

BUCKINGHAMSHIRE & MILTON KEYNES COMBINED FIRE AUTHORITY

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Responsibilities of the Treasurer

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 in Great Britain ('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 2005.

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.

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.

Certificate of the Treasurer

I hereby certify that this Statement of Accounts for the year ended 31 March 2005 has been prepared in accordance with the Accounts and Audit Regulations 2003 and that it fairly represents the financial position of the Authority as at 31 March 2005.

J Yates CPFA
Interim Treasurer

Date: 22nd February 2006

Approval of the Statement of Accounts

I confirm that this Statement of Accounts has been approved by the Finance and General Purposes Committee at its meeting held on the 22nd February 2006.

D Rowlands
Chairman

Date: 22nd February 2006

Independent Auditor's Report to Buckinghamshire and Milton Keynes Fire Authority

I have audited the statement of accounts on pages 12 to 33 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 3 to 7.

This report is made solely to Buckinghamshire and Milton Keynes Fire Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective responsibilities of the Treasurer and Auditor

As described on page 2 the Treasurer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts presents fairly the financial position of the Authority and its income and expenditure for the year.

I review whether the statement on internal control on pages 8 to 11 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA 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 whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements, 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 statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In my opinion the statement of accounts presents fairly the financial position of Buckinghamshire and Milton Keynes Fire Authority as at 31 March 2005 and its income and expenditure for the year then ended.

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.

Signature:

Date:

A P Burns
District Auditor
Unit 5, Isis Business Centre
Horspath Road
Cowley
Oxford, OX4 2RD

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES AND ACCOUNTING POLICIES

The accounts have been prepared in accordance with the latest Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of Financial Reporting Standards.

2. BALANCE SHEET

The Balance Sheet comprises the balances of all services and funds of the Authority. The Balance Sheet reflects the value of the Authority's assets at 31 March 2005.

3. FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to the service revenue account and expenditure below a de-minimus level of £6,000.

The freehold and leasehold properties which comprise the authority's property portfolio have been valued as at 31 March 2005 by external independent valuers - Bruton Knowles - on the undermentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institute of Chartered Surveyors (RICS). Some information, however, has been obtained from existing records or site plans without, in the majority of cases, a detailed site survey.

Major items of plant and machinery and furniture and equipment are included in the valuation of the buildings.

Properties regarded by the authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no evidence of market value of suitably comparable properties, or where the asset is of a specialised nature, the depreciated replacement cost.

Properties regarded by the authority as non-operational have been valued on the basis of open market value.

Fixed assets are revalued each year. All changes in Asset Values are recorded in the Fixed asset Restatement Reserve.

Vehicles are valued at net book value based on historic cost. Charges made to the Revenue Account are made in accordance with the Code of Practice on Local Authority Accounting Statement of Recommended Practice.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and forms part of the Capital Financing Reserve, and has not been used, is included in the balance sheet as usable capital receipts.

4. DEPRECIATION

Under accounting standard FRS15 all assets are required to be depreciated over their remaining useful life.

All assets are depreciated on a straight line basis over their remaining useful life, charging an equal amount to every year. The useful lives of fixed assets vary according to the category type.

- Building lives are calculated at each revaluation, and updated as necessary
- Land is not depreciated

- Vehicles and Operational Equipment lives are determined at the time of purchase, and vary according to type
- Equipment is depreciated over 3 to 5 years
- Assets Under Construction are not depreciated

5. CHARGES TO REVENUE FOR USE OF FIXED ASSETS

All services are charged for their share of the fixed assets they use. The amount charged is calculated as being depreciation plus a notional interest charge. The notional interest charge is a prescribed percentage of the Net Book Value. In 2004/05 this was 3.5% for assets carried at current value.

6. TREATMENT OF CAPITAL RECEIPTS

Income from the disposal of fixed assets is accounted for on an accruals basis. Income that is not reserved for the repayment of external loans and has not been used is included in the balance sheet as usable capital receipts.

FRS3 (Financial Reporting Standard) requires profits or losses arising from the sale of capital assets to be brought into the revenue account. It is not possible for the Combined Fire Authority to comply with this requirement, as the legislation governing the application of capital receipts by local authorities does not empower the Authority to credit them to the Revenue Account.

Note 12 to the Balance Sheet on page 30 sets out how the Authority applied the proceeds from the sale of assets together with other capital related income.

7. IMPAIRMENT

The value of each fixed asset is reviewed at the end of each financial year, in order to ascertain whether an impairment of an asset has occurred, for the relevant accounting entries to be made. There are no impairment issues for 2004/5.

8. DISCONTINUED OPERATIONS

Any income or expenditure directly related to discontinued operations is to be shown on the face of the revenue account, along with liabilities to be disclosed in the balance sheet. There are no entries to record.

9. BASIS OF PROVISION FOR REDEMPTION OF DEBT

Loans raised by the Authority are repaid from the Capital Financing Reserve, which receives a statutory annual revenue contribution for that purpose. Interest payable on these loans is charged to the Asset Management Revenue Account.

10. INTEREST ON BALANCES

The interest earned on the day-to-day management of the Authority's surplus cash balances is credited directly to the Revenue Account.

11. BASIS OF VALUATION OF STOCKS

Stocks are valued at the lower of cost or net realisable value.

12. BASIS ON WHICH DEBTORS AND CREDITORS AT THE YEAR END ARE INCLUDED IN THE

ACCOUNTS

All transactions are generally recorded on a system of income and converted payments. Sums due to the Authority are brought into account at the time they are due; amounts which have not been received at the year end appear in the balance sheet as debtors. Relevant items paid during the first weeks of the following year and significant items outstanding at the year end are converted to expenditure and included in the Balance Sheet as creditors.

This treatment complies with the accruals concept set out in FRS 18.

13. RETIREMENT BENEFITS

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 responsibility to make the payments which needs to be disclosed at the time that employees earn their future entitlement.

The Combined Authority participates in two different pension schemes, which meet the needs of employees in particular services. All the schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Uniformed Fire-fighters

This scheme is unfunded and the charge to the accounts represents the net cost of pensions and other benefits after allowing for contributions made by employees for the year. Under the guidance of Best Value Accounting Code of Practice, the cost of the uniformed Fire Fighters pension scheme is now allocated to services.

Local Government Pension Scheme

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pensions 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 employees.

FRS17 has been fully adopted in the accounts. FRS17 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.

Details of which are disclosed in note 15 to the Balance Sheet (page 31).

14. DEFINED BENEFIT SCHEMES

As stated in 13 above, the defined benefit schemes the authority participates in, are the Local Government Pension Scheme and the Fire Fighters Pension scheme. The Fire Fighters pension Scheme is unfunded and therefore has no assets.

The net liability of both schemes is shown in the balance sheet.

15. PROVISIONS AND RESERVES

Provisions represent liabilities that will be incurred in the future, where the amount or date of payment is uncertain. All provisions are reviewed and adjusted each year.

Reserves are amounts of money set aside contingency purposes. The non ear marked reserves created represent 6.47% of the base budget.

Section 25 of the Local Government Act 2003 requires the Treasurer to report to the Full Authority on the robustness of estimates and adequacy of reserves allowed for in the budget proposals. The Authority will consider this each February as part of the budget setting process.

The Fire Authority has a number of provisions and reserves, details of which appear in notes 10 through to 13 to the Balance Sheet (pages 29-30).

The Statement of Total Movement in Reserves is on page 33 and shows the annual movement of revenue reserves, capital reserves and pension fund reserves.

16. RELATED PARTY TRANSACTIONS

All Fire Authority Councillors and senior officers of the Authority have been asked to declare any transactions with the Fire Authority by themselves, their close family, or any organisation that they are involved with. The disclosure in note 7 to the revenue account (page 21) is based on those responses received by the Treasurer.

17. CONTINGENT LIABILITIES

The Authority is required to disclose any potential obligation, which may require payment or a transfer of economic benefit. At the time of closure no contingent liabilities existed.

18. GOVERNMENT GRANTS

Government grants received are matched with the expenditure to which they relate. The grant is credited to the revenue account for the period to which they are payable.

19. TREATMENT OF OVERHEADS

All support service costs are allocated to their users on an appropriate basis in line with Best Value Accounting Code of Practice.

20. LEASES

The Authority in 2003/4 entered into a finance lease with Opus Housing Association in respect of the sale and lease back of the Gerrards Cross houses. The liability of the finance lease has been treated as a long term liability and is detailed in note 9 on page 29.

Operational leases are accounted for in accordance with SSAP 21. They are not capitalised, and rents payable are charged to Revenue.

21. CONTINGENT ASSETS

Under the contract with Opus Housing Association following the sale of Beaconsfield and Gerrards Cross Houses, the Authority have overage rights relating to both sites. If the housing association develops either site, the association shall pay 25% of the market value of the relevant residential units or as the case may be, the enhanced value of the relevant property to the Authority.

If the Association have not developed the site within five years of the agreement date (9th February, 2004), the Authority can invoke an option notice, which permits the Authority to purchase the development site free from incumbrances at the original sale price plus RPI.

22. DEFERRED PURCHASE AGREEMENT

In 2001, the Authority entered into a development agreement, whereby a new headquarters site,

workshops and fire station would be provided in exchange of the old Cambridge Street Site.

In December 2003, the Authority received transfer of title of the land at the New Headquarters site at Stocklake, valued at £500,000. This land value is recognised in the fixed assets valuation. The completion of the headquarters development was achieved on 18th April 2005.

Although the development is at no cost to the Authority, as the time scales have overlapped 3 financial years, the development agreement is considered to be a deferred purchase agreement.

STATEMENT OF INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Buckinghamshire & Milton Keynes Fire Authority (The 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 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, Buckinghamshire & Milton Keynes Fire Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the authority's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realised and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Buckinghamshire & Milton Keynes Fire Authority for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts and except for the details of significant internal control issues at section 5, accords with proper practice.

3. THE INTERNAL CONTROL ENVIRONMENT

The specific guidance to support the Authority's governance includes:

a) **Integrated Risk Management Plan (IRMP)**

The IRMP is a detailed risk assessment of operational risk and safety critical issues in the community and proposed solutions to managing them.

The Plan has been revised this year to incorporate the Buckinghamshire Fire & Rescue Service Corporate Strategy Plan.

The IRMP has been extended to include other actions to address strategic risks facing the Authority. These strategic risks will include: -

- Political and Legal Risk – possible failure to deliver either local or central government policy or possible breaches of legislation.
- Economic and Financial Risk – possible risks associated with the Authority's financial position i.e. loss of government grant or service overspends.
- Technological Risk – the capacity of the Authority to deal with technological change and the possible failure of IT systems
- Citizen Risk – the failure to meet the changing needs and expectations of its citizens.
- Reputational Risk – events impacting on the Authorities reputation.
- Contractual Risk – failure of contracts.

The IRMP has been divided into Key Task Areas to address identified risks and co-ordinated project plans for each area have been produced to address those risks.

b) **Best Value Performance Plan**

This year a separate Best Value Performance Plan has been produced. The plan is available on the Buckinghamshire Fire & Rescue Service web page and reports on our performance against statutory Best Value Performance Indicators over this year and looks ahead to future years. The plan shows that compared to all fire authorities in England & Wales our overall performance is good and improving.

c) **Strategic Policy for Risk Management**

The Authority is currently finalizing a Corporate Risk Register, which includes the allocation of a responsible officer for all identified risks.

d) **Policy Led Budget Process**

The Authority's Capital Programme and Revenue Budget are agreed by Members of the Authority to incorporate the policy priorities identified by the Authority. In doing so the Authority will be continuing with its policy of seeking value. This year the process was improved by the introduction of a requirement for all cost centre managers to produce a schedule of proposed growth items, split into categories of essential and desirable growth and prioritised by the risk of not achieving the growth. The same principal was applied to the identification of efficiency savings in line with the Government requirements.

In addition, capital project option appraisal sheets were produced identifying the revenue implications of the capital programme and to meet the requirements of the CIPFA Prudential Code. This work will be extended in the next financial year.

Although audit inspections have expressed concerns with the Authorities budget monitoring procedures, this has been as a result of the implementation of a new financial information system. Work is ongoing to resolve issues and new budget monitoring systems have been implemented and will be subject to further close inspection to ensure effective budget monitoring is taking place. This is being supported and monitored on a monthly basis by the Budget Monitoring Group.

The Authority's Area Manager - Finance, regularly monitors the Authority's budget and capital programme. A consolidated report is submitted regularly to the Authority's Financial & General Purposes Committee showing the anticipated outturn.

e) **Financial Regulations and Standing Orders for Contracts**

The Authority's standards and procedures for maintaining the management of its affairs are contained within its Standing Orders and Financial Regulations. The Treasurer ensures compliance with sound financial administration standards with the requirements in the Prudential Code for Capital Financing and the Authority's Treasury Strategy Policy.

Financial Regulations and Instructions are in the process of being updated to reflect changes arising from the implementation of SAP, the Authority's new financial accounting system.

f) **Other Specific Corporate Policies**

The Authority has an Anti Fraud and Corruption Policy together with a Hearing Peoples Concerns Policy (Whistleblowing Policy). These policies are being comprehensively reviewed and extended next financial year and this suite of policies extended to include a complaints policy and a money laundering policy.

g) **Code of Conduct Staff and Elected Members**

The Human Resources Department commenced work on the a code of conduct for staff but the Authority has had a Code of Conduct for Members since 2002.

h) **Human Resources Strategy and Disciplinary Framework**

This outlines the Authority's policy on recruiting, retaining and developing staff and ensuring compliance with employment legislation. Further work has continued this year to formalize an overall personnel strategy. Additionally a complete review of the authorities internal discipline policy has been undertaken.

With the continued development of the Integrated Personal Development Strategy (IPDS) a much greater emphasis is now being placed on the development of managerial skills and now ensures that newly promoted staff receive structured and

timely training.

From April of this year a new organization structure was effective. The revised brigade structure provides a more clearly accountable division of responsibility across the whole authority.

4. REVIEW OF EFFECTIVENESS

Buckinghamshire & Milton Keynes Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and also by comments made by external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

In 2004/05, further work was undertaken on formalizing this process with the Treasurer, the Monitoring Officer and the Director of Governance conducting regular reviews that took into account the continuous exposure to the control environment during the year. The review is also informed by the work of the internal auditors and by comments made by the external auditors.

The Authority has been subject to continuous review this year. In February of this year the Authority was subject to the Comprehensive Performance Assessment (CPA). The result of the assessment was announced in July 2005 and the Authority was judged to be weak. As a result of this an extensive improvement plan has been drawn up in consultation with the Office of the Deputy Prime Minister (ODPM) support team and has now been approved by the ODPM, HMI, Audit Commission and the Combined Fire Authority. The responsibility for the key areas for improvement have been assigned to senior officers in the Brigade and progress against the improvement plan is monitored monthly by the Chief Officers Forum and quarterly by representatives from the ODPM, HMI and the Audit Commission.

Internal Audit's review of the Authority took place during January and February 2005 and gave an overall opinion of poor. It was found that in many areas controls were adequate or good but due to the difficulties with the implementation of the new SAP accounting system the overall opinion was poor. Comprehensive measures have been introduced to address the report and the latest internal review carried out in November 2005 revealed that the overall opinion has risen to adequate.

5. SIGNIFICANT INTERNAL CONTROL ISSUES AND FUTURE ACTION

Continued progress has been made in a number of areas, however new issues have arisen and there are some systems that are not fully embedded in the organization and where action is needed to continue the improvements.

Medium Term Plan and Budget

A review of the Authority's budgeting process was undertaken during the 2004/05 financial year to assess the effectiveness of the service prioritisation and resource planning and allocation. Some improvements to the process were made but it is planned to develop the process further and improve budget monitoring which was considered to be weak by both the CPA and the internal auditors. The roll out of the new financial information system across the Authority and a more formalized budget monitoring system is being developed and monitored for effectiveness.

Action; Area Manager - Finance and Director of Governance

Risk Management

- To build on the work already commenced and develop the IRMP to include other strategic risks.
- To produce a Risk register and to allocate the management of identified risks to senior members of the Authority to monitor and manage.
- Further training for Members and Managers to ensure that awareness and management of risk is an integral part of the management and planning activity.

Action: Director of Governance

Governance Issues

- Review the effectiveness and comprehensive nature of financial monitoring and financial management skills and implement identified improvements.
- Review the Financial Regulations and procedures.

Action: Treasurer, Area Manager - Finance.

- The Terms of Reference for the Committees of the Authority have been reviewed this year resulting in a new structure for decision-making. As this structure is in its infancy it is being closely monitored to ensure these new arrangements meet the authorities requirements and provide an effective decision making system.

Action: Monitoring Officer, Director of Governance

- Obtain sign off from the Chief Officers, Senior Managers and Members of the Authority with respect to compliance with statute and the Authorities procedural requirements.

Action: Monitoring Officer, Director of Governance

- Review reporting to the Authority to inform Members of compliance with the requirements of the internal control environment.

Action: Monitoring Officer, Director of Governance

Signed _____
Damian Smith

Dated _____
Chief Fire Officer

Signed _____
Jackie Yates

Dated _____
Treasurer

Signed _____
John Moffoot

Dated _____
Monitoring Officer

Signed _____
David Rowlands

Dated _____
Chairman

EXPLANATORY FOREWORD AND FINANCIAL COMMENTARY

1. INTRODUCTION

The Buckinghamshire and Milton Keynes Combined Fire Authority, was constituted on 1 April 1997, under the Buckinghamshire Fire Services (Combination Scheme) Order 1996.

For the purposes of preparing these Accounts the Combined Fire Authority (CFA) has to be treated as a Local Authority. Therefore the Authority's accounts for the period ended 31 March 2005 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in Great Britain"

The Authority's accounts for 2004/2005 are set out on pages 15 to 36 and consist of: -

- Combined Fire Authority Revenue Account, which shows details of the income and expenditure of the Fire Authority.
- Balance Sheet, setting out the financial position of the Fire Authority on 31 March 2005;
- Cash Flow Statement summarising the overall movement of all the Authority's cash during the year:
- Statement of Total Movement in Reserves

These accounts are supported by the Statement of Accounting Policies and various notes to the accounts. In addition a glossary of terms is provided, on page 37, to provide explanations of the terminology used.

This foreword and commentary provides a brief outline of the events affecting the Authority in 2004/2005 and the Authority's financial position generally.

2. REVENUE BUDGET

The Budget

At its meeting on 20 February 2004, the Fire Authority approved a Revenue Budget for 2004/2005, amounting to £23,084,000.

Final Accounts

The Combined Fire Authority achieved an under spend of £1,032,424 in 2004/2005 of which £50,000 has been transferred to ear -marked reserves and the balance of £982,424 has been transferred to non earmarked reserves.

A summarised statement of the actual income and expenditure for 2004/2005 is set out on page 15 and compared to the original budget for the year. Further details are provided on pages 18 to 23.

Summarised statement of income and expenditure for 2004/2005

Service	Budget £000	Actual £000	Variation £000	%
Central Services	3,430.8	2,671.2	(759.6)	(22.1)
Community Fire Safety	1,351.0	1,285.3	(65.7)	(4.8)
Fire Fighting and Rescue Operations	18,339.2	17,683.8	(655.4)	(3.57)
Other Operating Income and Expenditure	(37.0)	365.0	402.0	1082
Total Net Expenditure	23,084.0	22,005.3	(1,078.7)	(4.67)
Sources of Finance				
General Government Grants	4,010.6	4,010.6	-	-
Non-Domestic Rates Distribution	6,668.4	6,668.4	-	-
Precepts	12,405.0	12,358.8	46.2	0.4
Total Contributions	23,084.0	23,037.8	46.2	0.2
Total Under spend	-	(1,032.5)	(1,032.5)	(4.47)

This year is the first year as a precepting authority.

When setting the budget for 2004/5, the council tax base figures provided by the ODPM were used to calculate the precepts due. Unfortunately, the Authority should have used the District councils' tax base figures. This has created a deficit in the level of funding of £46.2k.

Central Services

The under spend for central services can be largely aligned to an over achievement of interest on balances of £324k, an under spend on capital charges by £163k, an under spend on Corporate and democratic core of £547k largely due to internal recharges. These under spend have been offset against an overspend on FRS 17 pensions by £358k and other overspends of £42k.

Community Fire Safety

The under spend of 65.7k is attributable to vacancies within this division.

Fire Fighting and Rescue Operations

There is a significant under spend within this heading for Operational Support. The £648.5k is mainly attributable to vacancies held through out the year particularly for Marlow and Chesham and the Deputy Chief Fire Officer's post. Additionally through out the year, there has been a time delay in recruitment to vacant posts following retirement or transfer of employees. The financial impact of these vacancies can build up significantly through out a financial year.

Other Operating Income and Expenditure

The over spend is attributable to both Workshops and the Business Unit. Unfortunately work shops could not recover all of their costs through the internal recharge system as a major element of this is for the hours spent on the kitting out of new appliances. This cost will be capitalised in future years. The business unit is the administrative function of the trading accounts', which although the

costs are significantly lower than the previous year, the budget need realignment to prevent further over spends.

3. CAPITAL EXPENDITURE

During 2004/2005 the Authority made capital payments totalling £1,946,489, against an approved programme of £2,988,000. Capital expenditure relates to the provision of assets, which will be of long term benefit to the Fire Authority.

The Authority's capital expenditure in 2004/05 was financed by the use of the supported capital borrowing (£626,000) and capital receipts generated from the disposal of assets (£927,496) and revenue contribution to capital (£48,863). The unfunded expenditure of £344,130 is in respect of capital accruals.

A summary of the Authority's capital expenditure and approved budget for each of the schemes, is detailed below.

Full details of capital expenditure and its financing are contained on page 26.

Summary of Capital Expenditure for 2004/5

Capital Scheme	Approved Budget £000	Actual £000	Variance £000	%
Marlow Fire Station	1,710	1,080	(630)	(36.8)
Training School	60		(60)	(100.0)
Brigade Headquarters	215	136	(79)	(36.7)
Beaconsfield Fire Station	75	48	(27)	(36.0)
High Wycombe Fire Station	10	5	(5)	(50.0)
Property Consultation	75	-	(75)	(100.0)
Property Maintenance	120	133	13	10.8
Fire Appliances	310	158	(152)	(49.0)
IT	100	93	(7)	(7.00)
PPE	150	183	33	22.0
Command and Control	115	110	(5)	(4.3)
Total of capital schemes	2,940	1,946	(994)	(33.8)

Marlow Fire Station

The underspend of £630,000 is due to slippage in the programme due to changes in works to comply with the Disability Discrimination Act. The project was completed in June 2005 and the underspend was carried forward to the next financial year.

Training School

No work was started on this project due to slippage with the start dates. The balance was carried forward to the next financial year and the project commenced in June 2005.

Brigade Headquarters

The project was expected to be completed during 2004/05 financial year however did not actually complete until April 2005 leaving some bills to be paid in the next financial year. The underspend was

carried forward to accommodate this.

Beaconsfield Fire Station

The underspend is due to the protracted negotiations around land assembly for the new site and the £27,000 was carried forward to the next financial year.

High Wycombe

The small capital allocation is due to this project being at the feasibility study stage. The £5,000 underspend was carried forward to next year.

Property Consultation

Consultation forms an essential part of each project and the budget was spent on the individual projects. In future the budget will be transferred to the individual projects to match the spend.

Property Maintenance

The programme is showing a slight underspend due to planned works not being fully completed this financial year.

Fire Appliances

There was slippage on this programme due to the delay in ordering the chassis for the vehicles. The carry forward has been carried forward to the next financial year.

IT

The small underspend is being carried forward to the next financial year.

PPE

This project overspent and was caused by a directive from the ODPM which required the purchase of a large number of fire helmets to satisfy the rank to role implementation required by the modernization agenda.

Command & Control

The small underspend is in respect of the retention held in respect of snagging at the end of this project.

Further Information

Further information about the accounts is available from the Treasurer, County Offices, Walton Street, Aylesbury, HP20 1UD. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

SUMMARY REVENUE ACCOUNT

2003/04		Notes	2004/05	2004/05	2004/05
Net Expenditure £000			Expenditure £000	Income £000	Net £000
	Service Expenditure				
1,169.4	Corporate and Democratic Core	1a	1,400.3	(75.1)	1,325.2
1971.1	Non Distributed Costs	1a	3,049.5	-	3,049.5
1,217.5	Community Fire Safety	1b	1,302.8	(17.5)	1,285.3
16,844.0	Fire Fighting and Rescue Operations	1c	19,690.4	(2,006.6)	17,683.8
568.4	Other Operating Income and Expenditure	1d	1,885.9	(1,520.9)	365.0
21,770.4	Total Service Expenditure		27,328.9	(3,620.1)	23,708.8
1.0	Other Revenue Transactions	3			1.8
21,771.4	Net Cost of Services				23,710.6
5,036.0	Pensions Interest Cost & Expected Return On Assets				5,615.0
(919.0)	Asset Management Revenue Account	4			(903.9)
(149.0)	Interest and Investment Income				(350.9)
25,739.4	Net Operating Expenditure				28,070.8
(4,562.0)	Movement on Pensions Reserve				(5,973.0)
(984.5)	Reconciling amount for loan Repayment – Minimum Revenue Provision				(750.2)
-	Finance costs of lease				30.5
-	Capital Expenditure Financed from Revenue				48.9
-	Transfer to Reserves				
-	Earmarked – Unforeseen Events				50.0
257.0	Pensions Reserve				578.3
20,449.9	Amount to be met from Government Grants and Local Taxation				22,055.3
-	General Government Grants				(4,010.6)
-	Non-Domestic Rates Distribution				(6,668.4)
-	Precepts				(12,358.8)
0					(23,037.8)
	Constituent Authorities				
(15,344.0)	Buckinghamshire County Council				-
(5,535.0)	Milton Keynes Council				-
(20,879.0)					0
(429.1)	Net Fund (surplus)/Deficit				(982.5)
(83.6)	Balance of Fund Brought Forward				(512.7)
(512.7)	Balance on Fund Carried Forward				(1,495.2)

NOTES TO THE REVENUE ACCOUNT

1. Further Analysis of Service Expenditure Headings

The following tables provide further information on the net expenditure within each of the Service Headings in the main revenue account.

a) Central Services

2003/2004 Net Exp £000	Central Services	2004/2005 Net Exp £000
1,169.4	Corporate & Democratic Core	1,325.2
1,971.1	Non Distributed Costs	3,049.5
3,140.5		4,374.7

b) Community Fire Safety

2003/2004 Net Exp £000	Community Fire Safety	2004/2005 Net Exp £000
975.3	Statutory Inspection & Certification	862.4
242.2	Prevention and Education	422.9
1,217.5		1,285.3

c) Fire Fighting and Rescue Operations

2003/2004 Net Exp £000	Fire Fighting & Rescue Operations	2004/2005 Net Exp £000
15,731.5	Operational Responses	16,490.4
1,071.1	Communications and Mobilising	1,138.2
41.4	Securing Water Supplies	55.2
16,844.0		17,683.8

The 2003/4 figures have been adjusted by £257,000, in order to show all transfers to reserves below the net operating expenditure line.

d) Other Operating Income and Expenditure

2003/2004 Net Exp £000	Other Operating Income & Expenditure	2004/2005 Net Exp £000
(23.4)	Doctors On Call	(3.6)
373.5	Business Unit/Service Income	107.0
	Directorate	
61.4	Catering	91.2
(14.2)	Industrial Commercial Training Unit	(39.4)
171.1	Recovery Depot/Workshops	209.8
568.4		365.0

Details of the operating income and expenditure accounts are listed below:

Doctors On Call	The Brigade up until July 04, provided a driving service to Harmoni for Doctors on Call. Harmoni moved their contract to a new provider.
Business Unit	This is the net cost of administering the business unit and income generation after internal recharges have been actioned.
Catering	Catering is an internal function. The costs reflect the cooks salaries and the net costs of provisions within the brigade. With effect from 01.04.05 the catering function will return to watch messing whereby the purchase of the supplies will not fall on the brigade. An exclusion to this new system is the new HQ, whereby the cook will run the original system and staff will pay for their lunches.
Industrial and Commercial Training Unit	This is a trading account that operates the running of training courses to the Industrial and Commercial sector. Examples of such courses are Fire Wardens Training courses and First Aid courses.
Workshops/Recovery Depot	The Workshops and Recovery Depot provides a maintenance and repairs service for the operational vehicles of the brigade and the officers cars. Internal recharges are made to the Operational Department for such repairs incorporating charges for labour and parts, along with the cost of equipping new fire appliances. Spare capacity is utilised by servicing staff cars. The significant balance represents a balance of costs that have not been recharged to internal services due to incorrect charge out rates and costs that cannot be quantified.

2. Agency services

The Combined Fire Authority no longer carries out any agency services.

3. Other Revenue Transactions

This is the charge to revenue for the increase in the bad debt provision.

4. Asset Management Revenue Account

2003/2004 Actual £000		2004/2005 Actual £000
(1,711.9)	Capital charges made to Services	(2,030.7)
141.9	Interest paid on external debt	147.2
646.7	Provision for depreciation	949.1
(427.7)	Charging Impairment to revenue	-
427.7	Reducing value of asset by impairment	-
4.3	Finance costs of lease	30.5
(919.0)		(903.9)

5. Revenue contribution to capital programme

In 2004/2005, the Authority financed £48,863 capital expenditure from revenue.

6. Officers' Remuneration

The number of employees, who were paid a remuneration of £50,000 or more, are shown below in bands of £10,000. The remuneration amounts include retirement payments received but exclude employee pension contributions.

2003/2004 Total	Remuneration Band	2004/2005	
	£	Total	Retirements
4	50,000 – 59,999	6	-
1	60,000 – 69,999	3	2
4	70,000 – 79,999	3	2
0	80,000 – 89,999	2	2
2	90,000 – 99,999	-	-
-	100,000 – 109,999	1	1
-	120,000 – 129,999	1	1
1	140,000 – 149,999	1	1
1	180,000 – 189,999	-	-
-	250,000 – 259,999	1	1

7. Related Party Transactions

All senior officers of the Authority and Fire Authority Members, who are also Members of Buckinghamshire County Council and Milton Keynes Council, have been asked to declare any transactions with the Authority or any organisation that they are involved in.

Based on the declarations received by the Treasurer, none of the Fire Authority Members or senior officers or close relatives has undertaken any material transactions with the Fire Authority during 2004/2005.

8. Provision for doubtful debts

The provision for doubtful debts was £31,989 as at 1 April 2004. This provision has been reassessed and increased to £33,801 at 31 March 2005.

9. Fire Fighters' pension costs

Under accounting standard FRS12, an earmarked reserve has been set up to account for retirements that had been built into the approved budget but whilst entitled to retire, the employees did not do so.

10. Leases

The operating leases held by the Fire Authority apply to lease vehicles and radio communications equipment. The lease rentals paid during the year amounted to £560,110 (£520,540 in 2003/4).

The estimated undischarged obligations under the operational lease agreements at 31 March 2005 amounted to £2,012,354 (£1,794,665 as at 31 March 2004).

The finance lease held by the Authority is for the sale and leaseback of the Gerrards Cross houses. The Authority in accordance with the SORP have included the finance lease as a long term liability. The finance lease is detailed in note 9 to the balance sheet.

11. Minimum Revenue Provision (MRP)

The Authority is required to set aside a minimum amount from revenue for the repayment of debt.

The minimum amount is statutorily calculated, and was £198,871 for 2004/05 (£89,871 for 2003/04).

The amount charged to services as depreciation is treated as part of the MRP, with the difference between the depreciation and the MRP being credited to the revenue account and transferred to the capital financing reserve.

12. Section 137(3) of the Local Government Act 1972 and Section 5 of the Local Government Act 1986

Section 137 empowers the Authority, subject to various conditions and limits, to incur expenditure that is in the interests of the residents of Buckinghamshire. Currently no expenditure is incurred under section 137(3).

Section 5 requires expenditure on certain types of publicity to be disclosed. This is detailed below.

2003/2004		2004/2005
£000		£000
1	Other Publicity	2
16	Recruitment Advertising	22
17		24

13. Government Grants and Reimbursements

Details of Government grants and reimbursements are shown below:

2003/2004		2004/2005
£000		£000
97	Government Grants	57
	Reimbursements	
109	ODPM and Other Brigades (Seconded Officers and Cross Border Charges)	160
206	Total Government grants and reimbursements	217

13. Members Allowances

2004/5 is the first year that the fire Authority have paid allowances direct to its' Members. Total allowances paid amounted to £15,610. Detailed information on individual allowances is available on request,

14. Audit Fees

Fees paid during the year to the Audit Commission, the Authority's external auditor, for work on external audit and inspection are set out below:

2003/04 £000		2004/05 £000
57	External Audit Services	49
21	Verification of Modernisation Study	18
-	National Fraud Initiative	-
78		67

BALANCE SHEET

31.03.2004 £000		Notes	31.03.2005	
			£000	£000
31,081	Fixed Assets			
-	Operational Assets	1		31,679
	Non Operational Assets			1,636
31,081	Total Fixed Assets			33,315
	Current Assets			
107	Stocks and Work in progress	2	107	
1,005	Debtors	3	893	
6,558	Temporary Investments	4	7,625	
-	Cash at bank			
5	Cash in hand		5	
7,675			8,630	
	Current Liabilities			
(2,178)	Creditors	5	(2,058)	
(49)	Bank Overdraft	6	(167)	
(2,227)			(2,225)	
5,448	Net Current Assets			6,405
36,529	Total Assets less Current Liabilities			39,720
	Long Term Liabilities			
(3,025)	Long Term Borrowing	7	(3,651)	
-	Transitional Funding	8	(328)	
(2,343)	Finance Lease	9	(2,296)	
(87,139)	Liability related to defined benefit pension scheme		(118,992)	
(92,507)				(125,267)
(55,978)	Total Assets less Liabilities			(85,547)
	Financed By			
29,766	Fixed Asset Reinstatement Account	10		31,064
(3,813)	Capital Financing Account	11		(3,510)
3,102	Usable Capital Receipts Reserve	12		2,175
513	Non Earmarked Reserve	13		1,495
	Earmarked Reserve- Unforeseen Events	13		50
1,593	Earmarked Reserve – Time Served	13		2,171
	Retirements	13		
(87,139)	Pensions Reserve	15		(118,992)
(55,978)	Total Net Worth			(85,547)

NOTES TO THE BALANCE SHEET

1. Net Fixed Assets

(a) Movement of Fixed Assets

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Total £000
Gross Book Value at 31/3/2004	28,678	6,243	108	35,029
Prior Year Adjustments				
Additions	134	275	1,537	1,946
Disposals	0	(10)	0	(10)
Reclassifications	9	0	(9)	0
Revaluations	1,237	0	0	1,237
Impairments	0	0	0	0
Gross Book Value at 31/3/2005	30,058	6,508	1,636	38,202
Depreciation b/f	-	(3,948)	0	(3,948)
Depreciation for the year	(361)	(588)	0	(949)
Depreciation on Disposal		10		10
Net book value at 31 March 2005	29,697	1,982	1,636	33,315

The land and buildings brought forward depreciation each year is adjusted to zero and is held within the revaluations line due to the asset valuations occurring on an annual basis.

All valuations are related to values current at 1 April 2004.

Operational buildings of a specialised nature, for which there is no market and therefore no evidence of value, have been valued at depreciated replacement cost, where the value has been based on the cost of replacing the existing building with a simple substitute building which may not be similar to the one actually on site. The valuation of operational properties of a non-specialised nature was based on open market value for existing use, having regard to evidence of transactions on similar premises.

Expenditure on assets under construction is reclassified to the relevant fixed assets, once the asset becomes operational.

The properties were valued by Bruton Knowles (RICS), the Fire Authority's property consultants.

From 2001/2002, under accounting standard FRS15, all building assets are required to be depreciated. Balances brought forward have not been restated.

The issue of impairment has been considered in accordance with FRS 11 and there are no impairment issues to recognise in 2004/5.

(b) Capital Account -Expenditure 2004/2005

	Land & Buildings £000	Plant & Vehicles £000	Total £000
Protective Clothing	-	183	183
Training School		-	
HR & Finance IT Systems		92	92
Beaconsfield FS Modification	48	-	48
Wycombe Fire Station	5	-	5
Brigade Headquarters Furniture	136	-	136
New Marlow Fire Station	1,080	-	1,080
Minor Works	134	-	134
Fire Appliances		158	158
Command & Control	110	-	110
Total spend 2004/5	1,513	433	1,946

(c) Capital Account-Financing

	£000
Source of Funding	
Supported Capital Borrowing	626
Capital Receipts	927
Revenue Contribution	49
Capital Creditors	344
	1,946

(d) Statement of Physical Assets Held

Fire Stations	20
H Q Buildings	1
Houses	2
Vehicles	57

The Fire Authority also hold two land sites on which fire stations are currently in the course of construction.

(e) Commitments under Capital Contracts

There were some small amounts outstanding on capital contracts which had been entered into by the authority as at 31 March 2005. These amounts are detailed below:-

Project	Contact	Amount Outstanding £000
Fire Appliances	GB Fire Ltd	£ 74
	Emergency One (UK) Ltd	£560
Marlow Fire Station	Lee & Ross Architects	£775
	CBG Consultants	£ 8
	Total	£1,417

2. Stocks and Work in Progress

31.03.2004 £000		31.03.2005 £000
76	Stores	80
31	Workshops	27
107		107

3. Debtors

31.03.2004 £000		31.03.2005 £000
	Amounts falling due within one year	
-	Government Departments	189
280	Other Local Authorities	138
669	Sundry Debtors	600
88	Payments in advance	-
1,037		927
(32)	Provision for doubtful debts	(34)
1,005		893

4. Temporary Investments

The Treasury Management function is performed by Buckinghamshire County Council on behalf of the Authority and surplus cash is invested on a short term basis in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities.

31.03.2004 £000		31.03.2005 £000
6,558	Temporary Investments	7,625

5. Creditors

31.03.2004 £000		31.03.2005 £000
397	Government Departments	416
764	Other Local Authorities	380
878	Other sundry creditors	876
-	Receipts in advance	42
139	Capital Expenditure Creditors	344
2,178		2,058

6. Bank Overdraft

The overdraft contained within the balance sheet is attributable to the uncleared cheques, bacs payments and miscellaneous items.

7. Long Term Borrowing

The Authority undertakes long term borrowing, principally as a means of financing expenditure on fixed assets. The total loans outstanding are analysed as follows: -

Long term external borrowing by category of lender

Source of loan	Range of interest rates applicable (at 31 March 2004) (%)	Total outstanding at	
		31.03.2004 £000	31.03.2005 £000
Public Works Loan Board	4.5% To 5.5%	3,025	3,651
		3,025	3,651

	31.03.2004 £000	31.03.2005 £000
Maturing in 4 – 5 years	-	335
Maturing in 5 – 6 years	335	-
Maturing in 6 – 10 years	602	602
Maturing in 10 – 15 years	1,468	1,468
Maturing in 15 – 20 years	620	1,246
	3,025	3,651

8. Transitional Funding

	31.03.04 £000	31.03.05 £000
Transitional Funding from ODPM	-	328
	-	328

To assist with the funding of the 3 stage pay award for the fire fighters, the ODPM have advanced to each Fire Authority a sum of money under the heading of transitional funding. The monies will be held for a period of more than 12 months before the funding has to be repaid to the ODPM.

9. Finance Lease

31.03.2004 £000		31.03.2005 £000
2,350	Finance Lease	2,343
(7)	Principal repayment	(47)
2,343		2,296

In 2003/4 the Authority entered into a sale and leaseback agreement with Opus Housing Association in respect of the Gerrards Cross Houses. The initial cost of the lease is matched by an increase in the value of fixed assets. The liability of the finance lease will be reduced each year by the principal sum repaid each year.

10. Fixed Asset Restatement Account

31.03.2004 £000		31.03.2005 £000
30,790	Opening balance at 1 April	29,766
(1,024)	Movement on Reserve during year	1,298
-	Movement on Stock Restatement Reserve	-
29,766		31,064

The system of capital accounting requires the establishment of the fixed assets restatement account. The Movement represents the sale of property and vehicles, and the revaluation of property and vehicles during the year. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with deficits or surpluses arising on future revaluations. See Statement of Total Movements in Reserves on page 33.

11. Capital Financing Account

31.03.2004 £000		31.03.2005 £000
(3,443)	Opening balance at 1 April	(3,813)
615	Capital Receipts used for financing in 2004/2005	927
-	Contributions from Revenue Account	49
-	Recognition of White fleet	77
(985)	Depreciation net of MRP	(750)
(3,813)		(3,510)

The capital financing account contains the amounts, which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

12. Usable Capital Receipts Reserve

31.03.2004 £000		31.03.2005 £000
372	Opening balance at 1 April	3,102
3,345	Capital Receipts in year	-
3,717		3,102
	Less:	
(615)	Capital Receipts used for financing Capital Expenditure	(927)
	See note 1 (c) page 24	
3,102		2,175

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

13. Revenue Reserves

31.03.2004 £000		31.03.2005 £000
513	Non-Earmarked Reserves	1,495
-	Earmarked Reserve- Unforeseen Events	50
1,593	Earmarked Reserve – Time Served Retirements	2,171
(87,139)	Pensions Reserve	(118,992)
(85,033)		(115,276)

Non- earmarked reserves are kept at a prudent level to cover unforeseen eventualities and liabilities

The unforeseen events reserve was established with committee approval in 2004/5 to assist with issues relating to Regional control rooms.

The time served retirements reserve has been established to assist with the cost of retirements of those operational officers who have served their time but have not yet retired.

14. Provision for Credit Liabilities (memorandum account)

31.03.2004 £000		31.03.2005 £000
193	Balance brought forward	283
90	Amount set aside for Minimum Revenue Provision Reserved Capital Receipts	90
283		373
-	Amounts applied to repay loans	-
283	Balance carried forward	373

In accordance with statutory requirements, the Authority is required to set aside sums as a provision to repay external loans. The Authority do not keep an account within the accounting records as there is no need to do so but maintain a memorandum account.

15. Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement

benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Buckinghamshire County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- The Fire Fighter Pension Scheme for uniformed fire fighters – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

In 2003/4, pensions costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to Buckinghamshire County Council pension scheme (based on a formal actuarial valuation for 31 March 2001) and the pensions payable in the year to retired officers. The next actuarial valuation is currently being undertaken and any revision to the employers' contribution rates will become effective from 1 April 2005.

Both the uniformed fire fighters scheme and the County Council Fund liabilities have been assessed by Punter Southall & Co, an independent firm of actuaries for both schemes.

The main assumptions used in their calculations are:

01.04.04 % pa		31.03.05 % pa
2.9	Inflation Rate	2.9
6.4	Discount Rate (pre retirement)	5.4
6.4	Discount Rate (post retirement)	5.4
4.7	Expected Rate of Salary Increases	4.7
2.9	Rate of Pension Increases in Payment	2.9
2.5	Rate of Pension Increases in Deferment	2.9

The Fire fighter's Pension scheme has no assets to cover its liabilities. Assets in the Buckinghamshire County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

01.04.04			31.03.05	
Market Value £000	Expected Rate Of return % pa		Market Value £000	Expected Rate Of return % pa
2,251	7.5	Equities	3,143	7.5
58	7.0	Property	204	7.0
283	4.5	Gilts	937	4.5
407	5.5	Other Bonds	-	5.3
207	4.0	Cash	173	4.3
3,206		Total	4,457	

The movement in the net pension liability for the year to 31 March 2005 is as follows:

	Fire fighters' Scheme £000	County Fund £000	Total £000
Net Pensions asset/(liability) at 1 April 2004	(85,032)	(2,107)	(87,139)
Effect of change in Accounting Methodology	(17,004)	(1,168)	(18,172)
Movements in the year:			
Current Service Cost	(2,754)	(363)	(3,117)
Past Service Cost	-	-	-
Contributions	2,418	341	2,759
Interest on Pension Scheme Liabilities	-	-	-
Other Finance Income	-	-	-
Expected Return on Pension Scheme Assets	(5,453)	(162)	(5,615)
Actuarial Gain /(loss)	(6,685)	(1,023)	(7,708)
Net Pensions Liability at 31 March 2005	(114,510)	(4,482)	(118,992)

16. Post Balance Sheet Events

Post balance sheet events occur between the balance sheet date and the date the accounts are signed by the Treasurer. Events which have a material affect on the accounts must be disclosed in a note to the accounts.

There are two post balance sheet events to report on.

- 1) The brigade moved to the new headquarters site at Stocklake in Aylesbury on the 18th April 2005. This new site has been valued at £4.2 Million compared to the old headquarters site which was worth £2.6 million.
- 2) There was an announcement on the 1st March 2006, that the part time fire fighters are set to receive pensions and sick pay for the first time, following a legal victory. The case, backed by the FBU, went through an Employment Tribunal, and Employment Appeals Tribunal and the Court of Appeal before being finally accepted by the Law Lords.

STATEMENT OF TOTAL MOVEMENTS IN RESERVES IN 2004/2005

	Capital Reserves			Total £000
	Fixed Asset Restatement Account £000	Capital Financing Account £000	Usable Capital Receipts £000	
Opening balance at 1 April	29,766	(3,813)	3,102	29,055
Depreciation net of MRP	-	(750)	-	(750)
Unrealised gains/(losses) from Revaluation of fixed assets	1,298	-	-	1,298
Cost or value of assets disposed of	-	-	-	-
Assets Purchased from Revenue	-	77	-	77
Proceeds of disposals/RCCO	-	49	-	49
Financing of fixed assets	-	927	(927)	-
Closing balance at 31 March	31,064	(3,510)	2,175	29,729

	Revenue Reserves		Total £000	
	Non Earmarked Reserve £000	Earmarked Reserves		Pensions Reserve £000
Opening balance at 1 April	513	1,593	(87,139)	(85,033)
Transactions in Year				
Additions	982	628	(31,853)	(30,243)
Use of Reserves	-	-	-	-
Closing balance at 31 March	1,495	2,221	(118,992)	(115,276)

CASH FLOW STATEMENT

31.03.2004

31.03.2005

£000		£000	£000
	Revenue activities		
	Expenditure		
17,205	Cash paid to and on behalf of employees	19,666	
4,705	Other operating costs	5,715	
21,910			25,381
	Income		
(20,879)	Contributions from Constituent Authorities	-	
-	Rate Support Grant	(4,011)	
-	National Non Domestic Rates	(6,668)	
-	Precept	(12,355)	
(206)	Other government grants and reimbursements	(217)	
(1,965)	Cash received for goods and services	(3,553)	
(84)	Constituent monies retained from previous year	-	
(23,134)			(26,804)
(1,224)	Revenue activities net cash (inflow) – note 1		(1,423)
	Servicing of Finance		
	Expenditure		
132	Interest	137	
	Income		
(149)	Interest received	(311)	
(17)			(174)
	Capital activities		
	Expenditure		
1,200	Purchase of fixed assets	1,602	
	Income		
(3,345)	Sale of fixed assets	-	
(2,145)			1,602
(3,386)	Net cash (inflow)/outflow before financing		5
	Financing		
	Loans taken out		
(585)		(954)	(954)
(3,971)			(949)
	Liquid Resources		
4,131	Investments	1,067	1,067
160	(Increase)/decrease in cash –note 2)		118

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of revenue cash movements to the Revenue Account

31.03.2004 £000		31.03.2005	
		£000	£000
429	(Deficit)/Surplus on Revenue Account		1,032
Non Cash Transactions			
-	Movement on Earmarked Reserves	50	
257	Movement on Time Served Reserves	578	
1	Movement on Bad Debt Provision	(2)	
-	Revenue Contributions to Capital	(49)	
89	Other Non Cash Items - MRP	(198)	379
Items on an accruals basis			
2	Increase /(Decrease) in debtors	-132	
445	(Increase)/Decrease in creditors	318	
17	(Decrease)/Increase in stocks	-	
1,240			186
-17	Servicing of Finance		-174
1,223	Net Cash (Outflow)/Inflow from Revenue Activities		1,423

2. Reconciliation of the Movement in Cash to the Movement in Net Debt

	31.03.2004 £000	31.03.2005 £000
Cash in Hand	2	-
Cash overdrawn/at bank	(162)	(118)
New loans raised	(585)	(626)
Transitional Funding	-	(328)
Short Term Deposits	4,131	1,067
Finance Lease	(2,343)	47
Movement in Net Debt	1,043	42
Net Debt at 1 st April	103	1,146
Net Debt at 31 st March	1,146	1,188
Analysis of Net Debt		
Short Term Deposits	6,558	7,625
Cash in Hand	5	5
Bank Over Draft	(49)	(167)
Long Term Borrowing	(3,025)	(3,651)
Transitional Funding	(-)	(328)
Finance Lease	(2,343)	(2,296)
Net Debt at 31 st March	1,146	1,188

3. Reconciliation of items under the Financing and Management of Liquid Resources

	As at 31.03.2004 £000	As at 31.03.2005 £000	Movement for cash flow £000
Short Term Deposits	6,558	7,625	1,067
New Loans Raised	(3,025)	(3,651)	(626)
Transitional Funding	0	(328)	(328)
	(3,533)	(3,646)	113

GLOSSARY OF TERMS

AGENCY

The provision of services by an authority on behalf of another body which is legally responsible for providing the services. The authority providing the services in the first instance is reimbursed by the responsible body.

BUDGET

A statement for the Authority's expected level of service and spending over a set period, usually one year.

CAPITAL CHARGES

Services are charged for the use of assets. The charge is based on the capital value of the asset plus a charge for depreciation where appropriate. Capital charges are credited to the Asset Management Revenue Account and depreciation is used to write down the value of the asset.

CAPITAL FINANCING

The financing of capital spending from the revenue budget usually spread over several years. The financing methods available to the Fire Authority include: -

- a. Borrowing: The interest payable on such loans is charged to the Asset Management Revenue Account.
- b. Capital Receipts: See below

CAPITAL FINANCING ACCOUNT

This account contains the amount of capital expenditure financed from revenue and capital receipts.

CAPITAL RECEIPTS

Proceeds from the sale of capital assets. They may be used to finance new capital expenditure or to repay existing loan debt. Receipts available to finance capital expenditure in future years are held in a Usable Capital Receipts Account.

CREDITORS

Amounts owed by the Authority at the Balance Sheet date for goods received or work done.

DEBTORS

Amounts due to the Authority but unpaid at the Balance Sheet date.

DEFERRED CHARGES

An item in the Balance Sheet where there is no tangible

asset.

DEPRECIATION

The loss of value of assets due to wear and tear, age or obsolescence

FIXED ASSET RESTATEMENT ACCOUNT

Fixed Assets are recorded on the balance sheet at their value and not historic cost. This account records the increase in value that has resulted and is written down by depreciation and disposals and is increased by revaluations.

LOANS OUTSTANDING

Loans raised to finance capital spending which have to be repaid.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount of the authority's outstanding debt which must be repaid by the revenue accounts in the year.

OUTTURN

The actual level of spending and income in a particular year.

PROVISIONS

These form part of the Authority's revenue reserves and are sums set aside for a specific purpose, the nature of which is known but the exact amount and date when due is not. Expenditure and income are attributed directly to those provisions and funds.

PUBLIC WORKS LOAN BOARD (P.W.L.B.)

A government body from which a local authority may raise long term loans.

REVENUE EXPENDITURE

Revenue expenditure is spending on the day to day running expenses of the Authority. It includes expenses such as salary and wages, heating, lighting, rent, rates, stationery and capital financing.