overall borrowing
  - its maximum and minimum exposures to fixed and variable rates
  - its maximum and minimum exposures the maturity structure of its debt
  - its maximum annual exposures to investments maturing beyond a year
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

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

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

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## ii Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's maximum exposure to credit risk. The table (from Fitch) gives details of global corporate finance average cumulative default rates (including financial organisations) for the period 1990 – 2007 on investments out to 5 years.

	Amount at 31 March 2009 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2009 % (c)	Estimated maximum exposure to default £000 (a * c)
Deposits with banks and financial institutions				
AAA rated counterparties	-	0.00%	0.00%	-
AA rated counterparties	2,772	0.06%	0.06%	-
A rated counterparties	106	0.65%	0.65%	-
Government Depts.	2,296	0.65%	0.65%	-
Trade debtors	146	2.74%	2.74%	4
Total	5,320			4

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

Whilst the current credit crisis in international markets has raised the overall possibility of default the Authority maintains strict credit criteria for investment counterparties.

The Authority does not generally allow credit for its trade debtors, such that £6,000 of the £146,000 balance is past its due date for payment. The past due amount can be analysed by age as follows:

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Trade debtors can be analysed by age as follows:

	31.03.09 £000s
Less than three months	140
Three to six months	1
Six months to one year	-
More than one year	5
	146

During the reporting period the Authority held no collateral as security.

### **iii Liquidity risk**

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort (although it will not provide funding to an Authority whose actions are unlawful). The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

### **iv Refinancing and Maturity Risk**

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt;
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day-to-day cash flow needs, and that the spread

of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	Financial Liabilities at 31.3.08 £000	Financial Liabilities at 31.3.09 £000
Maturing less than 1 year	403	-
Maturing within 1-2 years	-	-
Maturing within 2-5 years	-	-
Maturing within 5-10 years	-	-
Maturing in more than 10 years	6,292	8,042
	6,695	8,042

The maturity analysis of financial assets is as follows:

	Financial Assets at 31.3.08 £000	Financial Assets at 31.3.09 £000
Maturing less than 1 year	3,337	2,878
Maturing within 1-2 years	-	-
Maturing within 2-5 years	-	-
Maturing within 5-10 years	-	-
Maturing in more than 10 years	-	-
	3,337	2,878

All trade and other payables (£2,442,000) are due to be paid in less than one year and are not shown in the table above.

#### **v Interest rate risk**

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Treasurer will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

If all interest rates had been 1% higher with all other variables held constant the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	-29
Increase in Government grant receivable for financing costs	-
Impact on Income and Expenditure Account	-29
Decrease in fair value of fixed rate investment assets (impact on STRGL)	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on Income and Expenditure Account or STRGL)	1,000

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

#### **vi Price risk**

The Authority, excluding its share of assets in the Local Government Pension Scheme, does not generally invest in equity shares but did invest £128,000 in the Fire and Rescue Authorities' Mutual Limited (FRAML). The investment is now valued at £131,000.

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## **vii Foreign exchange risk**

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

## **10.17 Contingent Assets**

There are no contingent assets to disclose.

## **10.18 Contingent Liabilities**

There is a contingent liability in respect of current and former retained firefighters who may be eligible to join the Firefighters Pension Scheme with backdating to 2000. The Employment Tribunal has decided that retained firefighters were unfairly treated in relation to pension rights. Parties to the Employment Tribunal are still negotiating a settlement, which may be announced by the end of July 2009. It is currently impossible to assess what the Authority's liability may be.

The Authority was one of five Fire and Rescue Authorities that have together set up the Fire and Rescue Authorities' Mutual Limited (FRAML). Members pay the company an insurance premium for cover provided. In the event that the company incurs losses, the company may require each Authority to pay an additional contribution up to the equivalent of 100% of the insurance premia paid. The premia paid to FRAML in 2007/08 by the Authority amounted to £87,000.

## **10.19 Post Balance Sheet Events**

### **i FRAML**

The Court of Appeal ruled against the London Authorities Mutual Limited (LAML) in June 2009, stating that participation of local authorities in an insurance mutual was beyond their statutory powers. The Fire and Rescue Authorities' Mutual Limited (FRAML) had already taken the precaution to cease providing cover to members from April 2008. The Directors of FRAML are taking further legal advice and the Government had issued a statement in support of FRAML, indicating that legislation may be introduced to resolve the legal uncertainties. In the meantime, the Authority has arranged alternative cover.

### **ii Firefighters' Pension Scheme**

On 7 September 2009, CLG issued an updated Firefighters' Pension Scheme Circular (FPSC 7/2009). This backdates commutation adjustments to lump sums

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payable under the FPS to officers who retired after 22 August 2006 and chose to take a lump sum. Previously the backdated element was to 1 October 2007. As a result £371,000 will be payable which will be funded by an increase in Government top up grant.

The issue of circular FPSC 7/2009 represents an adjusting event after the balance sheet date as defined by paragraph 3.26 of the 2008 LG SORP. This is because it provides new evidence of conditions existing at the balance sheet date. Paragraph 3.28 of the 2008 LG SORP requires local authorities to reflect events after the balance sheet date to the date the Statements of Accounts are authorised for issue.

The additional lump sum payments would have an impact on the accounts in two ways:

- The firefighters pension fund account and net assets statement - a creditor or provision for increased sums payable offset by an increase in top up grant receivable; and
- The balance sheet and income and expenditure account - the change to commutation factors will result in: a decrease in the FRS17 liability due to increased top up grant, matched by an increase in FRS17 past service cost or recognition of an actuarial loss

However, given that the value of the commutation payments is not material, the Authority decided not to amend the 2008/09 accounts, instead the adjustments will be posted in the 2009/10 accounts.

## 10.20 Provisions

The following table shows movements on the Authority's provisions.

	31.03.08	Movement	31.3.09
	£000	£000	£000
Long Service Increments	-58	-36	-94

The Authority has an obligation to ensure that the money that is no longer paid as a long service increment is ring-fenced so that it can be used to fund continuing professional development payments.

## 10.21 Government Grants - Deferred

When a government grant is to be applied to the financing of capital expenditure, a balance is established representing a deferred credit to be released to revenue to offset depreciation charged on the asset.

	2007/08 £000	2008/09 £000
Balance as at 1 April	378	451
Grant Funding of Capital Expenditure	195	19
Offset Depreciation on Grant-funded Assets	-32	-73
Reverse out effect of Amortisation on Grant-funded Deferred Charges	-90	
Balance as at 31 March	451	397

## 10.22 Unapplied Capital Contributions

The balance of £11,000 represents S106 contributions that will be spent on new fire hydrants.

## 10.23 Euro Costs

The Financial Systems used by the Authority are Euro compliant.

## 10.24 Revaluation Reserve

The closing position of the Reserve at 31 March 2009 shows revaluation gains accumulated since 1 April 2007. The revaluations relate to the Authority's three investment properties as well as the gain on the Authority's share of FRAML's capital and reserves.

	2007/08 £000	2008/09 £000
Balance as at 1 April	0	613
Revaluation of Assets	613	-176
Balance as at 31 March	613	437

## 10.25 Capital Adjustment Account

The Capital Adjustment Account will have a credit balance where capital finance has been set aside at a faster rate than fixed assets have been consumed. It will have a debit balance where fixed assets have been consumed in advance of their being financed. However, the balance on the account is affected by the decision to implement the Revaluation Reserve with a zero balance at 1 April 2007. The effect of this is to consolidate revaluation gains accumulated up to 31 March 2007 with the "capital financing vs. consumption" deficit.

	2007/08 £000	2008/09 £000
Balance as at 1 April	18,305	17,969
Revenue Financing of Capital including MRP	680	621
Depreciation / Amortisation	-1048	-1272
Government Grants Deferred Adjustment	32	73
Balance as at 31 March	17,969	17,391

### 10.26 Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve contains the proceeds from the sale of fixed assets, pending their use to finance capital expenditure. There has been no movement on this reserve during 2007/08 and 2008/09.

### 10.27 Appropriations to and from Reserves

	Transfers to / (from) Earmarked Reserves £000
IRMP Property Strategy	-140
Operational Equipment Reserve	-135
Detectors	-40
Regional Control Costs	40
Retained Pensions	250
Protective Equipment	500
Budget Carry Forward Reserve	210
	685

### 10.28 Earmarked Reserves

At the end of 2008/09 the Authority had earmarked reserves as set out below.

	Opening Balance	Transfers In / (Out)	Closing Balance	Purpose
Pension Reserve	1,514	110	1,624	To cover unbudgeted pension transfers and ill-health retirements
Budget Carry Forward Reserve	249	210	459	To roll forward specific budget lines where commitments have been made but expenditure has not yet been incurred by the close of the financial year
Regional Control Reserve	76	40	116	To meet costs associated with the transition to regional control
Detectors Reserve	40	-40	0	To provide on-going support to the Fire Prevention Programme as specific Government funding will no longer be available in future years
Operational Equipment Reserve	200	-135	65	To enhance operational response capabilities
Protective Equipment Reserve	285	500	785	To offset the costs of the replacement programme, which are estimated to be £785,000
Balance as at 31 March	2,364	685	3,049	

## 10.29 Notes to Cash Flow Statement

### i Restatement of Revenue Activities

Cash paid to and on behalf of employees and other revenue cash income have been restated for 2007/08 to reflect actual inflows and outflows. There is no effect on net cash inflow / outflow from revenue activities.

### ii Reconciliation of the Deficit on I&E to Net Cash Flow from Revenue Activities

Restated 2007/08 £000		2008/09 £000
10,559	Deficit for the year on Income and Expenditure Account	8,463
	<i>Remove Non Cash Transactions in I&amp;E</i>	
-15,972	FRS 17 Pension Entries	-15,045
29	Movement in Provisions	-36
-1,008	Depreciation	-1,214
-40	Amortisation	-58
32	Government Grants Deferred Credit	73
2	Share of FRAML profits	-
	Trading Company Transactions	-10
	<i>Add Cash Transaction not in I&amp;E</i>	
5,282	Pensions Paid	6,418
-4	Net Transfers	-294
	Movement in revenue items on an accrual basis	
25	Increase / (Decrease) in Stocks	-71
336	Increase / (Decrease) in Debtors	1,223
-6	(Increase) / Decrease in Creditors	287
147	(Increase) / Decrease in Income in Advance	-10
-281	Remove Interest Payable	-298
249	Remove Interest Receivable	166
5	Remove profit / loss on sale of Fixed Assets	2
-645	Net Cash Flow from Revenue Activities	-404

The figures for 2007/08 have been restated in line with the changed SORP guidance. The guidance replaces deferred charges with a new category of

expenditure: *Revenue Expenditure Funded from Capital under Statute*. This change has no impact on the net cash flow from revenue activities.

### iii Reconciliation of Net Cash Flow to Movement in Net Debt

	2007/08 £000	2008/09 £000	Movement £000
Cash and Bank	854	1,261	407
Investments	3,337	2,878	-459
Borrowing	-6,695	-8,042	-1,347
	-2,504	-3,903	-1,399

Increase in cash in the period	407
Cash inflow from increase in debt	-1,347
Cash inflow from decrease in liquid resources	-459
Movement in net debt for the period	-1,399
Net funds at 1 April 2008	-2,504
Net funds at 31 March 2009	-3,903

### iv Movement in Liquid Resources and Long-Term Borrowing

	2007/08 £000	2008/09 £000	Movement £000
Investments	3,337	2,878	-459
Long-Term Borrowing	-6,695	-8,042	-1,347

### v Definition of Liquid Resources

Liquid resources are short-term investments, which are disclosed on the face of the balance sheet.

### vi Analysis of Grants

Description	Revenue £'000	Capital £'000
Community Fire Safety	124	
Regional Control	117	
New Dimensions	36	
Regional HR		
Pension Top-up Grant	1,997	
S106 Contributions		5
	2,274	5

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## 11. Financial Statements for Firefighter Pension Fund

### 11.1 Financial Arrangements for the Firefighter Pension Schemes

Before April 1 2006, Fire Authorities suffered budgetary volatility due to fluctuations in the number of Firefighters retiring in any given year. To overcome this problem, Central Government decided that Fire Authorities must keep a separate Pensions Account from which pensions will be paid. On the income side, employer and employee contributions are paid into the account. Employer contributions consist of a flat rate contribution and an ill-health charge. Ill-health charges are spread over three years. Transfer values for firefighters that transfer into and out of the scheme are also posted to the account. If the account is in deficit at the end of the financial year, the Government will provide a top-up to bring the account into balance.

### 11.2 Pension Fund Account

2007/08 £'000		2008/09 £'000
	<i>Contributions Receivable</i>	
-2,757	Employer Flat Rate Contributions	-2,684
-98	Employer Ill-Health Contributions	-98
-1,488	Employee Contributions	-1,456
-133	Transfers In	-304
	<i>Benefits Payable</i>	
4,398	Pensions	4,844
1,577	Commutations and Lump Sum Benefits	2,158
118	Transfers Out	153
1,617	Net amount payable for the year	2,613
1,617	Top-up Grant Receivable	2,613
-	Balance on Account	-

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### 11.3 Net Assets Statement

2007/08 £'000		2008/09 £'000
516	Prepayment of April pension paid in March	425
276	Top-up Grant receivable from the Government	892
-792	Amount owing (to) / from the General Fund	-1,317
0		0

It should be noted that the Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 2008/09. These liabilities are shown in the Authority's main financial statements.

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## 12. Annual Governance Statement 2008/09

### 12.1 Scope of Responsibility

The Royal Berkshire Fire Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Royal Berkshire Fire 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.

In discharging this overall responsibility, the Royal Berkshire Fire 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.

The Royal Berkshire Fire 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 Royal Berkshire Fire Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### 12.2 The purpose of the governance framework

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.

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 Royal Berkshire Fire Authority'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.

The governance framework has been in place at the Royal Berkshire Fire Authority for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts.

The governance framework elements are set out in the table below.

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## ROYAL BERKSHIRE FIRE AUTHORITY

# Code of Corporate Governance

Governance is about how local government bodies, such as fire authorities, ensure that they do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and culture and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

This Code has been written using the framework and guidance published in 2007 by a joint working group sponsored by CIPFA and SOLACE, in which good governance is defined as:

1. *Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area*
2. *Members and officers working together to achieve a common purpose with clearly defined functions and roles*
3. *Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
5. *Developing the capacity and capability of members and officers to be effective*
6. *Engaging with local people and other stakeholders to ensure robust public accountability*

Within the framework, these six “core principles” have a number of supporting principles each of which in turn translates into a range of specific requirements that should be reflected in an authority’s code of governance.

This code, therefore, examines the core and supporting principles and sets out or points to the practices, procedures and documents that demonstrate the governance arrangements currently in place and how the Fire Authority proposes to review and improve those arrangements on a year-by-year basis.

**FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE  
COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA**

The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Self Assessment Score (1 to 5, Higher being better)	Plans for Improvement
Develop and promote the authority's purpose and vision.	<p>Used as a basis for:</p> <ul style="list-style-type: none"> <li>- corporate and service planning</li> <li>- shaping the community strategy</li> <li>- local area or performance agreements</li> </ul> <p>RBFA Corporate Plan 08/09 (includes Strategic Plan/Best value Performance Plan/Community Safety Plan)</p> <p>RBFA IRMP Action Plan 08/09 (including 5 year plan)</p> <p>Promoted through web site/consultation documents/precepting literature.</p>	4	Strategic aims have been reviewed (now strategic commitments) and updated to reflect changing statutory and societal factors (FRS Act 2004 s9/CAA)
Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements.	<ul style="list-style-type: none"> <li>- Governance code</li> </ul> <p>RBFA Executive and CFA review, annually, the strategic aims and monitor progress against the action plans. In addition the Authority has an Overview &amp; Scrutiny Committee, an IRMP Working Party (Member Led) and an Audit Committee which regularly consider the strategic issues relevant to their body and propose appropriate changes.</p>	4	<p>Strategic aims have been reviewed (now strategic commitments) and updated to reflect changing statutory and societal factors (FRS Act 2004 s9/CAA)</p> <p>Fire Authority structure under review with changes planned to reflect greater prominence of strategic asset management planning</p>

<p>Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.</p>	<p>- Partnership protocol. - Governance code.</p> <p>LAA/CAA agreements with Unitary partners Thames Valley Arson Liaison Partnership Community safety partnership activity is monitored by Community Safety Forum</p>	<p>3</p>	<p>RBFA Partnership Strategy to be published in Spring 2009 RBFA needs to continue to encourage other partners to work consistently towards agreed outcomes.</p>
<p>Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.</p>	<p>- Annual financial statements. - Annual business plan.</p> <p>Currently incorporated within Corporate Plan</p>	<p>3</p>	<p>An annual report is being developed for approval by the June Fire Authority</p>
<p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</p>	<p>This information is reflected in the authority's :</p> <ul style="list-style-type: none"> <li>- corporate plan</li> <li>- annual business plan</li> <li>- medium-term financial strategy</li> <li>- resourcing plan</li> </ul> <p>in order to ensure improvement.</p> <p>Local Performance Indicators are derived from extensive risk information managed and monitored through a comprehensive GIS system. This produces effective data and mapsets that are available to officers and public through RBFRS intranet/internet. allowing frequent (often daily) review.</p> <p>Regular reports are given to Members, particularly Overview &amp; Scrutiny.</p>	<p>5</p>	<p>Maintain performance management systems and culture at current high levels (Especially in the run up to and introduction of Regional Control Centres)</p>

<p>Put in place effective arrangements to identify and deal with failure in service delivery.</p>	<p>- Complaints procedure</p> <p>There is an effective complaints process.</p> <p>Performance Review department monitors operational effectiveness</p>	<p>4</p>	<p>The complaints process is very little used and therefore its effectiveness is difficult to ascertain. Revision of Authority Committees to include an Audit and Performance Review Committee, with a specific remit to consider organisational and operational and partnership performance and exceptions</p>
<p>Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.</p>	<p>- The results are reflected in authority's performance plans and in reviewing the work of the authority.</p> <p>RBFA are the second lowest precept cost in the CFAs (where information is available)</p>	<p>4</p>	<p>Maintain value for money and high performance levels despite the disappointing grant settlement.</p>

**MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE  
WITH CLEARLY DEFINED FUNCTIONS AND ROLES**

The code should reflect the requirement for local authorities to:	Source documents / good practice / other means that may be used to demonstrate compliance	Self Assessment Score	Plans for Improvement
Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice. Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers.	The statutory requirements for an executive do not apply to the Fire Authority but the roles of the Executive and other Committees and members are set out in the various sections of the RBFRS Handbook approved at the June 2007 meeting of the Fire Authority.	3	Significant changes are proposed to improve the committee structure and operations of the Fire Authority. This will include revised ToR for each committee, job descriptions/role maps and guidance for Member Champions and other Member roles
Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.	<ul style="list-style-type: none"> <li>- Constitution</li> <li>- Committees powers and duties</li> <li>- Standing Orders</li> </ul> <p>Standing Orders (generally and from ASD1 to ASD 90 in particular refer to delegated powers)</p>	4	Regular review and update as required
Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational Management.	<ul style="list-style-type: none"> <li>- Conditions of employment</li> <li>- Scheme of delegation</li> <li>- Statutory provisions</li> <li>- Job descriptions/specification</li> <li>- Performance management system</li> </ul> <p>Job Description and delegated powers, (annual appraisal process and performance related pay)</p>	4	Performance management process is currently being reviewed following the last appraisal of the CFO by the Chairman and Vice Chairman of RBFA.

Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	The Chief Fire Officer and the Chairman of the Authority have regular meetings and have a good working and professional relationship.	4	Maintain effective communication with actions as required.
Make a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	- Section 151 responsibilities - Statutory provision - Statutory reports - Budget documentation - Job description/specification  Authority Treasurer and Head of Financial Services Job Description	5	Monitor & Review as Necessary
Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	The Fire Authority has appointed a Clerk and Monitoring Officer who has these responsibilities through a specific Job Description and relevant statutory provisions	5	Job Description to be kept under review
Develop protocols to ensure effective communication between members and officers in their respective roles.	A Member/Officer Protocol was recently approved by the Authority in June 2007 (Members Handbook)	5	Protocol to be kept under review
Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable)  Ensure that effective mechanisms exist to monitor service delivery?	- Pay and conditions policies and practices  Members scheme of allowances and expenses. RBFA is not required to have a remuneration panel, but it does voluntarily submit its proposals on Member remuneration to the Standards Committee for comment prior to approval by the CFA  Officers Performance Development Interviews include targets set against service performance.	4	Performance management process is currently being reviewed following the last appraisal of the CFO by the Chairman and Vice Chairman of RBFA.  The current scheme of allowances is in the process of review and will be assessed by an Independent assessor, whose recommendations will be considered by the standards committee prior to submission to the annual fire authority meeting

<p>Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.</p>	<p>RBFA Corporate Plan 08/09 (includes Strategic Plan/Best value Performance Plan/Community Safety Plan)  RBFA Integrated Risk Management Plan Action Plan 07/08 (including 5 year plan)  Promoted through web site/consultation documents/precepting literature</p>	<p>4</p>	<p>There are difficulties as the public are becoming increasingly averse to responding to consultation (two responses from 500,000 plus precepting leaflets)</p>
<p>When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority.</p> <p>When working in partnership:</p> <p>Ensure that there is clarity about the legal status of the partnership.</p> <p>Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.</p>	<p>Protocols for partnership working. For each partnership there is:</p> <ul style="list-style-type: none"> <li>- a clear statement of the partnership principles and objectives.</li> <li>- clarity of each partner's role within the partnership.</li> <li>- definition of roles of partnership board members.</li> <li>- line management responsibilities for staff who support the partnership.</li> <li>- a statement of funding sources for joint projects and clear accountability for proper financial administration.</li> <li>- a protocol for dispute resolution within the partnership.</li> </ul> <p>RBFA Partnership Strategy  LAA/CAA agreements with Unitary partners  Thames Valley Arson Liaison Partnership  Community safety partnership activity is monitored by the Community Safety Forum</p>	<p>3</p>	<p>RBFA needs to continue to encourage other partners to work consistently towards agreed outcomes. There also needs to be greater clarity as to how the Fire National Indicators, and other significant local indicators, are to be incorporated in the LAA process.</p> <p>The effectiveness of partnerships will be monitored as part of the remit of the proposed APR committee</p>

**PROMOTING VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR**

The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Self Assessment Score	Plans for Improvement
Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	Members Handbook (PRO 26) and Brigade Charter	5	Endeavour to maintain open communications and good working relationships at current levels
Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.	Members'/officers' code of conduct Performance management systems. Performance appraisal. Complaints procedures. Anti-fraud and corruption policy. Member/officer protocols. Standards Committee	4	Endeavour to maintain open communications and good working relationships at current levels
Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	Standing orders Codes of conduct Financial regulations Equality & Diversity Training Standards Committee Declarations of Interest	5	
Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.	Codes of conduct Complaints procedures Brigade Charter Regional IdEA training Aspire Leadership Model (officers) Transformational Leadership Training (Officers)	4	Develop further leadership training for Members, Officers and Staff.  Develop better communication channels with the public, especially with underrepresented groups
Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.	Statutory code of conduct for Members and code of conduct for officers.	4	Intention to review ethical guidance (e.g. standing orders, financial regulations & contract procedure rules). Consideration will also be given to using the ethical governance toolkit.

Develop and maintain an effective standards committee	Statutory powers Terms of reference Regular reporting and attendance by Independent Members at Executive and Fire Authority meetings Independently chaired	5	New standards committee have been appointed and TOR reviewed
Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.	Inclusive decision-making processes (Round Table/Fire Liaison Group) Brigade Charter Reports show assessment against Partnership for Common sense	4	Continue to improve the already good internal communications and working relationships  Future Focus Forum and other staff meetings are held regularly
In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively	Draft Partnership Strategy	3	Strategy for partnership working Endeavour to ensure that partnerships agreements are based on shared ethical values

**TAKING INFORMED AND TRANSPARENT DECISION WHICH ARE SUBJECT  
TO EFFECTIVE SCRUTINY AND MANAGING RISK**

The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Self Assessment Score	Plans for Improvement
Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible.	Scrutiny is carried out by the Over view & Scrutiny Committee which meets regularly and has similar powers to those contained in the Local Government Act 2000 (Terms of Reference in Members Handbook	4	The committee structure is under review and will re-align functions and responsibilities. Although not required to have a scrutiny committee, as we do not operate executive arrangements the proposed structure will continue to include a scrutiny role.
Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decision are based.	Minutes are taken for all Fire Authority and Committee meetings. These and the relevant Agendas and supporting reports are available on the Authority's website as well as in manual format.	5	
Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	Members' code of conduct Officers code of conduct Member/Officer Protocol Declaration of Interest	5	
Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee.	Audit Committee established in 2007 with terms of reference set out in the Handbook.	5	This function to be subsumed into Audit and Performance Review Committee
Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.	There is an effective complaints process.	4	Low number of complaints therefore process has not been extensively tested

Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.	Standard report template Scrutiny of quality of papers by OSC	4	Continue to monitor quality and effectiveness of reports
Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.	All reports have standard paragraphs for advice from the Chief Fire Officer, the Authority Treasurer and the Clerk and Monitoring Officer	4	Changes have been made to meeting structure to ensure more frequent meetings to consider nascent reports. Committee Manager has developed and maintains a forward plan.
Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs.	Risk Management Group Risk Management Register Risk management section on all reports Regular reports to SMT and Fire Authority Financial standards and regulations.	4	Structural changes have been made to Risk Management Group (now chaired by CFO)
Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.	Confidential Reporting Policy (Whistle-blowing policy)	4	This has been little used and is therefore difficult to evaluate
Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.	Constitution Delegations to Officers Monitoring Officer's advice CFA has no power of 'wellbeing'	4	Continue to ensure that Members are advised and trained as to the legal parameters of their actions/decisions
Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.	Constitution Delegations to Officers Monitoring Officer's advice CFA has no power of 'wellbeing'	4	Continue to ensure that Members are advised and trained as to the legal parameters of their actions/decisions

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<p>Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision-making processes.</p>	<p>Monitoring officer provisions Job description/specification Statutory duties under Fire Safety Order and Fire &amp; Rescue Services Act 2004</p>	<p>4</p>	<p>Issue of statutory duties is still moot as there is currently a difference of opinion between government and Fire Authorities over statutory duties for rescue from floodwaters.</p>
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## DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Self Assessment Score	Plans for Improvement
Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	Induction programme offered Update courses/information made available	3	Members are appointed from other Authorities and better liaison regarding Member training needs to be developed. Fire specific training can then be supplied as needed.
Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.	Job description/personal specifications Delegated powers Rigorous selection process Performance development process CMO appointed at Director level	4	Continue to monitor job descriptions through appraisal process
Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	Officers have a sophisticated learning and development plan linked to their appraisals (PDI)	4	Members are appointed from other Authorities and better liaison regarding Member training needs to be developed. Fire specific training can then be supplied as needed.
Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.	Training and development plans should reflect requirements of a modern councillor including : <ul style="list-style-type: none"> <li>- the ability to scrutinise and challenge.</li> <li>- the ability to recognise when outside advice is required.</li> <li>- advice on how to act as an ambassador for the community.</li> <li>- leadership and influencing skills.</li> </ul>	3	Members are appointed from other Authorities and better liaison regarding Member training needs to be developed. Fire specific training can then be supplied as needed.

<p>Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.</p>	<p>Overview &amp; Scrutiny Standards Committee</p>	<p>4</p>	<p>The fire authority does not operate executive arrangements but decisions of, and reports to, the Executive Committee are considered by the Overview &amp; Scrutiny Committee and will continue to be scrutinised under the proposed new committee structure. Further a Member Development Champion is proposed to address the issue of Member Training</p>
<p>Ensure that effective arrangements are in place that are designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.</p>	<p>Local Area Forums already exist within RBFA's constituent unitary authorities. The Authority consults widely on its Service Delivery (IRMP) and is involved as a partner in many local events (Newbury Show, Slough Mela, etc). The Authority also undertakes many local community safety initiatives w(often in partnership) from the fitting of child safety seats to home fire risk assessments. These activities are risk based and overseen by the Member led Community safety Forum</p>	<p>4</p>	<p>There are potential dangers in forming parallel public involvement processes within the Unitary areas.</p> <p>The proposed 'reference group' for assessing people impact assessments will form such a group.</p>
<p>Ensure that career structures are in place for members and officers to encourage participation and development</p>	<p>Members are elected not selected and therefore career structures do not apply</p> <p>There is a robust career development system for operational officers the training needs are recognised through the appraisal system.</p>	<p>3</p>	<p>Succession management is difficult to manage in a relatively small single purpose organisation</p>

**ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO  
ENSURE ROBUST PUBLIC ACCOUNTABILITY**

The code should reflect the requirement for local authorities to:	Source documents/good practice/other means that may be used to demonstrate compliance	Self Assessment Score	Plans for Improvement
<p>Make clear to themselves, all staff and the community to whom they are accountable and for what.</p> <p>Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.</p>	<p>Delegated Powers within Members Handbook</p> <p>Clear Committee and Working Party Structures and Reporting Lines</p>	3	<p>A Member Development Champion is to be appointed to act as a lead on this issue</p>
<p>Produce an annual report on the activity of the scrutiny function.</p>	<p>Annual report produced</p>	5	
<p>Ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively.</p> <p>Hold meetings in public unless there are good reasons for confidentiality.</p> <p>Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p>	<p>Operational and community safety strategy based on risk profiles, through the IRMP'</p> <p>Meetings are held in public.</p> <p>Community Liaison Officer appointed and Equality and Diversity level 3 is being sought through a regional initiative.</p>	3	<p>Further work to improve equality and diversity level</p> <p>Difficulty in communicating with a public that is increasingly consulted on a wide range of issues.</p> <p>A Community Champion is to be appointed to act as a lead on this issue</p>

Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.	Communications strategy IRMP Consultation Policy	2	A broader consultation policy would be beneficial but there are difficulties in deciding what issues could and should be taken to the public, particularly in the light of the public's 'consultation fatigue' noted above.
On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.	Corporate plan Annual IRMP action plan IRMP 5 Year Plan Financial Accounts	5	Proposals for changing the format and content of these publications is to be taken to the 2009 AGM, including a more accessible Annual Report
Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	Constitution Partnership for Common Sense Brigade Charter Fire Liaison Group Round Table	4	Authority to develop and publish a statement of principle regarding openness and transparency
Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.	Partnership for Common Sense Brigade Charter Fire Liaison Group Round Table	4	Authority to develop and publish a statement of principle regarding openness and transparency

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## 12.3 Review of Effectiveness

The Royal Berkshire Fire 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 managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

During 2008/09 a number of enhancements have been made to the governance arrangements.

The most significant activity has been the continued development of the Audit Committee with the remit:

- To consider the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements
- To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors
- To be satisfied that the Authority's assurance statements, including the Statement of Internal Control, properly reflect the risk environment
- To approve internal audit's strategy, plan and monitor performance
- To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary
- To receive the annual assurance report from the internal auditors
- To consider external audit reports

The Fire Authority has maintained its internal control role:

- It has adopted a revised Risk Management Policy
- It has reviewed the risk register and progress in risk management
- It now receives regular risk management reports
- It has approved a budget bid for an additional post in the finance section which enable senior managers to develop risk management

The Risk Management Group has reviewed each risk on the risk register and the results have been reported to the Executive Committee

The Standards Committee has reviewed changes to the Members Code of Conduct, declarations of interest and complaints handling

The terms of reference of the Standards Committee have been reviewed.

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Bentley Jennison have continued their contract as the Authority's new internal auditors

- Their overall audit opinion is "We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Royal Berkshire Fire and Rescue Service's arrangements"

Controls relating to retained firefighters pay have been enhanced through the electronic recording and authorisation of activities

Tendering has become more robust as a result of using regional expertise

A new stock system has been implemented to improve controls

The CPA score for internal control was only a 2, but it is expected to improve as measures become "embedded"

As a result of the work undertaken by the management team, the Internal Auditors, the External Auditors and our own Overview Performance and Audit Committee plans are in place to address the weaknesses identified and ensure continuous improvement of the governance system is in place.

## 12.4 Significant Governance Issues

The table below sets out the plan to address governance issues identified during 2008/09:

	<b>Issue</b>	<b>Action</b>	<b>Lead</b>	<b>By when</b>
1	Continue to develop and embed governance processes for performance and risk management	Develop the role and work of the Audit Committee or any successor committee	AT	Ongoing
2	Improve the strategic management of risk	Revised Risk Management Group, chaired by the Chief Fire Officer, reporting to Corporate Management Team	CFO	First meeting June 11 2009
3	Ensure that all partnership arrangements are supported by appropriate governance arrangements	Arrangements to be audited	DCFO	Spring 2009
4	Improve the CPA score for internal control	It is anticipated that the score will improve in the 2009 CPA exercise as a result of the embedding of measures already taken	AT	February 2010
5	Develop a strong counter-fraud culture supported and promoted by members and senior officers	Become more pro-active & allocate resources	AT	December 2009
6	Follow up NFI 2009 matches	Matches will be investigated	AT/Internal Audit	September 2009
7	Review ethical guidance	Use ethical governance toolkit	ACMO	March 2010
8	Increase management resources for risk management	Appoint to new accountant post approved as part of 2009/10 budget	AT	July 2009

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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:.....

Dr Paul Bryant  
Chairman of the Royal Berkshire Fire Authority

Signed: .....

Iain Cox  
Chief Fire Officer of the Royal Berkshire Fire Authority