

HAMPSHIRE FIRE AND RESCUE AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENT 1999/00

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Overview of 1999/00

It is satisfying to report that, overall, expenditure was within £7,000 (0.02%) of the Authority's revised budget of £39.6m.

Although there have been some significant unavoidable pressures and variations in specific budget headings during the year, careful financial monitoring and redeployment of resources ensured that a balanced position was reached.

Achievements

Despite these and other pressures on its budget, the Authority has again made considerable progress in achieving its corporate aims and objectives.

The Best Value Performance Plan and Summary leaflet was developed and published - on time - and the opportunity was taken to incorporate the Authority's three-year Development Plan.

The first focus group took place at Gosport in March which provided a valuable public perspective on the priorities the Authority is currently pursuing and general consumer perceptions about the services provided. The use of focus groups will be extended across Hampshire over the next five years.

Fire Cover Review

Following Home Office approval (in July 1999), implementation of changes to improve the effectiveness and efficiency of fire cover in certain areas of Hampshire commenced. In January, Lyndhurst and Hardley Fire Stations became retained fire stations; and the retained fire station at Titchfield was closed. Resources at Eastleigh Fire Station were enhanced with an additional fire engine from April; and, the retained fire station at Waterlooville will benefit from the addition of a wholetime crew during the day time later in 2000.

Good progress was made during the year on reviewing future fire cover needs in Basingstoke and the surrounding area. Outcomes and recommendations will be reported to the Authority in the autumn of 2000.

Community Fire Safety

A Young Firefighters Association group has been formed at Andover and 14 young people have been recruited. The team train once a week and have represented the Service at a number of events.

A Kitchen Fire Safety trailer has been purchased and equipped to highlight a wide range of fire safety dangers in the kitchen. Schools units have visited over 350 schools and have delivered fire safety education to 13,000 children. A series of fire safety messages were designed for display on some ancillary vehicles. A radio advertising package was devised to promote a series of campaign messages with the first 7 day campaign running over the Christmas period. The Fire Exhibition unit has been re-furbished with a "burnt-out" room scenario to demonstrate the effects of fire.

Overview of 1999/00 continued...

Commercial Training continues to increase the range and number of courses delivered and are currently involved with a major programme of fire safety courses for B&Q (the D.I.Y chain). These are run at their centres throughout the UK.

Vehicles and Equipment

The Authority has managed to sustain its policy and programme for vehicle replacement. Limitations on borrowing has meant that many of the vehicles had to be acquired through operational leasing arrangements.

Significant items of operational equipment purchased included:

9 Thermal imaging cameras	£51,000
3 Forklift units for the multi-role vehicles	£37,000
Clan Lucas rescue equipment	£21,000
First Aid equipment enhancement	£30,000
Chemical Protection Equipment	£20,000
Vehicle Safety phased installation of 'Black boxes'	£13,000

Major Building Projects

The Authority is not permitted to hold reserves and balances and the amount that can be borrowed each year to fund major building projects is severely restricted by central government capital expenditure controls. So, with the co-operation of the constituent authorities, the relatively small allocations of basic credit approvals for the last three years have been lent to Hampshire County Council. The accumulated sum will be transferred back to the Authority as and when it is needed to fund specific projects.

In addition, the Authority will be making use of capital receipts - mostly obtained from selling a number of houses in 1999/00 which became surplus to operational requirements as part of the review of fire cover.

Good progress was made on the design of a scheme to re-build St Mary's Fire Station (Southampton) on its existing site. A building was purchased to provide temporary accommodation for the station during the fifteen-month construction period due to commence in July 2000.

A new five-bay garage for specialist and ancillary vehicles was brought into use at Eastleigh in January. This replaced a smaller and dilapidated facility on the same site.

Progress has also been made on the replacement of eleven training towers that had become severely corroded and unsafe for use.

Budget Pressures

Operational Activity

There were 1,590 (7.4%) more incidents in 1999/00 than in the previous year. The main financial impact of this occurred in retained pay where the operational activity generated slightly higher expenditure than the budget provision. However this was met by underspendings in other areas.

Pension Costs

Resourcing the firefighters' pension scheme remains a serious problem for all fire authorities. While it can be exceedingly difficult to confidently and accurately estimate pension costs in a particular year, it is clear from actuarial forecasts that the burden will escalate unless steps are taken at national level to resolve the inherent problems with the scheme. The overspend at the end of the year was relatively small (£202,000), but this ought not to be seen as indicative of the Authority's ability to meet pension obligations in future years without it having a serious impact on other critical areas of the Authority's activities.

Working Time Directive

The EU Working Time Directive has a significant financial impact on fire authorities which employ large numbers of retained firefighters. The Directive requires that all part-time employees should receive paid holiday entitlement - backdated to October 1996. Costs from October 1996 to March 2000 are estimated to be £351,000 and this has been allowed for.

Best Value

Although welcoming the Government's desire to achieve continuous improvement in the delivery of services to the public through the 'Best Value' initiative, the administrative and audit processes do put an additional demand on resources. In 1999/00 the direct impact on expenditure was relatively modest (£62,000) and was mostly associated with costs of publishing the Authority's Best Value Performance Plan and its subsequent Audit. The indirect cost on staff time was far more significant resulting in the reprioritisation of responsibilities and tasks for several key staff.

Millennium Bug

Action taken to ensure that the Authority was unaffected by the 'millennium computer bug' had a significant impact - mainly as a result of the need to comply with the demanding audit and inspection processes. The direct costs of £140,000 were overshadowed by the associated indirect staffing costs estimated to be in the order of £400,000.

Comparative Statistics

1. Hampshire Fire and Rescue Service - Employees 1999/00

	Original Budget	Revised Budget	Average in 99/00	Actual 31.3.00
Firefighters :				
Wholetime	755	737	772	755
Retained	600	585	542	569
Other staff :				
Control Room	30	31	32	33
Support Staff	151	156	145	147
Workshop employees, cleaners etc	44	44	40	41

2. Comparison with other Fire Authorities

	Hampshire	Kent	Essex	English County Average
A Net expenditure per head of population	£23.86	£29.73	£28.22	£26.58
B Staff per thousand population	0.92	1.03	0.93	0.99
C Incidents per thousand population	13.58	15.18	14.37	15.58
D Operational appliances per thousand population	0.07	0.08	0.06	0.08
E Fire safety inspections per thousand population	12.50	16.06	13.72	13.86
F Pensioners per thousand population	0.38	0.54	0.50	0.47

Notes on the comparative statistics :

This section shows some statistics about Hampshire Fire and Rescue Service compared with two similar services, Kent and Essex, and with the average for all English Counties. While all services provide the same range of fire services there are variations in the specific priorities and policies which each area adopts. This reflects the particular needs, aspirations and population of each area. These factors lead to differences in patterns of expenditure and provision of the fire service.

The figures come from the statistical booklet published by The Chartered Institute of Public Finance and Accountancy - Fire Service Statistics 1999. Comparisons A, B, D and F are 1999/00 estimates and C and E are 1997/98 actuals.

1. Introduction

1.1 This foreword gives :

- * a summary of the various statements which make up the 1999/00 accounts
- * a broad picture of where the money comes from and what it is spent on
- * a summary of the revenue expenditure on services and capital expenditure on new assets over the course of a year.

2. Summary of Statement of Accounts

2.1 The accounts for 1999/00 are set out on pages 4 to 21. They consist of :

- * statement of accounting policies
- * summary revenue account - this covers income and expenditure on the service
- * balance sheet - this sets out the financial position on 31 March 2000
- * statement of total movements in capital reserves - this sets out how capital reserves have changed and been used during the year
- * cash flow statement - this summarises cash coming in or going out from transactions with others for revenue and capital purposes
- * statement of responsibilities for the statement of accounts.

3. Where the money comes from

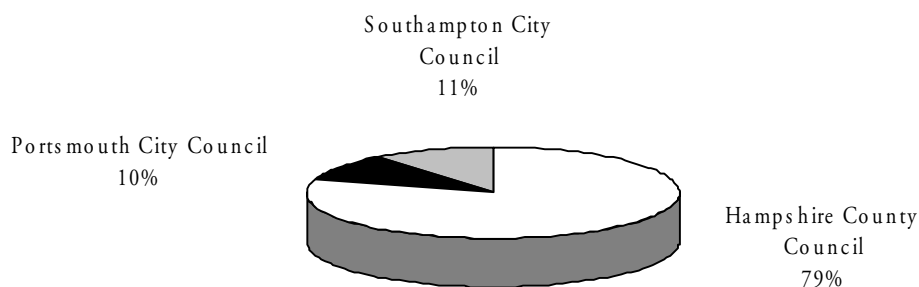
3.1 The expenditure of Hampshire Fire and Rescue Authority (HFRA) is financed by means of a levy on Hampshire County Council, Portsmouth City Council and Southampton City Council. It is shared between the councils in proportion to their respective council tax base.

3.2 HFRA does not have its own standard spending assessment (SSA), which is the basis for . for Government grant distribution to local authorities. The SSA for fire services forms part of the three constituent authorities' SSA's and therefore any variance in the actual level of spending has a direct impact on other local authority services.

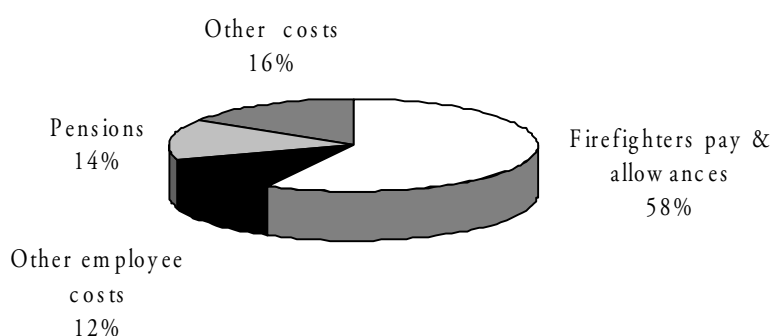
3.3 HFRA does have its own basic credit approval (BCA) from the Government to enable borrowing to finance capital expenditure. In order to finance the level of capital programme approved by the Authority, this BCA has to be supplemented by contributions from the revenue budget and receipts from selling surplus assets.

Explanatory Foreword continued...

3.4 The proportion of the Authority's income obtained from each of the constituent authorities in 1999/00 was as follows :



4. What the money is spent on



5. Overview of the year - revenue account

5.1 The main components of the 1999/00 budget, revised budget along with actual income and expenditure are set out below:

	Original budget	Revised budget	Actual	Variation from revised
	£'000	£'000	£'000	£'000
Net cost of services	43,279	43,838	43,699	-139
Asset management account surplus	-2,901	-3,451	-3,455	-4
Interest receivable	0	0	-21	-21
Variation in provisions	0	0	2	2
Exceptional Items	0	0	-13	-13
Net operating expenditure	40,378	40,387	40,212	-175
Revenue contribution to capital	0	0	153	153
Provision for debt repayment :				
- Minimum Revenue Provision	28	12	12	0
- Depreciation	-807	-800	-785	15
- Deferred Charges written out	-5	-5	-5	0
Amount to be met by constituent authorities	39,594	39,594	39,587	-7

Explanatory Foreword continued...

5.2 This was financed by the constituent authorities as follows :

	£'000
Hampshire County Council	31,545
Portsmouth City Council	3,835
Southampton City Council	4,207
	<hr/>
	39,587

5.3 The Fire Authority set its first levy for 1999/00 on 3 February 1999 requiring £39,594,000 from the constituent authorities.

5.4 In December 1999 the 1999/00 revised budget was approved. The cash limit remained the same at £39,594,000.

5.5 At the end of the year, net expenditure totalled £39,587,000, which was £7,000 lower than the revised budget. However, the pensions budget overspent by £202,000 due to more transfer values and injury gratuities being paid and less transfer values being received than was assumed. Other budgets were underspent by £209,000. Savings on the training and communications budgets together with additional income helped to offset the large overspending on the retained firefighters budget caused by retrospective costs payable under the working time directive.

6. Overview of the year - capital expenditure

6.1 In 1999/00 the Authority spent £1,447,000 on capital projects :

	£'000
Scheme :	
Purchase and fitting out of vehicles	702
St Mary's Fire Station	383
Purchase of house	103
Eastleigh garaging	145
Hot Fire Units	43
Drill Tower replacements	66
Waterlooville Fire Station - extension	3
Other capital works	2
	<hr/>
	1,447

6.2 The Authority currently has just one loan for £350,000. No new loans were entered into or repaid during the year. On a day-to-day basis the Authority is able to borrow from Hampshire County Council.

6.3 Vehicles to the value of £373,000 were obtained through operational leasing during the year.

7. Further information

7.1 Further information can be obtained about the accounts from The Treasurer to the Fire Authority at the County Treasurer's Department, Hampshire County Council, The Castle, Winchester, Hampshire, S023 8UB, telephone (01962) 847518.

Statement of Accounting Policies

1. General principles

- 1.1 The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain : A Statement of Recommended Practice (1999). Any significant non-compliance is explained in the following notes.

2. Debtors and creditors

- 2.1 Debtors and creditors have been accrued in accordance with the Code of Practice.
- 2.2 There are, however, two exceptions, as follows :
- * electricity and other utility companies' quarterly payments are accounted for at the date of meter reading rather than being shared between financial years
 - * income tax deducted from pensioners is accounted for in tax years rather than accounting years
- 2.3 The above exceptions apply every year and do not have a material effect on the year's accounts.

3. Reserves and provisions

- 3.1 The Authority is not permitted to hold reserves. The only provision held is the provision for bad debts which is deducted from the total for debtors.

4. Fixed assets

- 4.1 All spending on a fixed asset which yields benefits for a period of more than one year is treated as capital expenditure in the accounts. This excludes expenditure on repairs and maintenance of fixed assets which only maintains the value of the assets.
- 4.2 Fixed assets are valued on the basis recommended by the Chartered Institute of Public Finance and Accountancy and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Fixed assets are classified into the groupings in the Code of Practice on Local Authority Accounting.
- 4.3 Land, property and other assets used for service provision are called "operational assets". They are included in the balance sheet at the open market value for their present use when there is sufficient evidence to support the value, or at depreciated replacement cost otherwise.
- 4.4 Assets not used to provide services are called "non-operational assets" and are assets that are currently not in use. These are included in the balance sheet at open market value.

Statement of Accounting Policies continued...

- 4.5 Surpluses arising on the valuations of fixed assets have been credited to the fixed asset restatement reserve. All land and building assets were revalued during 1999/00. The accounts reflect these new values.
- 4.6 Income from the disposal of fixed assets is accounted for in the year in which it occurs. This can now all be used to meet expenditure for capital purposes.
- 4.7 A charge is made to the revenue account for the use of capital assets. It is equal to a notional interest charge of 6% plus depreciation on depreciating assets. Capital charges included in the revenue account are credited to the asset management revenue account. This capital charge represents the benefit that the Authority has gained in the year from the use of fixed assets.

5. Deferred charges

- 5.1 The only category of expenditure coming under the heading of deferred charges is deferred revenue costs relating to the setting up of the Authority.

6. Stocks and stores

- 6.1 Stocks worth £522,000 have been included in the consolidated balance sheet.
- 6.2 Several stocks are held with the largest relating to vehicle spares, uniforms and operational equipment. All stocks are valued at latest buying price.

Summary Revenue Account

1998/99		1999/00
Expenditure £'000	Expenditure	Expenditure £'000
	Employees	
18,452	- Wholetime firefighters	18,975
3,049	- Retained firefighters	3,853
3,879	- Other staff	4,356
450	- Other employee expenses	478
7,088	- Firefighters' pensions	7,770
2,004	Premises	2,089
1,278	Transport	1,447
3,245	Supplies and services	3,536
361	Contracted support services	387
3,768	Capital charges	4,265
43,574	Gross operating expenditure	47,156
	Income	
-2,692	Pensions	-2,144
-1,193	Other income	-1,313
39,689	Net cost of services	43,699
-2,931	Transfer from Asset Management Revenue Account (see note 4)	-3,455
-57	Interest received	-21
0	Increase in provisions (see note 5)	2
0	Exceptional item (see note 6)	-13
36,701	Net operating expenditure	40,212
100	Revenue contributions	153
-803	Provision for debt repayment (see note 7)	-778
35,998	Amount to be met by constituent authorities	39,587
28,637	Hampshire County Council	31,545
3,508	Portsmouth City Council	3,835
3,853	Southampton City Council	4,207
35,998		39,587

Notes to the Summary Revenue Account

1. Format

- 1.1 The summary revenue account brings together income and expenditure on the service. It uses the nationally recognised Standard Classification of Services, as recommended in the Code of Practice on Local Authority Accounting. This helps comparison between authorities.

2. Expenditure on publicity

- 2.1 Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of expenditure on publicity. Spending on publicity in 1999/00 was £65,000 (£88,000 in 1998/99), of which £30,000 (£33,000 in 1998/99) relates to staff advertising.

3. Local Authorities (Goods and Services) Act 1970

- 3.1 Services are provided to other authorities and public bodies under the Local Authorities (Goods and Services) Act 1970. Income from this was £303,000 (£336,000 in 1998/99), which covered the costs involved.

4. Asset management revenue account

- 4.1 The balance on this account reflects the difference between capital charges levied on services (which represent a realistic economic cost of using assets in the delivery of services) less the cost to the Authority of financing its assets (from borrowing) and depreciation suffered on the assets during the year:

	1998/99	1999/00
	£'000	£'000
Capital charges to services	-3,763	-4,261
Less: Depreciation provision	811	785
Expenditure :		
Net interest payable	21	21
Asset management revenue account surplus	<u>-2,931</u>	<u>-3,455</u>

5. Increase in provisions

- 5.1 The Authority made a provision for doubtful debts for the first time during 1999/00. The provision totalled £2,000.

5.2 The provision for debt repayment comprises :	1998/99	1999/00
	£'000	£'000
Provision for repaying loans	13	12
Less : depreciation provision	-811	-785
deferred charges written out	-5	-5
Provision for debt repayment	<u>-803</u>	<u>-778</u>

6. Exceptional item

6.1 This represents a refund of VAT now accepted by Customs and Excise as being due to the Authority in respect of travel and subsistence since 1 April 1997.

7. Officers' emoluments

7.1 The number of employees whose remuneration, excluding pension contributions, was £40,000 or more is set out below :

Total remuneration	Number of employees	
	1998/99	1999/00
£40,000 - £49,999	2	3
£50,000 - £59,999	0	1
£60,000 - £69,999	2	0
£70,000 - £79,999	0	2
£80,000 - £89,999	1	0
£90,000 - £99,999	0	1

8. Pensions

8.1 Pension costs have been included in the accounts in accordance with relevant Government regulations. These do not comply with the accounting standard SSAP24 "Accounting for Pension Costs" and the liabilities included in the balance sheet are understated. The estimated pension costs that would be required to provide for SSAP24 are as follows :

Firefighters pension scheme

8.2 This is an unfunded scheme. In 1999/00 the net cost of pensions and other benefits amounted to £5,627,000, 33.2% of pensionable pay (£4,396,000, 27% in 1998/99).

8.3 Using research information it is estimated that if the cost of pensions under the scheme had been set in accordance with SSAP24 the regular cost of the scheme would have been £4,656,000, 27.5% of pensionable pay (£4,542,000, 27% in 1998/99). The cost of spreading the unfunded liability over 40 years would have been an extra £6,065,000, 35.5% of pensionable pay (£5,668,000, 34% in 1998/99), which would result in a total contribution of 61% of pensionable pay (61% in 1998/99).

8.4 Provision is made in the budget for pensions paid in the year and the cost is included in the levy on the constituent authorities.

Local Government pension scheme

8.5 In 1999/00 the Authority paid an employers' contribution of £367,000 into the Hampshire Pension Fund (£238,000 in 1998/99), representing 11.5% of pensionable pay (9.6% in 1998/99). The contribution rate is determined by the Fund's actuary based on valuations every three years. The last valuation was at 31 March 1998 and the actuary recommended an

Notes to the Summary Revenue Account continued...

employer's rate of 195% of employees' contributions, payable until the results of the next valuation at 31 March 2001 are implemented on 1 April 2002. Additional contributions are payable to cover the cost of any early retirements except those due to ill-health.

- 8.6 The Fund's actuary had advised that the amount that would have had to be provided for under SSAP 24 in 1999/00 is £447,000, representing 14% of pensionable pay (£347,000, 14% in 1998/99). In addition the Authority pays for all the added years benefits which have been awarded, and the related increases. In 1999/00 these were £6,427, representing 0.2% of pensionable pay (£6,968, 0.3% in 1998/99).
- 8.7 Further information can be found in the actuary's valuation report, which has already been published and the Hampshire Pension Fund Annual Report which are both available from the Treasurer, The Castle, Winchester, Hampshire, SO23 8UB.

9. Related party transactions

- 9.1 During the year there were no related party transactions involving members or chief officers of the Authority.

Balance Sheet

1 April 1999		31 March 2000	
£'000		£'000	£'000
	Long Term Assets		
	Fixed assets : (see note 1)		
2,795	Authority dwellings	2,641	
40,646	Other land and buildings	49,360	
4,825	Vehicles, plant and equipment	4,758	
346	Non-operational assets	1,381	
48,612	Total fixed assets		58,140
31	Deferred charges (see note 2)		26
80	Long-term debtors (see note 3)		94
48,723	Total long term assets		58,260
	Current Assets		
550	Stocks (see note 4)	522	
1,733	Debtors - general (see note 5)	438	
308	Payments in advance (see note 6)	816	
231	Deposits (see note 7)	292	
8	Imprests	7	
2,830	Total current assets	2,075	
	Current Liabilities		
-2,618	Creditors (see note 8)	-1,857	
0	Receipts in advance (see note 9)	-64	
-2,618	Total current liabilities	-1,921	
212	Net current (liabilities) or assets		154
48,935	Total assets plus net current (liabilities)/assets		58,414
	Long term liabilities		
-350	Long term borrowing (see note 10)	-350	
-140	Provisions (see note 11)	0	
-490	Total long term liabilities		-350
48,445	Total Net Assets		58,064
	Financed by :		
49,762	Fixed asset restatement reserve (see note 12)		58,607
-1,317	Capital financing reserve (see note 13)		-1,339
0	Usable capital receipts reserve (see note 14)		796
48,445			58,064

Notes to the Balance Sheet

1. Net fixed assets

1.1 The movements in the fixed assets during the year were as follows :

	Dwellings	Other land and buildings	Vehicles, plant and equipment	Non- operational properties	Total
	£'000	£'000	£'000	£'000	£'000
Gross book value as at 31 March 1999	2,795	40,646	10,717	346	54,504
Additions	103	256	726	383	1,468
Disposals	-1,217	0	-601	0	-1,818
Revaluations	960	8,458	0	652	10,070
Gross book value as at 31 March 2000	2,641	49,360	10,842	1,381	64,224
Cumulative depreciation as at 31 March 1999	0	0	-5,892	0	-5,892
Depreciation in the year	0	0	-785	0	-785
Depreciation on assets sold	0	0	593	0	593
Cumulative depreciation as at 31 March 2000	0	0	-6,084	0	-6,084
Net book value as at 31 March 2000	2,641	49,360	4,758	1,381	58,140

1.2 Fixed assets held at 31 March

	1999	2000
Dwellings :		
Number of houses	42	25
Other land and buildings :		
Number of fire stations	54	53
Total floor area (sq metres)	37,414	38,650
Vehicles :		
Number of vehicles owned	181	160

1.3 Valuation bases

The Authority has adopted the following bases for valuing its assets:

Dwellings: existing use value i.e. the best price at which they could be sold for.

Land and buildings: depreciated replacement cost with land based on net replacement value.

Non-operational assets: open market value.

Vehicles, plant and equipment: depreciated historic cost.

Notes to the Balance Sheet continued...

Capital expenditure that does not add to the value of assets, such as capital repairs, is included in the revaluation of assets total and is written off against the Fixed Asset Restatement Reserve.

All assets were revalued during 1999/00 and the accounts reflect these new values.

1.4 Capital spending and financing

Capital spending on fixed assets and deferred charges was as follows :

Capital expenditure	1998/99	1999/00
	£'000	£'000
Land	0	395
Construction work	0	184
Vehicles and equipment	105	726
Fees and salaries	9	163
	<u>114</u>	<u>1,468</u>

Capital spending was financed as follows :

Capital financing	1998/99	1999/00
	£'000	£'000
Capital receipts	0	463
Revenue contributions	100	153
Basic Credit Approval	0	690
Capital contributions (insurance settlement for written off fire vehicles)	14	140
Capital creditors	0	22
	<u>114</u>	<u>1,468</u>

1.5 Capital commitments

The Authority has authorised expenditure in future years under its capital programme of £1,961,000, of which £1,549,000 is contracted :

	Expenditure approved and contracted at 31 March 2000 £'000	Expenditure approved but not contracted at 31 March 2000 £'000
Command and Control	752	
Frontline appliances	175	
Incident command unit	163	104
Water Carrier	131	
Special equipment units	142	213
Emergency catering unit	80	
Off road vehicles	106	95
	<u>1,549</u>	<u>412</u>

Notes to the Balance Sheet continued...

2. Deferred charges

2.1 Movements in the value of deferred charges during the year were as follows :

	1998/99 £'000	1999/00 £'000
Balance as at 1 April	36	31
Expenditure	0	0
Less : amounts written off to capital financing reserve	-5	-5
Balance as at 31 March	<u>31</u>	<u>26</u>

2.2 Deferred charges represent expenditure which has been capitalised but which does not add to the value of Authority owned assets. This consists of one-off expenditure in creating the Authority.

3. Long term debtors

	31 March 1999 £'000	31 March 2000 £'000
Car loans to staff	<u>80</u>	<u>94</u>

4. Stocks

	31 March 1999 £'000	31 March 2000 £'000
Uniforms	147	123
Equipment	106	116
Workshops	249	234
Fuel	22	24
Hydrants	5	5
Memorabilia	5	4
Foam	16	16
	<u>550</u>	<u>522</u>

5. Debtors

	31 March 1999 £'000	31 March 2000 £'000
Government departments	0	13
Other local authorities	0	0
Sundry debtors	1,733	425
	<u>1,733</u>	<u>438</u>

5.2 Sundry debtors at 31 March 1999 included £1.238 million of expenditure on vehicles, incurred on behalf of a leasing company under an agency agreement. This was reimbursed in 1999/00.

Notes to the Balance Sheet continued...

6. Payments in advance

- 6.1 The main elements of this are the annual payments on leasing arrangements of £311,000 and the payment of pensions for April 2000 paid one day early due to 1 April falling on a weekend.

7. Deposits

- 7.1 The balance shown represents the cash balance invested with Hampshire County Council on 31 March.

8. Creditors

	31 March 1999 £'000	31 March 2000 £'000
Government departments	609	627
Other local authorities	1,488	53
Sundry creditors	521	1,177
	<u>2,618</u>	<u>1,857</u>

The Authority's policy is to pay business creditors 30 days after the date shown on the invoice.

- 8.1 The other local authorities balance at 31 March 1999 includes £1.461 million payable to the constituent authorities. This balance represents the amount by which the Authority underspent during 1998/99 and was repaid during 1999/00. The balance due to the constituent authorities at 31 March 2000 was just £7,000.
- 8.2 The sundry creditors balance at 31 March 2000 includes £351,000 for backdated payments to retained firefighters under the European Union working time directive. This will be paid during 2000/01.

9. Receipts in advance

- 9.1 The balance shown represents the annual leasing rebates received in advance.

10. Long term borrowing

- 10.1 The Authority has just one long-term loan: £350,000 from the Public Works Loans Board which matures in 2023.

11. Provisions

- 11.1 The Authority does not now hold any provisions, except for the provision for bad debts. This has been netted off the balance of debtors and the provision for credit liabilities which forms part of the capital financing reserve.

Notes to the Balance Sheet continued...

12. Fixed asset restatement reserve

12.1 The fixed asset restatement reserve was created in order to allow assets to be maintained in the accounts at current value. The reserve is written down by the net book value of assets being disposed of. The reserve is also debited or credited with deficits or surpluses when revaluations are made.

13. Capital financing reserve

13.1 The capital financing reserve contains :

- * the amount of capital expenditure financed from revenue and capital receipts
- * the statutory amount required to provide for the repayment of external loans less the amounts included for depreciation and writing down of deferred charges.

14. Usable capital receipts reserve

14.1 The balance on the usable capital receipts reserve is made up as follows :

	1998/99	1999/00
	£'000	£'000
Balance as at 1 April	0	0
Receipts in the year	0	-1,259
Less : used to finance capital expenditure	0	463
Balance as at 31 March	<u>0</u>	<u>-796</u>

15. Contingent liabilities

15.1 There are no contingent liabilities that have been provided for in the accounts.

16. Amounts set aside for loan repayments

16.1 In accordance with the Local Government and Housing Act 1989 a provision for credit liabilities is maintained.

	31 March	31 March
	1999	2000
	£'000	£'000
Balance brought forward	26	39
Amount set aside for minimum revenue provision (MRP)	13	12
Balance carried forward	<u>39</u>	<u>51</u>

17. Finance and operating leases

17.1 The Fire Authority does not hold any assets under finance leases.

Notes to the Balance Sheet continued...

17.2 Some vehicles and equipment are used which are financed under operational leasing agreements. Total rentals paid in 1999/00 were £430,000 (£269,000 in 1998/99). Outstanding rental obligations were £4,238,000 on 31 March 2000 (£3,055,000 on 31 March 1999). Rental payments on these will be £514,000 in 2000/01 (£339,000 in 1999/00), falling to £112,000 in 2009/10 (£52,000 in 2009/10).

17.3 The Authority has authorised expenditure in future years of £831,000 on vehicles intended to be leased, all of which is contracted :

	Expenditure approved and contracted at 31 March 1999 £'000	Expenditure approved and contracted at 31 March 2000 £'000
Frontline appliances	60	805
Ancillary vehicles	28	26
Other vehicles	441	0
	<u>529</u>	<u>831</u>

18. Year 2000 costs

18.1 There are no outstanding known problems in association with the year 2000 date change. There are invoices outstanding for £18,000 for works done to make the Command and Control system year 2000 compliant. Overall, the direct costs were £158,000 and indirect staffing costs approximately £400,000.

18.2 The Millennium date change was celebrated widely and additional fire cover to that normally provided at a new year was made. The cost of this extra cover was £24,000.

19. Financial reporting and the Euro

19.1 An initial assessment of the potential cost of implementing systems changes for the introduction of the Euro has not identified any significant impact on the Authority as all main accounting systems are provided by Hampshire County Council. The County Council is in the process of replacing its financial systems which will be fully Euro compliant.

Statement of Movements in Capital Reserves

	Fixed Asset Restatement £'000	Capital Financing £'000	Capital Receipts £'000	Total £'000
Balance as at 31 March 1999	-49,762	1,317	0	-48,445
Appropriation to summary revenue acco	0	625	0	625
Surplus on revaluation of fixed assets	-10,070	0	0	-10,070
Effects of disposal of fixed assets :				
book value of assets disposed of	1,225	0	0	1,225
proceeds of disposal	0	0	-1,259	-1,259
Financing of fixed assets from insurance reserve	0	-140	0	-140
Financing of fixed assets from capital receipts	0	-463	463	0
Balance as at 31 March 2000	-58,607	1,339	-796	-58,064

This statement brings together all recognised gains and losses of the Authority during th

The fixed asset restatement reserve and the capital financing reserve relate to the financi
valuation of existing capital assets and so are not cash-backed reserves.

Cash Flow Statement

	1998/99 £'000	1999/00 £'000
Revenue Activities		
Cash outflows		
Cash paid to and on behalf of employees	33,681	34,434
Other operating costs	7,253	7,002
	<hr/>	<hr/>
	40,934	41,436
Cash inflows		
Cash received for goods and services	-1,183	-1,202
Levies	-36,534	-38,133
Rents	-48	-77
Other income	-2,762	-2,272
	<hr/>	<hr/>
	-40,527	-41,684
Net cash inflow/outflow from revenue activities (note 1)	<hr/>	<hr/>
	407	-248
Returns on Investments and Servicing of Finance		
Cash outflow		
Interest paid	21	21
Cash inflow		
Interest received	-57	-21
Capital Activities		
Cash outflows		
Purchase of fixed assets	114	1,447
	<hr/>	<hr/>
	114	1,447
Cash inflows		
Sale of fixed assets	0	-1,259
	<hr/>	<hr/>
	0	-1,259
Net cash outflow from capital activities	<hr/>	<hr/>
	114	188
Net cash inflow/outflow before financing	<hr/>	<hr/>
	485	-60
Management of Liquid Resources		
Net increase/decrease in short term deposits	-486	61
Financing		
Cash outflows		
Repayments of amounts borrowed	7,680	10,548
Cash inflows		
New short term loans	-7,680	-10,548
Increase / decrease in cash (note 2)	<hr/>	<hr/>
	-1	1

Notes to the Cashflow Statement

1. Reconciliation to revenue account

	1998/99 £'000	1999/00 £'000
Balance on revenue account	0	0
Items on an accruals basis :		
Increase/decrease in stocks	-4	-27
Increase/decrease in debtors	623	-1,281
Increase/decrease in payments in advance	-99	508
Increase/decrease in creditors	-36	783
Increase/decrease in receipts in advance	0	-64
	<u>484</u>	<u>-81</u>
Non cash transactions :		
Revenue contributions to capital	-100	-153
Provision for loan repayment	-13	-12
Provision for bad debts	0	-2
Items classified elsewhere in cash flow statement :		
Interest paid	-21	-21
Interest received	57	21
Net cash inflow/outflow from revenue activities	<u>407</u>	<u>-248</u>

2. Reconciliation of the movement in cash with the movement in net debt

	1998/99 £'000	1999/00 £'000
Movement of net debt in balance sheet :		
Long term loans :		
- 1 April	-350	-350
- 31 March	-350	-350
- Movement	<u>0</u>	<u>0</u>
Short term loans :		
- 1 April	0	0
- 31 March	0	0
- Movement	<u>0</u>	<u>0</u>
Deposits		
- 1 April	717	231
- 31 March	231	292
- Movement	<u>-486</u>	<u>61</u>
Total movement in net debt	<u>-486</u>	<u>61</u>
Net cash outflow before financing	485	-60
Increase/decrease in cash	<u>-1</u>	<u>1</u>

Notes to the Cashflow Statement continued...

3. Reconciliation of items shown in financing and management of liquid resources to the related items in the balance sheet

	1998/99	1999/00
	£'000	£'000
Net increase/decrease in short term deposits	-486	61
Repayments of amounts borrowed	7,680	10,548
New long term loans	0	0
New short term loans	-7,680	-10,548
Total movement in net debt in balance sheet	-486	61

Statement of Responsibilities for the Statement of Accounts

1. The Authority's responsibilities

1.1 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 so as to secure economic, efficient and effective use of resources and safeguard its assets:
- * to approve the Statement of Accounts.

2. The Treasurer's responsibilities

2.1 The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the code of practice').

2.2 In preparing this statement of accounts, the Treasurer has sought to :

- * select suitable accounting policies and apply them consistently:
- * make judgements and estimates that were reasonable and prudent:
- * comply with the Code of Practice on Local Authority Accounting in Great Britain.

2.3 The Treasurer has also :

- * kept proper records which are up to date:
- * taken reasonable steps for the prevention and detection of fraud and other irregularities.

3. The Treasurer's statement

3.1 I certify that the Statement of Accounts presents fairly the financial position of the Fire Authority as at 31 March 2000 and its income and expenditure for the year ended 31 March 2000.

JC Pittam BSc, CPFA
Treasurer
23 August 2000

Auditors' Report to Hampshire Fire and Rescue Authority

1. We have audited the statement of accounts on pages 1 to 21 which have been prepared in accordance with the accounting policies applicable to fire authorities as set out on pages 2 to 5.

2. Respective responsibilities of the Treasurer and Auditors

2.1 As described on page 21 the Treasurer is responsible for the preparation of the statement of accounts. Our responsibilities as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

2.2 We report to you our opinion as to whether the statement of accounts presents fairly the financial position and results of operations of Hampshire Fire and Rescue Authority.

3. Basis of opinion

3.1 We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with audit standards.

3.2 Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also included an assessment of the significance of the estimates and judgements made by the Authority in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

3.3 We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us 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 our opinion we also evaluated the overall adequacy of the presentation of information in the statement of accounts.

4. Opinion

4.1 In our opinion the statement of accounts presents fairly the financial position of Hampshire Fire and Rescue Authority at 31 March 2000 and its income and expenditure for the period then ended.

5. Certificate

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

RJ Randall, CPFA
Audit Manager, District Audit
29 September 2000