

**To: All Members of the Policy and Resources Committee  
(and any other Members who may wish to attend)**



The Protocol and Procedure for visitors attending meetings of Merseyside Fire and Rescue Authority can be found by clicking [here](http://www.merseyfire.gov.uk) or on the Authority's website:

<http://www.merseyfire.gov.uk> - About Us > Fire Authority.

**J. Henshaw  
LLB (Hons)  
Clerk to the Authority**

Tel: 0151 296 4000  
Extn: 4113 Kelly Kellaway

Your ref:

Our ref HP/NP

Date: 9 September 2015

Dear Sir/Madam,

You are invited to attend a meeting of the **POLICY AND RESOURCES COMMITTEE** to be held at **1.00 pm** on **THURSDAY, 17TH SEPTEMBER, 2015** in the Liverpool Suite at Merseyside Fire and Rescue Service Headquarters, Bridle Road, Bootle.

Yours faithfully,

Clerk to the Authority

Encl.

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**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**POLICY AND RESOURCES COMMITTEE**

**17 SEPTEMBER 2015**

**AGENDA**

**Members**

Cllr Les Byrom (Chair)  
Peter Brennan  
Roy Gladden  
Ray Halpin  
Denise Roberts  
Jean Stapleton  
Sharon Sullivan  
Lesley Rennie

**1. Preliminary Matters**

Members are requested to consider the identification of:

- a) declarations of interest by individual Members in relation to any item of business on the Agenda
- b) any additional items of business which the Chair has determined should be considered as matters of urgency; and
- c) items of business which may require the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

**2. Minutes of the Previous Meeting (Pages 7 - 10)**

The Minutes of the previous meeting of the Policy and Resources Committee, held on 26<sup>th</sup> March 2015, are submitted for approval as a correct record and for signature by the Chair.

**3. Audit Findings 2014-15 (Pages 11 - 44)**

To consider the Audit Findings report of the external auditor for the Authority, Grant Thornton, concerning their audit findings for the financial year ended 31 March 2015.

4. **Statement of Accounts 2014/15 - authorisation for issue** (Pages 45 - 158)

(CFO/075/15 Appendix A)

To consider Report CFO/075/15 of the Treasurer, concerning the audited 2014/15 Statement of Accounts, for approval and authorisation for issue.

5. **Financial Review 2015/16 - April to June** (Pages 159 - 188)

(CFO/074/15)

To consider Report CFO/074/15 of the Treasurer, concerning a review of the financial position, revenue and capital, for the Authority for 2015/16. The Authority receives regular comprehensive financial reviews during the year, which provide a full health check on the Authority's finances; and this report covers the period April to June 2015.

6. **Purchase of Prime Movers** (Pages 189 - 192)

(CFO/077/15)

To consider Report CFO/077/15 of the Chief Fire Officer, concerning the recent procurement exercise for two replacement prime mover vehicles; and approval to proceed with the purchase.

7. **Wirral Youth Zone** (Pages 193 - 386)

(CFO/078/15)

To consider Report CFO/078/15 of the Deputy Chief Fire Officer, concerning confirmation of the Authority's previous in principle decision (CFO/048/14), to transfer the land released during the building of Birkenhead Community Fire and Rescue Station, to support the creation of the Hive Youth Zone.

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If any Members have queries, comments or require additional information relating to any item on the agenda please contact Committee Services and we will endeavour to provide the information you require for the meeting. Of course this does not affect the right of any Member to raise questions in the meeting itself but it may assist Members in their consideration of an item if additional information is available.

Refreshments



Any Members attending on Authority business straight from work or for long periods of time, and require a sandwich, please contact Democratic Services, prior to your arrival, for arrangements to be made.

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## **MERSEYSIDE FIRE AND RESCUE AUTHORITY**

### **POLICY AND RESOURCES COMMITTEE**

**26 MARCH 2015**

#### **MINUTES**

**Present:** Cllr Leslie T. Byrom CBE (Chair) Councillors Peter Brennan, Ray Halpin, Denise Roberts, Jean Stapleton, Sharon Sullivan and Lesley Rennie

**Also Present:** Cllrs Robbie Ayres, Dave Hanratty and Linda Maloney

**Apologies of absence were received from:**  
Ted Grannell

#### **1. Preliminary Matters**

Members considered the identification of declarations of interest, any urgent additional items, and any business that may require the exclusion of the press and public.

##### **Resolved that:**

- a) no declarations of interest were made by individual Members in relation to any item of business on the Agenda
- b) no additional items of business to be considered as matters of urgency were determined by the Chair; and
- c) no items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

#### **2. Minutes of the Previous Meeting**

The Minutes of the previous meeting of the Policy and Resources Committee, held on 27<sup>th</sup> November 2014 were approved as a correct record and signed accordingly by the Chair.

#### **3. SERVICE DELIVERY PLAN 2015/16**

(CFO/019/15)

Members considered report CFO/019/15 of the Deputy Chief Fire Officer concerning the Service Delivery Plan for 2015/16. Members considered the Performance Indicators shown and the implications of these indicators.

The Committee discussed various issues arising from the report and wider local government issues, and considered the future direction of the fire and rescue service in light of these issues.

The Service Delivery Plan was highly commended by Members for its quality and ease of understanding. Thanks were expressed to all staff involved in its formulation.

Resolved that:

1. The Service Delivery Plan for 2015/16 be approved; and,
2. The Service Delivery Plan for 2015/16 be published on the website; and,
3. The Service Delivery Plan for 2015/16 be emailed to Members to aid distribution among colleagues.

**4. District & Station Community Safety Plans 2015/16**

(CFO/020/15)

Members considered report CFO/020/15 of the Deputy Chief Fire Officer concerning the District Community Safety Plans for 2015/16. Attention was drawn in particular to the associated Equality Impact Assessments conducted for each district which tied into the plans, and the committee considered these appropriately.

Members questioned if the district plans are shared with Community Safety Partnerships. It was confirmed that they are shared with all Community Safety Partnerships for the Districts and for Merseyside.

Resolved that:

1. The District Community Safety Plans for 2015/16 be approved; and,
2. The District Community Safety Plans for 2015/16 and associated EIAs be shared electronically with Members to aid distribution among colleagues in Constituent Councils.

**5. MFRA Local Firefighter Pension Board**

(CFO/024/15)

Members considered report CFO/024/15 of the Deputy Chief Executive concerning the requirement to establish a Local Pension Board for the Firefighters' Pension Scheme and to set out its proposed structure. They also considered to whom responsibility should be delegated, to fulfil the role of Scheme Manager.

Members considered the proposal for the composition of the Pensions Board and whether to delay the nomination of an Authority Member to the Board until after the AGM. Following consideration of the need to train any Member appointed to the Board, the committee decided to nominate a Member at this meeting to ensure training could commence as soon as possible.

Resolved that:

1. The delegation for fulfilling the role of Scheme Manager for the overall management and administration of the Firefighters' Pension Scheme to the Deputy Chief Executive be approved; and,
2. The establishment of a Local Pension Board for the Firefighters' Pension Scheme as outlined in this report be approved, and specifically:-
  - a. the Board comprising 6 members consisting of 3 employer representatives and 3 employee members be approved; and,
  - b. Councillor Robbie Ayres, with Councillor Ray Halpin acting as an alternate, be nominated from MFRA to act as 1 of the employer representatives.

**6. 2015 FIREFIGHTERS' PENSION SCHEME - SCHEME MANAGER DISCRETIONS**

(CFO/025/15)

Members considered report CFO/025/15 of the Deputy Chief Executive concerning the Scheme Manager (SM) discretions as contained in 'The Firefighters' Pension Scheme (England) Regulations 2014'.

Resolved that:

1. The Draft 2015 Firefighter Pension Scheme Discretions be approved; and specifically:-
  - a. the Deputy Chief Executive be approved as the delegated officer to act as the Scheme Manager for Firefighters' Pension Scheme(s); and,
  - b. Continual Professional Payments be approved to be treated as pensionable pay; and,
  - c. that it be approved that where a scheme member is absent from employment and not entitled to pay but wished to purchase pension benefits for this period that they must pay the employee and employer contributions unless specific approval to the contrary is given by the Authority.

**7. Pay Policy 2015/16**

(CFO/016/15)

Members considered report CFO/016/15 of the Deputy Chief Fire Officer concerning Section 38 of the Localism Act 2011 which requires Local Authorities to publish a Pay Policy Statement each year. Members discussed the Authority's proposed Pay Policy Statement for 2015/16 prior to publication.

**Resolved that:**

Subject to an amendment to the reference to season ticket loans to clarify that this is in relation to a season ticket for public transport:-

1. The proposed Pay Policy for 2015/16 be approved for publication.

Close

Date of next meeting Thursday, 17 September 2015

Signed:\_\_\_\_\_

Date:\_\_\_\_\_

# The Audit Findings for Merseyside Fire and Rescue Authority

Year ended 31 March 2015

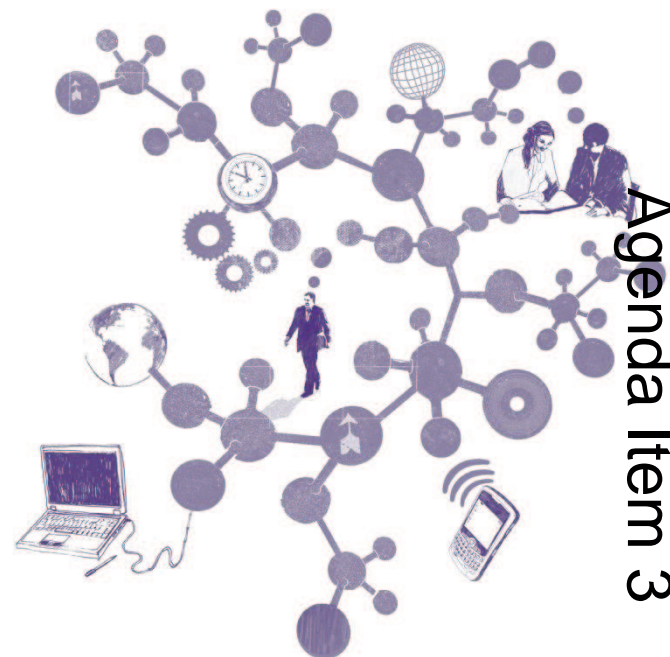
24 August 2015

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Agenda Item 3



Mr D Stephens  
Chief Fire Officer  
Merseyside Fire and Rescue Authority  
Fire Service HQ  
Bridle Road  
Bootle Merseyside

24 August 2015

Dear Dan

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**Audit Findings for the Merseyside Fire and Rescue Authority for the year ending 31 March 2015**

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance (in the case of Merseyside Fire and Rescue Authority, the Authority), as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management and the Audit Committee.

As auditors we are responsible for performing the audits, in accordance with International Standards on Auditing (UK & Ireland), which are directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Michael Thomas  
Director

**Chartered Accountants**

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## Appendices

A Audit opinion

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## Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

We anticipate providing an unqualified opinion on the financial statements, and an unqualified value for money conclusion

# Executive summary

## Purpose of this report

As the external auditor appointed to Merseyside Fire and Rescue Authority we are required by the Audit Commission's Code of Audit Practice to report our audit findings to the Authority, as the body charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA UK&I).

This report (our Audit Findings Report) highlights the key matters arising from our audit of the Authority's financial statements for the year ended 31 March 2015.

It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA UK&I).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Authority's financial statements present a true and fair view of the financial position and their expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

We are also required to reach a formal conclusion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources (the Value for Money conclusion).

## Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to the Audit Committee on the 26<sup>th</sup> May.

Our audit is substantially complete, although we are finalising our work in the following areas:

- review of the final version of the financial statements;
- finalising our testing of payroll, operating expenses, pensions contributions and pensions benefits;
- obtaining and reviewing the management letters of representation; and
- updating our post balance sheet events review, to the date of signing the opinion.

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts (WGA) consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on the value for money conclusion.

We received draft financial statements and accompanying working papers on 29<sup>th</sup> June, in accordance with the timetable set by the Authority and ahead of the national deadline of 30<sup>th</sup> June 2015. The financial statements submitted for audit were yet again of good quality, delivered by an effective closedown process and supported by good quality working papers. Of particular note was the speed and efficiency that the Finance Team responded to queries.

# Executive summary

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## Key issues arising from our audit

### Financial statements opinion

We anticipate providing an unqualified opinion in respect of the financial statements.

The key messages arising from our audit of the Authority's financial statements are:

- draft financial statements were provided for audit on 29th June 2015 in advance of the national deadline and the planned start date for our year-end fieldwork;
- as last year, the draft accounts were prepared to a good standard and were supported by comprehensive working papers; and
- there are no significant amendments to the accounts as a result of our audit.

We have not identified any adjustments affecting the Authority's reported financial position. The Authority delivered an underspend of £1.187m on its service income and expenditure and the audited financial statements for the year ended 31 March 2015 record net cost of services expenditure of £61.4m.

We have agreed a small number of adjustments to improve the presentation of the financial statements. Further details are set out in section two of this report. The majority of our audit fieldwork has been completed with good co-operation from your Finance team. Subject to clearance of the outstanding matters listed on page 5 of this report, we plan to sign our audit opinion in advance of the 30 September deadline.

### Value for Money conclusion

We are pleased to report that, based on our review of the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VFM conclusion. The Authority continues to demonstrate sound financial management while providing improvements to service quality and has a positive approach to challenging the value for money of its activities. These arrangements leave the Authority well placed to meet the challenges ahead. However the scale of the financial challenge remains significant. The medium term financial plan identifies a savings target of £6.3m over the three years from 2016/17 to 2017/18. Having already delivered substantial financial savings, the Authority faces a significant challenge to address this budget gap and to meet its statutory responsibilities.

Further detail of our work on Value for Money is set out in section three of this report.

### Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

## Controls

### Roles and responsibilities

The Authority's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control. Management has operated the financial systems and controls to produce the financial statements for 2014/15. Our work on the material financial systems used to prepare the financial statements has therefore supported our audit.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Authority.

### Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention. As part of our planned programme of work, we followed up our high level review of the general IT control environment. We are pleased to report that no significant issue arose from our work

## The way forward

Matters arising from the financial statements audit and review of the arrangements for securing economy, efficiency and effectiveness in the use of resources have been discussed with the Treasurer.

Looking ahead, we will be discussing with officers the arrangements for bringing forward the accounts and audit completion period, including an earlier Audit Committee date, ahead of the changes to the national deadlines in 2017/18.

## Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by finance staff and other officers during our audit.

**Grant Thornton UK LLP**  
**August 2015**

# Section 2:    Audit findings

01.	Executive summary
02.	Audit findings
03.	Value for Money
04.	Fees, non-audit services and independence
05.	Communication of audit matters

Our audit is substantially complete . We are finalising our audit procedures in a small number of areas. We have not identified any adjustments affecting the Authority's financial position and we are expecting to issue an unqualified opinion on the financial statements.

# Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audits and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 26<sup>th</sup> May. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

## Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you.

## Audit opinion

We expect to issue an unqualified opinion on both the financial statements and our proposed audit opinion is set out in Appendix A.

# Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<b>Improper revenue recognition</b> Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition	<ul style="list-style-type: none"><li>• We considered whether the presumed risk of fraud due to improper recognition of revenue applied for the audit of Merseyside Fire and Rescue Authority.</li><li>• We have undertaken and completed the following:<ul style="list-style-type: none"><li>- review and testing of revenue recognition policies;</li><li>- review of unusual significant transactions; and</li><li>- testing of material revenue streams.</li></ul></li></ul>	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p> <p>Most of the Authority's revenues are from government grants or from Council Tax precepts which are predictable in timing and value. As the levels of other revenues are not material in 2014/15, we have concluded that the presumed risk can be rebutted.</p> <p>We therefore do not consider this to be a significant risk for the Authority</p>
2.	<b>Management override of controls</b> Under ISA 240 there is a presumed risk of management over-ride of controls	<ul style="list-style-type: none"><li>• review of accounting estimates, judgements and decisions made by management.</li><li>• testing of journals entries.</li><li>• review of unusual significant transactions.</li></ul>	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>



# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Operating expenses/creditors understated or not recorded in the correct period	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"><li>• documented our understanding of processes and key controls over the transaction cycle;</li><li>• undertaken walkthrough of the key controls to assess the whether those controls are designed effectively;</li><li>• cut off testing of purchase orders and goods received note to review for unrecorded liabilities;</li><li>• we tested a sample of 12 payments , selected at random and agreed the payments to source documentation to ensure the payment was valid expenditure, VAT was correctly recorded and the payment was correctly accounted for in 2014/15; and</li><li>• we completed an additional test on a sample of 12 payments after the year end to source documentation, to ensure that if the transaction was correctly recorded and to ensure they have been accurately accounted for and in the correct period.</li></ul>	Our audit work has not identified any significant issues in relation to the risk identified.



# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Employee remuneration</b>	Employee remuneration accrual understated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• documented our understanding of processes and key controls over the transaction cycle;</li> <li>• undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding;</li> <li>• substantive testing of payments made to employees during the 2014/15 financial year ;</li> <li>• use of analytical techniques to compare expected payroll costs with actual ;and</li> <li>• review of payroll reconciliations including at the year end.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.
<b>Fire-fighter's pensions benefit payments</b>	Payments to pensioners incorrectly calculated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• documented our understanding of processes and key controls over the transaction cycle;</li> <li>• undertaken walkthrough of the key controls to assess the whether those controls were in line with our understanding;</li> <li>• substantively tested a 10 sample of lump sum payments and pensions payments;</li> <li>• Confirmed that the figures in the pension statement are consistent with the underlying pensions ' system data.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.

# Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.



Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<p>The Authority's policy is set out in its accounting policies (Note 1 in supporting notes to the financial statements). The Authority has two principal revenue streams:</p> <ul style="list-style-type: none"> <li>grant income is recognised in accordance with the terms of the grant, whether specific or non-specific; and</li> <li>income from fees/charges in the provision of services, which is recognised when the service has been provided or when title to goods has passed.</li> </ul> <p>The Authority's policy for recognising revenue is to recognise it when the economic benefits or service potential will flow to the Authority.</p>	<ul style="list-style-type: none"> <li>The Authority's policy is appropriate and consistent with the relevant accounting framework – the CIPFA Code of Practice on Local Authority Accounting (the CIPFA Code).</li> <li>A significant quantity of the Authority's revenue is predictable meaning there is minimal judgement required from the Authority in identifying when to recognise income.</li> <li>The accounting policy is appropriately disclosed within the statement of accounts.</li> </ul>	 <b>Green</b>
<b>Judgements and estimates</b>	<p>Key estimates and judgements include:</p> <ul style="list-style-type: none"> <li>Insurance Fund – the Authority operates a self insure scheme</li> <li>Useful lives and £ nil residual value of property, plant and equipment,</li> <li>Property valuations including revaluations, impairments and fair valuations,</li> <li>Government Funding and the high degree of uncertainty,</li> <li>Pension fund valuations and settlements, and</li> <li>Provisions.</li> </ul>	<p>The Authority's policies on estimates and judgements are reasonable and appropriately disclosed and reliance on experts is taken where appropriate.</p>	 <b>Green</b>

## Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

# Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.


Accounting area	Summary of policy	Comments	Assessment
<b>Judgements and estimates - land and building valuations</b>	Page 39 of the accounts sets out the Authority's programme of asset revaluations. This shows that a full valuation was undertaken in March 2015 on 42 properties by an external valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.	The Authority's policies on estimates and judgements are reasonable and appropriately disclosed and reliance on experts is taken where appropriate.	 <b>Green</b>
<b>Judgements and estimates - land and building valuations for the JCC</b>	<p>The CIPFA Code requires that authorities revalue their land and building assets on a regular basis. The Authority engages an independent chartered surveyor to provide land and building valuations for financial reporting purposes. In respect of the operational portfolio, all of the Authority's property assets have been physically inspected and valued. The date of the valuation was 31 March 2015.</p> <p>For the Joint Command and Control centre leased by the PCC from Merseyside Fire and Rescue Authority the PCC engaged their own valuer to provide building valuations for financial reporting purposes rather than use the Fire Authority's valuer.</p> <p>The Fire Authority's Valuer provided a valuation of the building which was then apportioned on a 60:40 basis ( PCC:MFRS) to reflect the profile of capital payments used in the construction of the JCC. As a result of this approach the Fire Authority valuation is £4.8m.</p>	<p>We undertook a detailed review of the work performed by the Valuer to provide land and building valuations for financial reporting purposes.</p> <p>We were satisfied from our review of the valuation report, that the methods and assumptions used by the Valuer in valuing the land and property assets are considered to be reasonable and in accordance with the requirements of IFRS and the Code.</p>	 <b>Green</b>

## Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

# Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.



Accounting area	Summary of policy	Comments	Assessment
<b>Judgements and estimates - IAS 19 liabilities</b>	<p><b>Local Government Pension Scheme (LGPS)</b></p> <p>The LGPS is the pension scheme for Authority staff. This is a funded defined benefit scheme. The scheme was administered by Merseyside Pension Fund in 2014/15. The liability showing the underlying long term commitment to fund future retirement benefits is shown on the balance sheet with a corresponding Pension Reserve.</p> <p><b>Firefighters ' Pension Scheme</b></p> <p>The Authority operates two pension schemes for firefighters both of which are unfunded, defined benefit schemes. The financial liability for these schemes appears on the Authority's Balance Sheet with a corresponding Pension Reserve. Changes in actuarial assumptions led to a £66 million increase in the size of the liability, which stood at £1 billion at 31 March 2015.</p> <p>The pension fund liabilities are most sensitive to changes in the following key assumptions:</p> <ul style="list-style-type: none"> <li>• discount rate;</li> <li>• mortality;</li> <li>• inflation; and</li> <li>• future salary increases.</li> </ul>	<p>For LGPS and the two firefighter pension schemes we undertook a review of the relevant actuary's (Mercer for LGPS and GAD for firefighter schemes) work to satisfy ourselves that the pension liabilities are fairly stated in the financial statements. In doing so we engaged our own independent actuary to assess the methodology and assumptions used by the schemes actuary.</p> <p>For LGPS we have confirmed with the LGPS external auditor that the controls over membership data were operating as intended. For the two firefighter schemes we have reviewed the information sent to the actuary ourselves and confirmed it was consistent with our expectations.</p> <p>For both LGPS and the firefighter pension schemes we have reviewed the assumptions used for each of these variables. Our own independent actuary has also confirmed that they are comfortable that the assumptions used by both Mercer and GAD are reasonable for the purpose of valuing the pension fund liabilities as at 31 March 2015.</p>	 <b>Green</b>

## Assessment




- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

# Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Other accounting policies</b>	We have reviewed the accounting policies against the requirements of the CIPFA Code and International Financial Reporting Standards.	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention.	 <b>Green</b>
<b>Going concern</b>	<p>The Authority has a reasonable expectation that the services they provide will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.</p> <p>The Authority faces significant financial challenges due to cuts in the grant they receive from the Government. To their credit, the Authority has a good understanding of the scale of this financial challenge over the medium-term.</p> <p>The Authority has a balanced budget for 2015/16 and a medium term financial plan for 2015/16 to 2018/19 which includes a savings target, some of which are still to be identified for 2016/17.</p>	<p>We have assessed the reasonableness of the assumptions underlying this forecast, and the sensitivity of the forecasts to changes in those assumptions. We do not consider there to be a material uncertainty which could cast doubt on the entity's ability to continue as a going concern.</p> <p>The Authority holds £25.9 million of useable revenue reserves, approximately £17million of which are held in cash and short-term investments. Based on this, we are satisfied that it remains appropriate for the Authority to prepare accounts on a going concern basis as at 31 March 2015.</p>	 <b>Green</b>

## Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

# Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance via the Audit Committee.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"><li>• We have previously discussed the risk of fraud with the Audit Committee.</li><li>• We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.</li></ul>
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"><li>• We are not aware of any significant incidences of non-compliance with relevant laws and regulations.</li></ul>
3.	Written representations	<ul style="list-style-type: none"><li>• A standard letter of representation has been requested from the Authority</li></ul>
4.	Disclosures	<ul style="list-style-type: none"><li>• Our review found no material omissions in the financial statements.</li></ul>
5.	Matters in relation to related parties	<ul style="list-style-type: none"><li>• We are not aware of any related party transactions which have not been disclosed.</li></ul>
6.	Confirmation requests from third parties	<ul style="list-style-type: none"><li>• We obtained direct confirmation for loans and requested from management permission to send confirmation requests to for bank and investment balances. The requests were sent and were returned with positive confirmation.</li></ul>

## Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

As part of our planned programme of work , we followed up our high level review of the general IT control environment. The Authority has responded to the issues in our action plan and we are satisfied that the issues have been addressed.



## Adjusted and unadjusted misstatements – Merseyside Fire and Rescue Authority financial statements

There were no adjusted or unadjusted misstatements.

# Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	n/a	Note 35 Leases	The table showing the gross investment in the finance lease was amended to provide additional information supporting the disclosure.
2 Disclosure	n/a	Note 12 PPE	The wording on Note 12 PPE was amended to edit the disclosure on the rolling programme. The effective date of the revaluation was added to Note 12.
3 Disclosure	n/a	Note 12 PPE	Note 12 PPE was updated to show provide a comprehensive reconciliation of the impact of the full property revaluation and separately identify the reversal of prior year losses £3.599m and the reversal prior year impairments £2.975m.
4 Disclosure	n/a	Note 42	Note 42 Contingent liabilities was amended to cover the impact on the Authority for liabilities from MMI.

# Section 3: Value for Money

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- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Fees, non-audit services and independence
- 05. Communication of audit matters

We have completed our Value for Money work and intend to issue an unqualified Conclusion.

# Value for Money

## Value for money conclusion

The Code of Audit Practice 2010 (the Code) describes the Authority's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VfM conclusion based on two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

**The Authority has proper arrangements in place for securing financial resilience** - the Authority has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

**The Authority has proper arrangements for challenging how it secures economy, efficiency and effectiveness** - the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

## Key findings

### Securing financial resilience

We have undertaken a review which considered the Authority's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control.

The main matters to note from our work are:

- The Authority is considered to be in a sound financial position at this time. The Authority has general reserves of £2m, risk assessed earmarked reserves of £23.9m and a track record of delivering financial performance in line with budgets. The savings programme has been successful over the past three years and plans are in place which should enable the Chief Fire Officer to deliver services in line with the IRMP's objectives despite the significant cuts in funding.
- The Authority continues to show strong financial resilience, and good financial planning and management. The revenue budget underspend for the year was £1.187m which enabled the capital investment reserve to be strengthened in light of the anticipated funding requirement for the station merger projects.
- However the scale of the financial challenge remains significant. The MTFS was approved as part of the 2015/16 budget setting process and covers the period to 2019/20. The medium term forecast sets out that the Authority is potentially required to identify £3.7m of savings by 2016/17, rising to £7.5m by 2017/18 and £10.6m by 2018/19, giving an anticipated overall savings requirement of £13.3m over the MTFS period.
- The challenge is however becoming increasingly difficult to meet and whilst 2015/16 is budgeted to be delivered, the financial position will be increasingly challenging thereafter as significant changes to Government grant is likely to mean further efficiencies will then be needed in order to balance the budget.

# Value for Money

## Challenging economy, efficiency and effectiveness

We have considered the Authority's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources
- Improving efficiency & productivity

Overall our work highlighted:

- Despite the financial challenges and the strong opposition of some community groups, the Authority has made significant progress in developing its Fire Station Merger Strategy. The strategy proposes the merging of fire stations in 3 key areas and the closure of Allerton fire station.. The merger of two stations on Wirral (West Kirby and Greasby), two stations in St Helens (Eccleston and St Helens) and two stations in Knowsley (Huyton and Whiston). This is projected to deliver a reduction of 66 whole-time equivalent (WTE) posts, reduce the Authority asset base down from 26 stations to 22 and deliver additional savings from a reduction in premises overheads.
- The Authority has been ambitious in developing a significant capital programme of £13m to finance construction projects for the three new fire Stations with specific funding identified although costs have still to be finalised.
- The capital programme of £27m for the 5 year period 2015/16 to 2019/20 includes a borrowing requirement of £21m and this will have an impact on the level of charges for capital that need to be borne by the Authority through the revenue account, when funded through borrowing. The MTFS highlights that the 'ratio of financing costs to net revenue stream' will increase markedly over the next few years from 7.94% in 2014/15 to 14% in 2019/20 as the Capital Programme is implemented. Given the level of savings the Authority has to make in the next 3 years the additional debt and interest payments may place an increasing pressure on the Authority's finances. It is therefore important that the Authority continues to monitor and assess the affordability of its borrowing in the light of the overall financial challenge.

## Overall VfM conclusion

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

## Detailed findings – Merseyside Fire and Rescue Authority

We set out below our detailed findings against six risk areas which have been used to assess the PCC's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

<b>Green</b>	Adequate arrangements
<b>Amber</b>	Adequate arrangements, with areas for development
<b>Red</b>	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
<b>Key indicators of performance</b>	<p>The key indicators of performance highlight that, while Merseyside has managed its finances well to date, it is under significant financial pressure. This is as a result of a number of factors: reductions in Government funding, the restriction on council tax increases and increasing level of borrowing for the capital programme. The Authority has reacted appropriately to these challenges. However, it will need to manage its finances carefully over the next few years if it is to remain financially stable.</p> <p>In 2015/16 the capital programme estimates that external borrowing of £10.4 m will be required followed by £2.5m (16/17), £2.9 m (17/18) , £2.8m (18/19) and £2.8m (19/20). The MTFP includes the phasing of the additional external borrowing. Capital financing costs of £7m are forecast to increase as the Ratio of Financing costs to Net Revenue Stream will increase from 7.94% in 2013/14 (based on the actual forecast capital spend in 2014/15) to 14.01% by 2019/20.</p>	<b>Green</b>
<b>Strategic financial planning</b>	<p>The updated MTFS highlights the on-going significant financial challenges faced by the Authority over the period including the phasing of the capital programme for the merger projects. Within the 2014/15 budget the Authority identified savings of £10m which enable a balanced budget to be achieved in 2014/15. In the event the budget has underspent by £1.187mm mainly due to reduction in officer numbers. The MTFP shows that the budget for 2015/16 of £63.3m has been balanced by a contribution of £1.229m from reserves. Looking forward the MTFP shows that plans have been developed to achieve the estimated savings requirements of £6.3m by 2015/16 and work is continuing on developing the fire station merger proposals to contribute towards the savings target of £13.3m by 2019/10.</p>	<b>Green</b>

Detailed findings – Merseyside Fire and Rescue Authority

We set out below our detailed findings against six risk areas which have been used to assess the PCC's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Financial governance	<p>The Authority has established effective scrutiny and governance arrangements. The in-year financial position is monitored and managed monthly, with details and associated risks and emerging pressures being reported to both the Performance and Scrutiny Committee on a quarterly basis and also the Authority as part of the budget report.</p> <p>The Authority examines all areas of expenditure as set out in the IRMP and priorities which underpin this. The IRMP Plan outlines the strategic direction for the Authority over a 3 year period and includes the Key Priorities, Outcomes and Strategic Objectives. The IRMP defines; the range of services that will be provided by the Authority, outcomes that will be achieved and the commitment to work in partnership with others. There is consultation with the public and staff prior to this being developed.</p> <p>There are several forms of key communication with stakeholders, largely through the formal consultation on the various reviews undertaken – e.g. building of the fire station in Saughall Massie. These consultations ensure the public and staff are aware of the work being undertaken and plans being developed by the Authority.</p>	Green
Financial control	<p>The Authority has sound budget monitoring arrangements in place including periodic reports to the Authority. High level reporting of expenditure against the budget is included within the financial position review which is presented quarterly. The budget report for 2015/16 issued in Feb 2015 includes a section on the projected outturn position 2014/15. The report analyses the overall outturn position over four key elements:-</p> <ul style="list-style-type: none"><li>• Performance against budget shown in the revenue outturn summary;</li><li>• Progress against agreed savings targets;</li><li>• Impact of movement on reserves; and</li><li>• Explanations for variations in the levels of actual expenditure compared with the original budget.</li></ul> <p>Budget Monitoring shows an outturn of £1.187m underspend.</p>	Green

Detailed findings – Merseyside Fire and Rescue Authority

We set out below our detailed findings against six risk areas which have been used to assess the PCC's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Prioritising resources	The IRMP is the key document that links the Authority's strategic objectives with operational delivery. The leadership team has worked hard to engage the public and partners through its consultation process on the Authority's strategy. This is evident, for example, in the 2015/17 supplement to the plan.	Green
Improving efficiency & productivity	The Authority has examined the options for delivering the operational savings required including station mergers, closures, whole-time retained and community retained fire-fighters and identified station mergers as the 'least worst option'. Public consultation has partially endorsed this approach. The financial plan at the time of setting the budget assumed that it will be possible to save £3.4m, equivalent to about 100 fire-fighter posts, through at least 4 station mergers. Based on the current fire-fighter retirement profile, to deliver that scale of saving will take until 2016. The Authority has used natural turnover rates from fire-fighters to make savings and to avoid compulsory redundancy in that part of its workforce. A public consultation ran for twelve weeks to discuss whether West Kirby and Upton fire stations should be closed to open a new station at Saughall Massie Road. The consultation discussed closing the two stations and building a new one, or the outright closure of West Kirby as an alternative. Following the consultation, the Authority confirmed the closure of West Kirby and Upton fire stations and the building of a new station in Saughall Massie.	Green



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## Section 4: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

# Fees, non audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

**Fees**

	Per Audit plan £	Actual fees £
Authority audit	43,232	43,232
<b>Total audit fees</b>	<b>43,232</b>	<b>43,232</b>

**Fees for other services**

Service	Fees £
None	Nil

**Independence and ethics**

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

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## Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non-audit services and independence

05. Communication of audit matters

# Communication of audit matters to those charged with governance

International Standard on Auditing ISA (UK&) 260, as well as other (UK&I) ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

**Respective responsibilities**

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Authority's key risks when reaching our conclusions under the Code.

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

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# Appendices

# Appendix A: Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERSEYSIDE FIRE AND RESCUE AUTHORITY

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

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

### Respective responsibilities of the Deputy Chief Executive and auditor

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

### Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion the financial statements:

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

## Opinion on other matters

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

## Matters on which we report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

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

### Respective responsibilities of the Authority and the auditor

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

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

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

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

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

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

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

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

**Conclusion**

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

**Certificate**

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

Michael Thomas  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
Royal Liver Building  
Liverpool  
L3 1PS  
September 2015



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# **Merseyside Fire & Rescue Service**

## **2014/15 Statement of Accounts**

# MERSEYSIDE FIRE AND RESCUE AUTHORITY

## ANNUAL STATEMENT OF ACCOUNTS 2014 – 2015

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# FOREWORD by the Deputy Chief Executive

## Introduction

The Statement of Accounts sets out the financial activities of the Authority for the year ended 31<sup>st</sup> March 2015, with comparative figures for the previous financial year. These financial statements have been prepared in accordance with the 2014/15 Code of Practice on Local Authority Accounting (*the Code*) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and are based upon International Financial Reporting Standards (IFRS). The Code and relevant guidance notes specifies the principles and practices of accounting required to give a “true and fair” view of the financial position and transactions of the Authority.

Due to the complex nature of the accounts a simpler version has been prepared and this can be obtained at

<http://www.merseyfire.gov.uk/asp/pages/finance/finance5.aspx>

That simplified statement has no formal legal standing but does provide a quick overview of the Authority’s financial activities by eliminating many of the technical accounting adjustments.

## Background to Merseyside Fire and Rescue Service

Merseyside is a metropolitan area in the North West of England covering the District Councils of Knowsley, Liverpool, Sefton, St. Helens and Wirral. It covers an area of 653sq/km and has a resident population of some 1.4 million people.

Merseyside Fire & Rescue Authority (MFRA) is a local authority created by the Local Government Act 1985. It is made up of 18 elected representatives appointed by the constituent District Councils. The number of councillors from each district is determined by statute and in most cases is representative of the political composition of that Council. During 2014/15 this was as follows:

Knowsley	2	(2 Labour)
Liverpool	6	(6 Labour)
Sefton	4	(3 Labour, 1 Liberal Democrat)
St. Helens	2	(2 Labour)
Wirral	4	(3 Labour, 1 Conservative)

The Authority’s Mission and Aims are outlined below and the approved 2014/15 financial plan had prioritised the allocation of resources to deliver the Mission.

### **Our Mission;**

**To Achieve; Safer, Stronger Communities - Safe Effective Firefighters**

### **Our Aims;**

#### **Excellent Operational Preparedness**

*We will provide our firefighters with the training, information, procedures and equipment to ensure they can safely and effectively resolve all emergency incidents.*

#### **Excellent Operational Response**

*To maintain an excellent emergency response to meet risk across Merseyside with safety and effectiveness at its core.*

#### **Excellent Prevention and Protection**

*We will work with our partners and our community to protect the most vulnerable.*

#### **Excellent People**

*We will develop and value all our employees, respecting diversity, promoting opportunity and equality for all.*

The Authority’s Fire and Rescue Service is led by a Chief Fire Officer supported by a Strategic Management Team comprising of the Deputy Chief Fire Officer, Deputy Chief Executive and other senior managers.



The Authority delivered its services through:

- employing approximately 1,100 staff during the year, most are involved in front line service delivery
- twenty eight frontline fire appliances alongside a range of specialist vehicles and equipment are available to respond quickly to fires and all other emergency incidents
- 26 Community Fire Stations (plus 1 Marine Rescue Station) with a variety of duty systems. These stations act as hubs for providing services to our communities.

## **The 2014/15 Approved Financial Plan & Financial Performance for the Year.**

The Authority determines its budget requirement by assessing the future years' service commitments that are financed through its General Fund. The General Fund is a statutory account that records only those expenses that regulations allow to be charged against the amount to be collected from council tax payers. The Authority then monitors and manages expenditure throughout the year against the General Fund budget to ensure all expenditure is affordable and planned. The General Fund position for the year is shown in the Movement in Reserves Statement.

The Authority is facing a significant financial challenge as government addressed imbalances in national public spending. Between 2011/12 and 2012/13 the Authority received the biggest grant cuts for any fire authority in the country from Central Government, a cumulative reduction of in excess of 13%. The Authority approved a saving plan to deliver savings totalling £9.2m to balance the budget over this period.

The Government then announced in December 2012 further reductions in the Authority's funding for 2013/14 and 2014/15 by 8.7% and 7.5% respectively. This resulted in a need to identify a further £10.1m of savings.

When the Government confirmed the final grant allocation for 2014/15 and indicative figure for 2015/16, the Authority faced a further 10% (in real terms) cut to grant funding for 2015/16, requiring a further £6.3m of savings on top of those already identified.

The Authority approved a robust financial plan to meet the deficit, recognising in order to deliver the required level of savings that, as staff costs make up nearly 80% of its budget, then it would have to reduce the number of its staff. At the same time the Authority was and is committed to avoiding compulsory redundancies (if possible) and to seeking to minimise the impact of cuts on service levels to the communities of Merseyside.

The Authority adopted a medium term financial plan that included:-

- An assumption of pay restraint for all staff with a maximum 1% pay bill increase in 2013/14 to 2015/16.
- An assumption that the Authority would generate savings of £4.010m by 2014/15 from other technical savings such as inflation provisions and revenue costs associated with borrowing.
- An assumption that additional income could be generated from shared use of current assets and sales of £0.500m.
- An assumption that the Authority would generate efficiencies from management and back office costs of £2.397m by 2014/15. The savings resulted in a 15% reduction in managerial and back office roles – a reduction of 57 posts.
- A reduction of 90 front line Firefighter posts equal to a 10% reduction in wholetime Firefighter roles.
- A further reduction in the number of appliances (5 had previously been removed from the front line) from 37 to 28.
- Use of reserves.
- Assumptions of Council Tax increase at 2%.

Despite making significant savings from non "frontline budgets" the consequence of the grant reductions has meant inevitable cuts in operational staffing in order to balance the books. After the reduction in fire appliances from 37 to 28 and the loss of 90 front line firefighter posts, there will still be further front line services reductions. In order to deliver a further £6.3m of savings from the budget by 2015/16 there will be a further loss of 100 Firefighter posts and the merger of fire stations resulting in a reduction from 26 fire stations (plus 1 Marine Rescue Station) to 22 fire stations (plus 1 Marine Rescue Station). This relates to a 33% reduction in available appliances since 2011 and approximately 200 Firefighter posts.



The Authority set its General Fund budget for 2014/15 at £64.356m and approved a five year capital investment programme, (2014/15 – 2018/19), of £26.102m with planned expenditure in 2014/15 of £10.038m. The Authority adopted a reserves strategy that maintained a General Reserve of £2.894m and Earmarked Reserves of £21.354m to cater for specific risks, projects and one-off initiatives and in particular to help it manage effectively the financial pressures.

#### Revenue Expenditure:

Throughout the year the Authority received regular financial review reports detailing:-

- the service's progress in implementing the approved savings options,
- any additional budget amendments required,
- plus the movements from and to reserves.

The cash savings required to balance the budget were delivered.

The approved General Fund budget remained constant throughout the year at £64.356m. The table below summarises the general revenue fund position at the year-end and compares it to that budget. Overall the Authority was ahead of target in delivering its savings by £2.698 million by the year end.

Type of Expenditure	Budget £000	Expenditure £000	Variance £000
<b>General Fund Movement:</b>			
Net Authority Expenditure (net of service grants and income)	67,281	64,583	(2,698)
Contribution (from) / to Reserves	(2,925)	(227)	2,698
<b>Total</b>	<b>64,356</b>	<b>64,356</b>	<b>-</b>
Central Government Support and Council Tax Income	(64,356)	(64,356)	-
<b>(Surplus) / Deficit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General fund Reserve Movement:</b>			
Balance brought forward at 1 <sup>st</sup> April 2014	(2,894)	-	-
Adjust for Surplus/Deficit for the year	894	-	-
<b>Balance carried forward at 31<sup>st</sup> March 2015</b>	<b>(2,000)</b>	<b>-</b>	<b>-</b>

In light of the recent years of financial pressures, the Authority adopted a strategy that it would aim as far as possible to maximise its level of reserves, in order to provide a temporary resource to enable the service changes that would deliver the required future savings without compulsory redundancy. Therefore throughout the year managers looked at every opportunity to maximise savings against the approved budget to enable an increase in reserves. Details on all the Authority's reserves can be found in Note 8 to the accounts.

In total savings of £2.698m were identified in the year and the Authority was able to increase earmarked reserves from the anticipated position by that amount.

The key areas of under spending were;

- Vacancy management within the employee establishment resulted in a saving of £1.0m
- The actual phasing of PFI unitary payments and other premises costs resulted in a saving of £0.5m
- The management of supplies and services expenditure resulted in a saving of £0.7m
- Increased fees, charges, interest and secondment income of £0.3m
- An inflation provision saving of £0.2m

Whilst the General Fund shows a neutral position for the year (after the creation of year-end reserves), the Comprehensive Income and Expenditure Statement (CIES) indicates a £58.077m deficit for the year. The CIES is prepared on a different basis to the General Revenue Fund, the CIES shows the accounting cost in the year in accordance with the relevant generally accepted accounting principles, rather than the amount funded from taxation (General Fund). The CIES includes such expenses as depreciation and amounts to reflect pension costs which are not

charged to council tax and are excluded from the General Fund statement. The CIES deficit of £58.077m represents the amount by which the Authority's overall net worth has decreased over the year as shown in the Balance Sheet.

Note 27 "Amounts Reported for Resource Allocation Decisions" outlines in more detail the reconciliation of the General Fund and CIES statements, but the differences are summarised below;

	Expenditure £000
<b>Net General Fund 2014/15 year-end position:</b>	-
<b>1 Net creation of Earmarked Reserves**</b>	227
<b>2 Asset valuation / charges and Capital Funding Adjustments</b>	
Revaluation losses	3,740
Charge for depreciation and impairment	4,724
Revaluation losses Reversal	(3,599)
Impairment losses Reversal	(2,976)
Surplus on revaluation of Fixed Assets	(6,314)
Other Operating Expenditure	6
Revenue expenditure funded from capital under statute (REFCUS)	791
Finance (interest on loans)	3,896
Capital Grants Income	(3,555)
Reversal of Police Grant Income (Finance Lease)	4,800
<b>3 Pension related adjustments</b>	
Pension Costs calculated in accordance with IAS 19	14,558
Pension Contributions payable to pension fund	(11,058)
Pensions Interest Cost and expected return on pension assets	42,115
Non Distributable Costs (Pension Valuation Changes)	-
Reduction in value of the net defined pension liability	20,637
<b>4 Other technical accounting adjustments</b>	
Employee Compensated Absences Movement (leave/flexi c/fwd)	76
Council Tax Adjustment (accrual for under/over payments from collection fund)	(350)
<b>5 Reversal of statute charges in the General Fund but not CIES</b>	
Agency Services PFI Unitary Charge – Debt charges (Not reported in I&E Account)	(2,021)
Remove Capital Financing – Debt Charges (Not reported in I&E Account)	(7,620)
<b>Total Comprehensive Income and Expenditure Statement</b>	<b>58,077</b>

Notes to the table:

1. *\*\*Although the creation of earmarked reserves does not form part of the CIES they are included to ensure that the General Fund expenditure reconciles back to the CIES.*

2. *The depreciation and impairment charge of £4.724m reflects the notional consumption of assets during the year (a depreciation charge of £3.964m) and the reduction in the valuation of assets during the year (an impairment charge of £0.760m). A charge of £0.791m for REFCUS relates to the installation of free smoke alarms to households in Merseyside that under proper accounting practice should be defined as revenue but which statute allows the Authority to fund from capital. Capital grants of £3.555m have been credited to the CIES in accordance with proper accounting practice, but capital grants of £4.800m have been debited due to the reversal of Police grants which are to be treated as a Finance Lease, however for statutory purposes the financing of capital expenditure from these grants must be included within the Authority's capital programme. The Authority's land and buildings were revalued at 31<sup>st</sup> March 2015, this resulted in an increase in asset values of £6.314m and a reversal of prior year revaluation losses of £3.599m and reversal prior year impairments of £2.976m.*



3. Pension costs in the CIES reflect IAS 19 and therefore include movements in the pension fund valuations and pension contributions received in the year. Note 40 in the Financial Statements provides further details of movements in the pension funds during the year.

4. The other technical accounting adjustment incorporates the adjustments made in relation to council tax indebtedness between the billing authorities and the Authority, and, the value of employee benefits accrued in the year but not taken (leave carried forward).

5. Statute requires that certain expenses are charged to the General Fund that are not considered to be proper accounting charges in accordance with the Code. These are therefore not shown in the CIES. The unitary charge payments associated with the PFI contract are shown as fully charged to revenue in the General Fund but in the CIES they are broken up into the relevant revenue, capital and interest notional elements (£2.021m). The removal of capital financing charges relates to costs associated with; interest payments on loans of £2.125m; the Minimum Revenue Provision of £3.184m (which is the amount set aside from revenue to repay debt); the direct revenue financing of capital expenditure (CERA) of £2.363m; and other costs totaling £0.052m (the saving associated with the early repayment of debt).

Whilst the CIES shows the true accounting position for the year, it is the General Fund position which more directly reflects the impact on Merseyside residents as it records only those expenses which statute allows to be charged against the Authority's annual budget, the amounts to be set aside as reserves and the amounts to be collected from local council tax payers.

#### Capital Investment Programme:

The Authority manages its capital investment plans through its capital programme. The approved budget and final expenditure together with the various sources of funding are shown below:

Programme	Final Budget £000	Actual Expenditure £000	Re-Phased from 2014/15 into 2015/16 £000	Variance £000
<b>Expenditure</b>				
Building/Land	5,681	3,486	2,187	-8
Fire Safety	991	791	200	-
ICT	2,397	1,928	435	-34
Operational Equip & Hydrants	1,306	738	533	-35
Vehicles	1,387	907	481	1
<b>TOTAL</b>	<b>11,762</b>	<b>7,850</b>	<b>3,836</b>	<b>-76</b>
<b>Financing</b>				
Capital Receipts	250	244	-	-6
Revenue Contribution	1,097	1,097	-	-
Capital Investment Reserve	1,266	1,267	-	1
Grants	2,077	2,036	-	-41
External Contributions	1,833	1,333	500	-
Unsupported Borrowing	5,239	1,873	3,336	-30
<b>TOTAL</b>	<b>11,762</b>	<b>7,850</b>	<b>3,836</b>	<b>-76</b>

The most significant items of capital expenditure have been:

- The refurbishment and expansion of the Authority's Headquarters building to accommodate a joint control and command center with Merseyside Police,
- The building of a new training tower at the Authority's Headquarters building,
- Installation of smoke alarms,
- Upgrades and replacement of ICT software and hardware,
- The purchase of new BA equipment,
- The purchase of new appliances and specialist vehicles.



### Borrowing:

A large proportion of the capital programme is funded by borrowing. When undertaking borrowing, the Authority ensures that its plans are prudent and affordable in both the short and long term. The Authority adheres to CIPFA's Prudential Code and Treasury Management Guidelines and it determines before the start of each financial year an agreed Treasury Management Strategy. The strategy sets limits for the next three years on:-

- overall level of external debt;
- operational boundary for debt;
- upper limits on fixed interest rate exposure;
- upper limits on variable rate exposure;
- limits on the maturity structure of debt;
- limits on investments for more than 364 days.

The strategy covers:

- prospects for interest rates;
- capital borrowings and the portfolio strategy;
- annual investment strategy;
- debt rescheduling;
- external debt prudential indicators.

The Authority's borrowing with the Public Works Loan Board reduced from £43.6m at the start of the year to £42.1m at the end. Interest paid during the year on existing long term borrowing totalled £2.1m.

### Reserves:

The Authority sets aside money in the form of reserves to fund future planned investment, to mitigate financial risks, and to smooth savings. At the end of 2014/15 the Authority's earmarked reserves were £2.698m higher than anticipated. This was as a consequence of additional earmarked reserves of £1.511m for special projects and the increase in the capital investment reserve of £1.187m to meet future investment needs. The Authority revised its General Reserve during the year from £2.894m to £2.000 in light of the specific reserves it had created to cover potential risks and the robustness of its financial plan. The table below summarises the movement in reserves in 2014/15:

	Opening Balance £000	Anticipated Closing Balance £000	Actual Closing Balance £000
Total Earmarked Reserves	23,317	21,286	23,984
General Revenue Reserves	2,894	2,000	2,000
<b>Total Reserves</b>	<b>26,211</b>	<b>23,286</b>	<b>25,984</b>

A further explanation of reserves can be found in Note 8.

### Balance Sheet Financial Position at 31<sup>st</sup> March 2015:

The net worth (total reserves) of the Authority is shown in the Balance Sheet. From the CIES it can be seen that the Authority's net worth has reduced by £58.077 over the year, and as a consequence the current net liability on total reserves has increased from (£943.445m) to (£1,001.522m). However, the reason for the net liability (negative reserve) is that a number of reserves making up the net worth relate to technical adjustments arising from the pensions reserve and the capital adjustments reserve, and these reserves are not available to spend. Note 22 provides more detail on unusable reserves. The pensions reserve alone has a net liability of £1,034.371m reflecting underlying commitments that the Authority has with regards to retirement benefits. However arrangements are in place for funding the pension liability:

- the deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary,
- any shortfall on the firefighter pension scheme is met by grant funding from Central Government and the Authority is only required to cover discretionary benefits when the pensions are actually paid.

Note 40 to the accounts provides detail on the two pension schemes the Authority participates in.

## Explanation of the Key Financial Statements

The accounts consist of the core financial statements grouped together along with detailed disclosure notes. The core financial statements include:

### **The Movement in Reserves Statement (MiRS)**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (those that have been created to reconcile the technical aspects of accounting which are not generally available to spend).

### **The Comprehensive Income and Expenditure Statement**

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

### **The Balance Sheet**

The Balance Sheet shows the value as at 31<sup>st</sup> March 2015 of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### **The Cash Flow Statement**

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

## **Significant Changes in Accounting Policies**

Since 2010/11 the Authority is required to prepare its accounts based on International Financial Reporting Standards, the move to an IFRS-based set of accounts resulted in a considerable number of changes in accounting practices and disclosures.

The 2014/15 Code has built upon the changes introduced by IFRS and has made some small changes to accounting policies and disclosure requirements none of which are of any significance or have any material impact.

## **Financial Outlook 2015/16 – 2019/20**

The Authority continues to face a significant financial challenge as the new Government seeks to balance public spending as a whole. A £3.7m grant cut has been announced for 2015/16 and the Authority has approved additional savings to meet the challenge. Grant cuts are expected to continue into future years (possibly until 2020). As a result the Authority has already identified that it needs to make yet further savings and has commenced planning how to meet them.

The Authority has planned prudently to try and minimise the impact on frontline services. The Authority has made significant efficiency savings, cut management costs and reduced support services. However, as a direct consequence of the scale of Government cuts to date there has been an inevitable impact on frontline services and already the



Authority has seen the number of fire appliances in Merseyside reduce from 42 to only 28 which equates to 33% overall reduction in appliance availability since 2010. In addition the number of Firefighters will fall by 200 over by 2016.

With the reduction in available appliances and Firefighter numbers, the Authority examined what options were available to it to allow the delivery of the best service possible with the reduced operational resources at its disposal. The Authority consulted widely with the public and stakeholders about the options. The merger of stations were considered to be the "least worst option" and the Authority approved the mergers of:-

- (i) Huyton / Whiston stations at a new site in Prescot
- (ii) Upton / West Kirby stations at a new site in Saughall Massie Road
- (iii) Eccleston / St Helens stations at a new site in St Helens town centre

And the outright closure of Allerton.

Allerton station was closed on 1<sup>st</sup> April 2015 and plans for the 3 station mergers are well developed although it will take some time to build the stations. In the interim the Chief Fire Officer will manage staff dynamically to ensure in cash terms the Firefighter savings are being delivered.

The IRMP and the Authority's financial plan recognises that it will take a number of years to deliver these front line savings. The Authority continually monitors it's level of reserves in light of financial risks and to help deliver change in service efficiency

#### **FURTHER INFORMATION**

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# The Financial Statements

## Movement in Reserves Statement

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

	Notes	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2013</b>		(2,894)	(23,082)	(1,800)	(27,776)	1,013,068	985,292
<b><u>Movement in reserves during 2013/14</u></b>							
(Surplus) or deficit on provision of services		42,714	-	-	42,714	-	42,714
Other Comprehensive Income and Expenditure		-	-	-	-	(84,561)	(84,561)
<b>Total Comprehensive Income and Expenditure</b>		42,714	-	-	42,714	(84,561)	(41,847)
Adjustments between accounting basis & funding basis under regulations	7	(42,949)	-	215	(42,734)	42,734	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>		(235)	-	215	(20)	(41,827)	(41,847)
Transfers (to)/from Earmarked Reserves	8	235	(235)	-	-	-	-
<b>Increase/Decrease in 2013/14</b>		-	(235)	215	(20)	(41,827)	(41,847)
<b>Balance at 31 March 2014 carried forward</b>		(2,894)	(23,317)	(1,585)	(27,796)	971,241	943,445

	Notes	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2014</b>		(2,894)	(23,317)	(1,585)	(27,796)	971,241	943,445
<b><u>Movement in reserves during 2014/15</u></b>							
(Surplus) or deficit on provision of services		43,754	-	-	43,754	-	43,754
Other Comprehensive Income and Expenditure		-	-	-	-	14,323	14,323
<b>Total Comprehensive Income and Expenditure</b>		43,754	-	-	43,754	14,323	58,077
Adjustments between accounting basis & funding basis under regulations	7	(43,528)	-	(185)	(43,713)	43,713	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>		226	-	(185)	41	58,036	58,077
Transfers (to)/from Earmarked Reserves	8	668	(668)	-	-	-	-
<b>Increase/Decrease in 2014/15</b>		894	(668)	(185)	41	58,036	58,077
<b>Balance at 31 March 2015 carried forward</b>		(2,000)	(23,985)	(1,770)	(27,755)	1,029,277	1,001,522

## Comprehensive Income and Expenditure Statement

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

2013/14			Notes	2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
9,286	(793)	8,493		8,534	(732)	7,802
65,149	(6,002)	59,147		59,236	(6,517)	52,719
1,030	-	1,030		932	-	932
43	-	43	40	-	-	-
<b>75,508</b>	<b>(6,795)</b>	<b>68,713</b>		<b>68,702</b>	<b>(7,249)</b>	<b>61,453</b>
-	-	-	9	6	-	6
48,605	(2,132)	46,473	10	48,471	(2,713)	45,758
-	(72,472)	(72,472)	11	-	(63,463)	(63,463)
		<b>42,714</b>				<b>43,754</b>
		-				(6,314)
		(84,561)				20,637
		<b>(84,561)</b>				<b>14,323</b>
		<b>(41,847)</b>				<b>58,077</b>

## Balance Sheet

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

31 March 2014 £000		Notes	31 March 2015 £000
68,076	Property, Plant & Equipment	12	74,482
340	Intangible Assets	13	179
-	Assets Held for Sale	18	-
-	Long Term Investments	14	-
-	Long Term Debtors	14	-
<b>68,416</b>	<b>Long Term Assets</b>		<b>74,661</b>
-	Current Intangible Assets		-
10,090	Short Term Investments	14	13,041
250	Assets Held for Sale	18	440
396	Inventories	15	466
3,365	Short Term Debtors	16	3,416
13,279	Cash and Cash Equivalents	14 & 17	10,400
<b>27,380</b>	<b>Current Assets</b>		<b>27,763</b>
(2,197)	Short Term Borrowing	14	(1,743)
(5,896)	Short Term Creditors	19	(5,953)
<b>(8,093)</b>	<b>Current Liabilities</b>		<b>(7,696)</b>
(19,434)	Long Term Creditors	14	(19,152)
(1,049)	Provisions	20	(1,221)
(42,100)	Long Term Borrowing	14	(41,100)
(968,565)	Other Long Term Liabilities	14 & 40	(1,034,777)
<b>(1,031,148)</b>	<b>Long Term Liabilities</b>		<b>(1,096,250)</b>
<b>(943,445)</b>	<b>Net Assets</b>		<b>(1,001,522)</b>
27,796	Usable Reserves	21	27,755
(971,241)	Unusable Reserves	22	(1,029,277)
<b>(943,445)</b>	<b>Total Reserves</b>		<b>(1,001,522)</b>

## Cash Flow Statement

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

2013/14 £000		Notes	2014/15 £000
42,714	Net (surplus) or deficit on the provision of services		43,754
(55,367)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	23	(48,653)
1,771	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(4,641)
<b>(10,882)</b>	<b>Net cash flows from Operating Activities</b>		<b>(9,540)</b>
6,802	Investing Activities	25	6,746
5,520	Financing Activities	26	5,673
<b>1,440</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>2,879</b>
(14,719)	Cash and cash equivalents at the beginning of the reporting period		(13,279)
<b>(13,279)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	17	<b>(10,400)</b>

# Notes to the Core Financial Statements

## 1. Accounting Policies

### i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31<sup>st</sup> March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

### ii. Accruals of Income and Expenditure

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

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

### iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a specified period; no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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





Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. No such material errors have been identified.

## **v. Charges to Revenue for Non-Current Assets**

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

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

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

## **vi. Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. Where leave is taken in advance of entitlement this is netted off the value of the holiday pay accrual. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

### **Post employment Benefits**

Employees of the Authority are members of two separate pension schemes:

- The Firefighters Pension Scheme for uniformed employees, administered by Wirral Borough Council through Merseyside Pension Fund (Merseyside Pension Fund, 7<sup>th</sup> Floor, Castle Chambers, 43 Castle Street, Liverpool, L69 2NW).



- The Local Government Pensions Scheme for civilian employees, administered by Wirral Borough Council through Merseyside Pension Fund (Merseyside Pension Fund, 7<sup>th</sup> Floor, Castle Chambers, 43 Castle Street, Liverpool, L69 2NW).
- Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

### **The Firefighters Pension Scheme**

The Firefighters Pension Scheme is an unfunded scheme meaning that there are no investment assets built up to meet pension liabilities. Cash has to be generated to meet actual pension payments as they fall due. The Government changed the funding mechanism for this scheme in 2006/07. This alleviated concerns about the possibility of large year on year fluctuations on local tax payers by creating a pension fund account. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

Transactions in the Firefighters Pension Fund include:

#### **Credits to the Pension Fund**

- Employees' contributions from firefighters
- Transfer values received from other authorities
- The employer's contributions due from the Authority
- Additional contributions required from the Authority for ill health retirements.

#### **Debits to the Pension Fund**

- Awards payable under any provision of the pension scheme
- Transfer values payable to other authorities
- Any repayment to the Authority of contributions towards ill health retirements.

The Pension fund account is balanced to zero by either:

- Crediting a top-up grant receivable from Department for Communities and Local Government where income to the fund is less than its expenditure, or
- Debiting an amount payable to Department for Communities and Local Government where the expenditure of the fund is less than its income.

### **Firefighters' Injury Schemes**

Under the Firefighters Compensation Scheme (England) Order 2006, a firefighter receives an injury award where they have retired and are permanently disabled because of an injury received in the execution of their duty. Under IAS 19 the Authority is required to account for contingent future injury benefits. The liability is based on an estimate of future benefits earned by members, and movements in the liability are treated in the same way as for the Firefighters pension schemes.

### **The Local Government Pension Scheme**

- The Local Government Scheme is accounted for as a defined benefits scheme:
- The liabilities of the Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.3% (based on the indicative rate of return on high quality corporate bond).



- The assets of Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Merseyside Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

### **Discretionary Benefits**

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

## **vii. Events after the Reporting Period**

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



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

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

## **viii. Financial Instruments**

### **Financial Liabilities**

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

### **Loans and Receivables**

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and

Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Available-for-Sale Assets**

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

## **ix. Foreign Currency Translation**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31<sup>st</sup> March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **x. Government Grants and Contributions**

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

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

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

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

grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

## **xi. Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **xii. Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. The Authority holds inventories of uniforms, smoke alarms, consumable items, stationery and vehicle parts.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## **xiii. Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.



#### **xiv. Leases**

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

##### **The Authority as Lessee**

###### **Finance Leases**

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

###### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

##### **The Authority as Lessor**

###### **Finance Leases**

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

### **Operating Leases**

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **xv. Overheads and Support Services**

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

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

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

## **xvi. Property, Plant and Equipment**

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

### **Recognition**

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

### **Measurement**

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have



commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- 26 Community Fire Stations (plus 1 Marine Rescue Station) are measured on a Depreciated Replacement Cost basis as the property is classed as specialised with no readily made market available
- the balance of the property portfolio consisting of Headquarters, Training Academy, Fire Control Centre, Engineering Centre of Excellence and Houses are valued on an fair value basis as buildings could be used for alternative purposes
- assets under construction are valued on historical cost basis
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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

### **Impairment**

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

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

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

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

## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the remaining life of the property as estimated by the valuer. The remaining life of the buildings range from 5 – 50 years
- Vehicles, plant and equipment – straight line allocation over the remaining useful life as estimated by a suitably qualified officer. Vehicles are depreciated over 5 – 20 years and plant and equipment is depreciated over 3 – 25 years
- Land – depreciation is not applied to land
- No residual value is accounted for
- No depreciation is accounted for in the year of acquisition but is accounted for in the year of disposal.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Only components above 10% of the total asset value would be considered for componentisation.

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

## **Disposals and Non-Current Assets Held for Sale**

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## xvii. Private Finance Initiative (PFI) and Similar Contracts

The Authority lead on a North West PFI project to replace 16 fire stations across Merseyside, Lancashire and Cumbria. Merseyside Fire Service built 7 new PFI Stations. The building programme for Merseyside started in April 2011, with first station opening in April 2012 and the last station opening July 2013.

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

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

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

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **finance cost** – interest is charged on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease)
- **lifecycle replacement costs** – analysed on an annual basis and either capitalised as an addition to Property Plant and Equipment if the spend relates to capital or debited to the relevant service in the Comprehensive Income and Expenditure Statement if the spend relates to revenue maintenance.

## xviii. Provisions, Contingent Liabilities and Contingent Assets

### Provisions

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

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

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **xix. Reserves**

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

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

## **xx. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **xxi. VAT**

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

## **xxii. Local Taxation**

### **Council Tax**

In their capacity as a billing authorities the District Councils of Knowsley, Liverpool, Sefton, St. Helens and Wirral act as agents: they collect and distribute council tax income on behalf of the major preceptors and themselves. The cash collected by the billing authorities from council tax debtors belongs proportionately to the billing authorities and the major preceptors. There will therefore be a debtor/creditor position between the billing authorities and the Fire Authority to be recognised since the net cash paid to the Fire Authority in the year will not be its share of cash collected from council tax payers.

### **NNDR**

From the 1<sup>st</sup> April 2013 the District Councils of Knowsley, Liverpool, Sefton, St. Helens and Wirral collect National Non Domestic Rates (NNDR) income on behalf of Central Government and the Fire Authority as well as themselves. The relevant shares of NNDR income are Central Government (50%), District Council (49%) and the Fire Authority (1%), being the shares as defined by the Business Rates Retention Regulations 2012. The NNDR income distributed to each



of the three parties is the amount after deducting an allowance for the District Councils cost of collection. The NNDR cash collected by the billing authority belongs proportionately to Central Government, the District Council and the Fire Authority; there will therefore be a debtor/creditor position between these parties to be recognised since the net cash paid in the year to each party will not be their share of the cash collected from business ratepayers.

For both council tax and NNDR, the income reflected in the CIES in year is the Fire Authority's share of the income relating to that year. However the amount of council tax / NNDR income that can be credited to the General Fund for the year is determined by statute and may be different from the accrued income position shown in the CIES. An adjustment is made via the Movement in Reserves Statement for the difference between the income due under proper accounting practice and the income per statute.

Prior to the 1<sup>st</sup> April 2013 the Districts Councils collected NNDR solely on behalf of Central Government and not the Fire Authority.

## 2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) has introduced several changes in the accounting policies which will be required from 1<sup>st</sup> April 2015, the following changes are not considered to have a significant impact on the Statement of Accounts as demonstrated below:

**IFRS 13 Fair Value Measurement** – The standard provides a single definition of fair value. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The definition of fair value is based on exit values and market prices for assets and liabilities. Those property plant and equipment assets that do not provide service potential for the Authority i.e. those assets classified as Surplus Assets will not be measured for their service potential but for the economic benefits inherent in the assets. Therefore the current value measurement base for these assets will be at fair value in accordance with the definitions and measurement requirements in IFRS 13. This change will not have any material impact on the 2014/15 Statement of Accounts.

Annual Improvements to IFRSs (2011-2013 Cycle):

- IFRS 1: Meaning of effective IFRSs;
- IFRS 3: Scope exceptions for joint ventures;
- IFRS 13: Scope of paragraph 52 (portfolio exception);
- IAS 40 Clarifying the relationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investments property or owner-occupied property.

The annual improvements are minor and will not have any material impact on the 2014/15 Statement of Accounts.

## 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- **Insurance** – The Authority's fleet of vehicles are insured for third party fire and theft only. Based on historical experience of incidents the decision was made to self insure vehicles.
- **No Residual Value of Assets** - The Authority assumes that the residual value of all property plant and equipment will be nil when they are de-commissioned, as the assets are held to provide a service rather than for resale at the end of their useful life. The Authority has determined that the amounts received when assets are decommissioned are negligible and depend on the market demand for the assets at time of disposal.
- **Property valued at Depreciated Replacement Cost** – The Authority has measured its fire stations as depreciated replacement cost as there is no market based evidence of fair value because of the specialist nature of the assets.
- **Government Funding** – There is a greater degree of certainty about future levels of funding for Local Government. The Authority has determined that the closure and relocation of a number of its fire stations is inevitable. This may lead to the closure of seven fire stations and the building of three new fire stations in more strategic locations. These closures will be accounted for as construction figures, sales receipts and construction dates are confirmed in 2015-16.

#### 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may effect spending on repairs and maintenance, which may change the useful lives assigned to assets.	<p>If the useful life of assets are reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £72,000 for every year that useful lives have to be reduced.</p>
	The Authority operates a 5 year revaluation programme for Land and Buildings held on the Balance Sheet. The Authority in conjunction with its valuer's have reviewed these assets, taking into account various factors such as building cost indices and local knowledge. As a result it is judged that the potential difference in value that would result from a formal revaluation is not material, therefore the risk of material misstatement to the Balance Sheet is low.	If land and building valuations were to change by 1% this would result in a increase/decrease in valuation of £0.6m.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. (Note 40)	The estimates and assumptions involve many variables all of which interact in complex ways and will have an impact on figures produced by professional actuaries. If pensions liability were to change by 1% this would result in a gain/loss of £10.3m.
Arrears	At 31 March 2015, the Authority had a balance of sundry debtors of £442,000. A review of significant balances suggested that an impairment for doubtful debts of 2% (£9,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £9,000 to set aside as an allowance.



Provisions	The Authority has made provision for Injury and Damage Compensation claims based on an estimate of potential payouts.	Claims are based on past experience and evaluations. If the estimate were to change by 10% this would result in a change of £122,000 in the provision.
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## 5. Material Items of Income and Expense

The Authority's IT and communications services have been outsourced to an external provider.

2014/15 £000	2013/14 £000
1,885	1,908

## 6. Events after the Balance Sheet Date

There are no events after the balance sheet date to be reported.

## 7. Adjustments between Accounting Basis and Funding Basis under Regulations

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

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can be specifying the financial year in which the liabilities and payments should impact on the General Fund Balance, which is not necessary in accordance with proper practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### Capital Grants Unapplied

The Capital Grants Unapplied (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by the grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.



## Adjustments between Accounting Basis and Funding Basis under Regulations 2014/15

2014/15	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	(1,577)	-	-	1,577
Revaluation losses on Property Plant and Equipment	(141)	-	-	141
Amortisation of intangible assets	(170)	-	-	170
Capital grants and contributions applied	(1,245)	-	(185)	1,430
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	(791)	-	-	791
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(250)	-	-	250
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	3,434	-	-	(3,434)
Capital expenditure charged against the General Fund	2,363	-	-	(2,363)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	244	(244)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	244	-	(244)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(53)	-	-	53
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement ( <b>see NOTE 40</b> )	(56,673)	-	-	56,673
Employer's pensions contributions and direct payments to pensioners payable in the year	11,057	-	-	(11,057)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	350	-	-	(350)
<b>Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(76)	-	-	76
<b>Total Adjustments</b>	<b>(43,528)</b>	<b>-</b>	<b>(185)</b>	<b>43,713</b>

## Adjustments between Accounting Basis and Funding Basis under Regulations 2013/14

2013/14	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	(4,274)	-	-	4,274
Revaluation losses on Property Plant and Equipment	-	-	-	-
Amortisation of intangible assets	(169)	-	-	169
Capital grants and contributions applied	5,449	-	215	(5,664)
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	(619)	-	-	619
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	3,333	-	-	(3,333)
Capital expenditure charged against the General Fund	3,327	-	-	(3,327)
<b>Adjustments primarily involving the Capital Receipts Reserve</b>				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(53)	-	-	53
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement ( <b>see NOTE 40</b> )	(59,664)	-	-	59,664
Employer's pensions contributions and direct payments to pensioners payable in the year	9,210	-	-	(9,210)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	303	-	-	(303)
<b>Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	208	-	-	(208)
<b>Total Adjustments</b>	<b>(42,949)</b>	<b>-</b>	<b>215</b>	<b>42,734</b>

## 8. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund in 2014/15.

	Balance at 31 March 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31 March 2015 £000
<b>Emergency Related Reserves:</b>							
Bellwin Reserve	147	-	-	147	-	-	147
Insurance Reserve	620	(250)	-	370	-	500	870
Emergency Planning Reserve	75	-	-	75	-	-	75
Catastrophe Reserve	1,000	-	-	1,000	(500)	-	500
<b>Modernisation Challenge:</b>							
Smoothing Reserve	5,500	(250)	1,500	6,750	(5,055)	-	1,695
Severance Reserve	902	(181)	-	721	(100)	-	621
Pensions Reserve	599	(351)	660	908	(248)	340	1,000
Recruitment Reserve	1,000	-	-	1,000	-	-	1,000
SMG Reserve	-	-	100	100	(100)	-	-
<b>Capital Investment:</b>							
Capital Investment Reserve	5,836	(2,911)	1,352	4,277	(1,847)	9,609	12,039
PFI Annuity Reserve	2,010	(1,856)	2,097	2,251	(2,122)	2,097	2,226
Equality/DDA Investment Reserve	510	-	-	510	(225)	-	285
Firefighter Safety Investment Reserve	1,000	-	-	1,000	(200)	-	800
Facing the Future Reserve	800	-	-	800	(800)	-	-
<b>Specific Projects:</b>							
Community Sponsorship Reserve	113	(100)	-	13	(13)	4	4
Equipment Reserve	56	-	135	191	(102)	133	222
Contestable Research Fund Reserve	25	-	-	25	-	-	25
Clothing Reserve	-	-	-	-	-	16	16
CFOA Road Safety Reserve	-	-	-	-	-	100	100
Fire Service Direct Reserve	53	(47)	-	6	(6)	-	-
Healthy Living / Olympic Legacy Reserve	113	(54)	21	80	(45)	73	108
Water Rescue Reserve	9	(5)	1	5	(5)	-	-
<b>Inflation:</b>							
Inflation Reserve	1,500	-	-	1,500	(1,000)	-	500
<b>Total</b>	<b>21,868</b>	<b>(6,005)</b>	<b>5,866</b>	<b>21,729</b>	<b>(12,368)</b>	<b>12,872</b>	<b>22,233</b>
<b>Ringfenced Reserves</b>							
F.R.E.E Reserve	37	(22)	29	44	(3)	11	52
Princes Trust Reserve	144	(75)	274	343	(64)	89	368
Community Youth Team Reserve	54	-	4	58	(5)	5	58
Beacon Peer Project Reserve	65	(12)	9	62	(12)	12	62
Innovation Fund Reserve	168	-	2	170	(10)	11	171
Regional Control Reserve	18	-	-	18	(18)	-	-
Energy Reserve	-	-	85	85	(75)	74	84
St Helen's District Reserve	22	(22)	15	15	(9)	4	10
New Dimensions Reserve	706	(38)	125	793	-	154	947
<b>Total</b>	<b>1,214</b>	<b>(169)</b>	<b>543</b>	<b>1,588</b>	<b>(196)</b>	<b>360</b>	<b>1,752</b>
<b>Total Earmarked Reserves</b>	<b>23,082</b>	<b>(6,174)</b>	<b>6,409</b>	<b>23,317</b>	<b>(12,564)</b>	<b>13,232</b>	<b>23,985</b>

### **Bellwin/Civil Emergency Reserve**

This reserve is set aside for expenditure in exceptional circumstances, which is below the threshold for Central Government assistance under the Bellwin scheme.

### **Insurance Reserve**

Due to an Authority decision to increase self insurance (particularly vehicle insurance) a reserve has been set up to hedge against the risk of unidentified future claims. A specific provision is made for claims that have already been lodged.

### **Emergency Planning Reserve**

This reserve was created due to the increased threat of terrorism and would give the Authority an immediate budget to spend in an emergency.

### **Catastrophe Reserve**

This reserve was set up in light of the outstanding risk in Municipal Mutual Insurance Ltd (MMI) claims and the need for resources to cope with any major or protracted incident.

### **Smoothing Reserve**

This reserve is used to support the significant financial challenges that the Authority faces as public spending is reduced. It is intended to smooth out expenditure patterns when savings take time to deliver and to help avoid firefighter redundancies.

### **Severance Reserve**

This reserve is to be used to contribute towards the cost of voluntary severance packages and to meet pension strain costs associated with staff having early access to pensions as part of the Authority's approach to using VS/VER to make the required budget savings.

### **Pensions Reserve**

This reserve was created to contribute towards the cost of any ill health retirements the Authority may have. The Authority is required to contribute towards the pension costs when a firefighter retires on ill health over a three year period. Also due to recent changes in commutation factors for firefighters in terms of any backdated claims.

### **Recruitment Reserve**

Over the next decade almost two thirds of firefighters are expected to retire. In addition, it takes almost a year to train a firefighter across the full range of competencies. In order to meet this challenge in a prudent and structured fashion a reserve of £1m was created to support some staff recruitment to manage effective succession planning.

### **SMG Reserve**

This reserve was created in 2013-14 by the Strategic Management Group to help fund any additional challenges relating to the modernisation agenda.

### **Capital Investment Reserve**

This reserve was created to contribute towards unforeseeable costs associated with large strategic capital schemes and to provide a resource for future station merger schemes.

### **PFI Annuity Reserve**

This reserve was created to account for the differences in PFI credits received from the Government and actual payments to the PFI contractor.

### **Equality/DDA Investment Reserve**

Following a recent station access audit, the service needs to carry out some works to ensure all its property portfolio is compliant with current regulations.

### **Firefighter Safety Investment Reserve**

This reserve will help contribute towards any funding shortfalls following the review of training facilities at the Training and Development Academy.



### **Facing The Future Reserve**

The report by Sir Ken Knight "Facing the Future" has outlined potential business re-engineering and investment options fire authorities may want to consider. This reserve can contribute towards any investments or changes arising from the Sir Ken Knight review.

### **Community Sponsorship Reserve**

The Authority has had a successful and innovative partnership arrangement with private sector partners that often includes the partner making contributions toward community projects. This reserve has been created to allocate those resources in support of the Authority's community work.

### **Equipment Reserve**

This reserve was created to fund the purchase of equipment, furniture and small community based schemes.

### **Contestable Research Fund Reserve**

This reserve has been created for investment in fire related academic research.

### **Clothing Reserve**

This reserve has been created for investment in Fire Clothing/Boots

### **CFOA Road Safety Reserve**

This reserve has been created for investment in road safety initiatives

### **Fire Service Direct Reserve**

This reserve has been created to allow additional resources for collation of statistical data in relation to Home Fire Risk Assessments.

### **Healthy Living / Olympic Legacy**

To improve community health where it links to fire service outcomes and to exploit and maximise opportunities and initiatives arising from the World Firefighter Games and build bridges with the 2012 Olympics event.

### **Water Rescue Reserve**

The Marine Rescue Unit is reliant upon other public and private support. In light of the financial challenge facing partners this reserve was created to provide a short term buffer if any partner withdraws their support.

### **Inflation Reserve**

To cope with variations in pay and price inflation compared to the rates assumed in the financial plan. This reserve would provide short term funding for any excessive inflationary cost. It should be noted that assumptions on pay increases in the budget are low (1%).

### **Ringfenced Reserves**

The Authority has a number of ringfenced reserves for specific initiatives for which dedicated funding / resources have been earmarked. These schemes often cover more than one financial year and therefore these reserves were created to cover the planned spend over future years.

## 9. Other Operating Expenditure

2013/14 £000		2014/15 £000
-	(Gains)/losses on the disposal of non current assets	6
-	<b>Total</b>	<b>6</b>

## 10. Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
3,772	Interest payable and similar charges	3,896
44,833	Pensions interest cost	44,575
(2,046)	Expected return on pensions assets	(2,460)
(86)	Interest receivable and similar income	(253)
-	Other investment income	-
<b>46,473</b>	<b>Total</b>	<b>45,758</b>

## 11. Taxation and Non Specific Grant Income

2013/14 £000		2014/15 £000
(23,218)	Council tax income	(24,190)
(3,842)	National non domestic rates (Local share)	(3,974)
0	National non domestic rates pool	-
(13,522)	National non domestic rates top up grant	(13,785)
(26,441)	Revenue support grant	(22,759)
(5,449)	Capital grants and contributions	1,245
<b>(72,472)</b>	<b>Total</b>	<b>(63,463)</b>

## 12. Property, Plant and Equipment Movements on Balances

### Movements in 2014/15:

	Land & Buildings	Assets Under Construction	Vehicles & Equipment	Total Property, Plant and Equipment	PFI Assets Included in Property Plant and Equipment
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
<b>At 1 April 2014</b>	<b>57,434</b>	<b>6,467</b>	<b>20,866</b>	<b>84,767</b>	<b>20,927</b>
Additions	1,059	2,386	3,604	7,049	5
Donations	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,314	-	-	6,314	820
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,066	-	-	3,066	(1,682)
Derecognition Disposals	(4,800)	-	-	(4,800)	-
Derecognition Other	(6,588)	-	(2,323)	(8,911)	(1,240)
Assets reclassified (to)/from Held for Sale	(1,000)	-	-	(1,000)	-
Other movements in Cost or Valuation	7,630	(8,508)	118	(760)	(5)
<b>At 31 March 2015</b>	<b>63,115</b>	<b>345</b>	<b>22,265</b>	<b>85,725</b>	<b>18,825</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>At 1 April 2014</b>	<b>(5,220)</b>	<b>-</b>	<b>(11,471)</b>	<b>(16,691)</b>	<b>(712)</b>
Depreciation Charge	(1,698)	-	(2,095)	(3,793)	(528)
Depreciation written out to the Revaluation Reserve	-	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-
Impairment losses/(reversals) recognised in Surplus/Deficit on the Provision of Services	-	-	-	-	-
Derecognition – Disposals	-	-	-	-	-
Derecognition – Other	6,588	-	2,323	8,911	1,240
Assets reclassified (to)/from Held for Sale	330	-	-	330	-
Other movements in Depreciation and Impairment	-	-	-	-	-
<b>At 31 March 2015</b>	<b>-</b>	<b>-</b>	<b>(11,243)</b>	<b>(11,243)</b>	<b>-</b>
<b>Net Book Value</b>					
<b>At 31 March 2015</b>	<b>63,115</b>	<b>345</b>	<b>11,022</b>	<b>74,482</b>	<b>18,825</b>
<b>At 31 March 2014</b>	<b>52,214</b>	<b>6,467</b>	<b>9,395</b>	<b>68,076</b>	<b>20,215</b>
<b>Nature of Asset Holding</b>					
Owned	37,870	345	11,022	49,237	-
Finance Lease	6,420	-	-	6,420	-
PFI	18,825	-	-	18,825	18,825
<b>Total</b>	<b>63,115</b>	<b>345</b>	<b>11,022</b>	<b>74,482</b>	<b>18,825</b>

## Property, Plant and Equipment Movements on Balances

### Comparative Movements in 2013/14:

	Land & Buildings	Assets Under Construction	Vehicles & Equipment	Total Property, Plant and Equipment	PFI Assets Included in Property Plant and Equipment
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
<b>At 1 April 2013</b>	<b>47,271</b>	<b>320</b>	<b>21,689</b>	<b>69,280</b>	<b>11,442</b>
Additions	10,364	6,147	1,178	17,689	8,935
Donations	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-
Derecognition Disposals	-	-	-	-	-
Derecognition Other	-	-	(2,001)	(2,001)	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Other movements in Cost or Valuation	(201)	-	-	(201)	550
<b>At 31 March 2014</b>	<b>57,434</b>	<b>6,467</b>	<b>20,866</b>	<b>84,767</b>	<b>20,927</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>At 1 April 2013</b>	<b>(3,505)</b>	<b>-</b>	<b>(11,114)</b>	<b>(14,619)</b>	<b>(236)</b>
Depreciation Charge	(1,715)	-	(2,358)	(4,073)	(476)
Depreciation written out to the Revaluation Reserve	-	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-
Impairment losses/(reversals) recognised in Surplus/Deficit on the Provision of Services	-	-	-	-	-
Derecognition – Disposals	-	-	-	-	-
Derecognition – Other	-	-	2,001	2,001	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-	-
<b>At 31 March 2014</b>	<b>(5,220)</b>	<b>-</b>	<b>(11,471)</b>	<b>(16,691)</b>	<b>(712)</b>
<b>Net Book Value</b>					
<b>At 31 March 2014</b>	<b>52,214</b>	<b>6,467</b>	<b>9,395</b>	<b>68,076</b>	<b>20,215</b>
<b>At 31 March 2013</b>	<b>43,766</b>	<b>320</b>	<b>10,575</b>	<b>54,661</b>	<b>11,206</b>
<b>Nature of Asset Holding</b>					
Owned	25,970	6,467	9,395	41,832	-
Finance Lease	6,029	-	-	6,029	-
PFI	20,215	-	-	20,215	20,215
<b>Total</b>	<b>52,214</b>	<b>6,467</b>	<b>9,395</b>	<b>68,076</b>	<b>20,215</b>



## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – straight line allocation over the remaining life of the property as estimated by the valuer. The remaining life of the buildings range from 5 – 50 years
- Vehicles, plant and equipment – straight line allocation over the remaining useful life as estimated by a suitably qualified officer. Vehicles are depreciated over 5 – 20 years and plant and equipment is depreciated over 3 – 25 years
- Land – depreciation is not applied to land
- No residual value is accounted for
- No depreciation is accounted for in the year of acquisition but is accounted for in the year of disposal.

### Depreciation / Impairment Reconciliation 2014/15

The attached analysis gives a complete breakdown of all depreciation charges, impairments and reversal of prior year impairments and revaluation losses

	I&E Account	MIRS Reversal	Fixed Assets	Intangible Assets	AHFS	Revaluation Reserve
	£000	£000	£000	£000	£000	£000
<b>Depreciation</b>						
Fixed Assets	3,793	(3,793)	(3,793)	-	-	-
Intangible Assets	170	(170)	-	(170)	-	-
<b>Total</b>	<b>3,963</b>	<b>(3,963)</b>	<b>(3,793)</b>	<b>(170)</b>	<b>-</b>	<b>-</b>
<b>Impairments</b>						
Loss on Derby Road (AHFS)	230	(230)	-	-	(230)	-
General Impairments (L&B)	760	(760)	(760)	-	-	-
Revaluation Losses	3,510	(3,510)	(3,510)	-	-	-
<b>Total</b>	<b>4,500</b>	<b>(4,500)</b>	<b>(4,270)</b>	<b>-</b>	<b>(230)</b>	<b>-</b>
<b>Accumulated Depreciation and Impairment</b>						
Impairments	(2,976)	2,976	2,976	-	-	-
Revaluation Losses	(3,599)	3,599	3,599	-	-	-
<b>Total</b>	<b>(6,575)</b>	<b>6,575</b>	<b>6,575</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>1,888</b>	<b>(1,888)</b>	<b>(1,488)</b>	<b>(170)</b>	<b>(230)</b>	<b>-</b>
<b>Revaluation Gain</b>			12,889			(12,889)
Reversal of PY Impairments	-	-	(2,976)	-	-	2,976
Reversal of PY Revaluation Losses	-	-	(3,599)	-		3,599
<b>Net Gain</b>	<b>-</b>	<b>-</b>	<b>6,314</b>	<b>-</b>	<b>-</b>	<b>(6,314)</b>

## Capital Commitments

At 31<sup>st</sup> March 2015, the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment. The value of these commitments in 2015/16 and future years is £1.8m. Similar commitments at 31<sup>st</sup> March 2014 were £3.9m. The commitments can be analysed as follows:

• Building Schemes	£1.0m
• Equipment and ICT Schemes	£0.5m
• Vehicles	<u>£0.3m</u>
	<u>£1.8m</u>

## Effects of Changes in Estimates

The former Derby Road Fire Control Centre was put up for sale and transferred to Assets Held for Sale in 2014/15. The asset has subsequently been sold in 2015-16 at the valuation currently held in assets held for sale (£440,000).

## Revaluations

The Authority carries out a programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All properties were valued by an external valuer (Hardie Brack Chartered Surveyors). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The last valuation was completed in March 2015 and becomes effective as at 31/03/2015. Valuations of vehicles, plant, furniture and equipment are based on historical prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

## Componentisation

After consulting with the fire service valuers (Hardie Brack Chartered Surveyors) we have concluded that no material changes to depreciation would be incurred by componentisation and that all components have a similar asset life or their values are not material. All fire stations have been valued on a depreciated replacement cost basis as there is no market value and the balance of property has been valued on a fair value basis. Due to the small portfolio of assets, all land and buildings are revalued as one so there is no rolling program. The last full valuation was completed in March 2015.

	Land and Buildings £000	Assets Under Construction £000	Vehicles & Equipment £000	Total £000
Carried at historical cost	-	345	22,265	22,610
Valued at Depreciated Replacement Cost (DRC) at:				
31 March 2015	48,976	-	-	48,976
Values at fair value as at:				
31 March 2015	14,139	-	-	14,139
<b>Total Cost or Valuation</b>	<b>63,115</b>	<b>345</b>	<b>22,265</b>	<b>85,725</b>

### 13. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses only.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are based on the life of licenses. The last major purchase was in 2012/13 and this has a 3 year life.

The movement on Intangible Asset balances during the year is as follows:

	2014/15 Software Licenses £000	2013/14 Software Licenses £000
Balance at start of year:		
• Gross carrying amounts	509	564
• Accumulated amortisation	(169)	(57)
Net carrying amount at start of year	340	507
Additions:		
• Internal Development	-	-
• Purchases	10	2
• Acquired through business combinations	-	-
Assets reclassified as held for sale	-	-
Other disposals		
Revaluations increases or decreases	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services	-	-
Amortisation for the period	(171)	(169)
Other changes	-	-
<b>Net carrying amount at end of year</b>	<b>179</b>	<b>340</b>
Comprising:		
Gross carrying amounts	519	509
Accumulated amortisation	(340)	(169)
<b>Total</b>	<b>179</b>	<b>340</b>

## 14. Financial Instruments

### Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000	£000	£000	£000
<b>Investments</b>				
Loans and receivables – Investments	-	-	13,041	10,090
– Cash & Bank	-	-	10,400	13,279
Available-for-sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
<b>Total investments</b>	<b>-</b>	<b>-</b>	<b>23,441</b>	<b>23,369</b>
<b>Debtors</b>				
Loans and receivables	-	-	-	-
Financial assets carried at contract amounts	-	-	-	-
<b>Total included in Debtors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost (PWLB)	(41,100)	(42,100)	(1,000)	(1,475)
Financial liabilities at fair value through profit and loss	-	-	-	-
<b>Total borrowings</b>	<b>(41,100)</b>	<b>(42,100)</b>	<b>(1,000)</b>	<b>(1,475)</b>
<b>Other Long Term Liabilities</b>				
Finance lease liabilities	-	-	-	-
PFI liabilities	(19,152)	(19,434)	(282)	(250)
Merseyside Residual Debt	(406)	(447)	(41)	(41)
<b>Total other long term liabilities</b>	<b>(19,558)</b>	<b>(19,881)</b>	<b>(323)</b>	<b>(291)</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	-	-	-	-
Financial liabilities carried at contract amount	-	-	-	-
PWLB interest carried at contract amount	-	-	(420)	(431)
<b>Total creditors</b>	<b>-</b>	<b>-</b>	<b>(420)</b>	<b>(431)</b>
<b>Total borrowing</b>	<b>(60,658)</b>	<b>(61,981)</b>	<b>(1,743)</b>	<b>(2,197)</b>

## Income, Expense, Gains and Losses

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

	2014/15					2013/14				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available-for-sale	Assets and Liabilities at Fair Value through Profit and Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available-for-sale	Assets and Liabilities at Fair Value through Profit and Loss	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Interest expense	3,896	-	-	-	3,896	3,772	-	-	-	3,772
Losses on derecognition	-	-	-	-	-	-	-	-	-	-
Reductions in fair value	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-
Fee expense	-	-	-	-	-	-	-	-	-	-
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>3,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,896</b>	<b>3,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,772</b>
Interest income	-	(253)	-	-	(253)	-	(86)	-	-	(86)
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-	-	-
Increases in fair value	-	-	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-	-	-
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(253)</b>	<b>-</b>	<b>-</b>	<b>(253)</b>	<b>-</b>	<b>(86)</b>	<b>-</b>	<b>-</b>	<b>(86)</b>
Gains on revaluation	-	-	-	-	-	-	-	-	-	-
Losses on revaluation	-	-	-	-	-	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-	-	-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-
<b>Net (gain)/loss for the year</b>	<b>3,896</b>	<b>(253)</b>	<b>-</b>	<b>-</b>	<b>3,643</b>	<b>3,772</b>	<b>(86)</b>	<b>-</b>	<b>-</b>	<b>3,686</b>

## Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- actual ranges of interest rates at 31<sup>st</sup> March 2015 of 1.82% to 11.125% for loans from the PWLB
- no early repayment or impairment is recognised
- where an instrument will mature in the next twelve months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

	31 March 2015		31 March 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
PWLB Short & Long term loans	42,100	69,103	43,575	57,697

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31<sup>st</sup> March 2015) arising from a commitment to pay interest to lenders below current market rates.

The fair value of the Merseyside Residual debt is taken to be the same as the amount of principal outstanding.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Short-term investments carrying amount is assumed to approximate to fair value.

## 15. Inventories

	Clothing / Consumable Stores		Diesel / Engineering Centre of Excellence Stores		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	288	275	108	95	396	370
Purchases	458	403	799	864	1,257	1,267
Recognised as an expense in the year	(392)	(390)	(795)	(851)	(1,187)	(1,241)
Written off balances	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-
<b>Balance outstanding at year-end</b>	<b>354</b>	<b>288</b>	<b>112</b>	<b>108</b>	<b>466</b>	<b>396</b>

## 16. Debtors

	31 March 2015	31 March 2014
	£000	£000
Central Government bodies	343	260
Other local authorities	2,136	1,725
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	937	1,380
<b>Total</b>	<b>3,416</b>	<b>3,365</b>

## 17. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014		31 March 2015
£000		£000
7	Cash held by the Authority	7
4,569	Bank current accounts	6,391
8,703	Short-term deposits with building societies	4,002
<b>13,279</b>	<b>Total Cash and Cash Equivalents</b>	<b>10,400</b>

The bank current account includes the pension fund debtor of £6.798m as at the 31<sup>st</sup> March 2015 and £4.751m as at the 31<sup>st</sup> March 2014. This relates to the disaggregation of the pension fund figures into a separate account and is the money owed to Merseyside Fire and Rescue Service from CLG for payments of pension liabilities. The Authority initially had a bank overdraft of £0.407m as at the 31<sup>st</sup> March 2015 and £0.182m as at 31<sup>st</sup> March 2014 before taking account of this debtor.

## 18. Assets Held for Sale

	Current		Non Current	
	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000
<b>Balance outstanding at start of year</b>	<b>250</b>	<b>250</b>	<b>-</b>	<b>-</b>
Assets newly classified as held for sale:				
Property, Plant and Equipment	-	-	670	-
Intangible Assets	-	-	-	-
Other assets/liabilities in disposal groups	-	-	-	-
Revaluation losses	-	-	(230)	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other assets/liabilities in disposal groups	-	-	-	-
Assets sold	(250)	-	-	-
Transfers from non current to current	440	-	(440)	-
Other movements	-	-	-	-
<b>Balance outstanding at year-end</b>	<b>440</b>	<b>250</b>	<b>-</b>	<b>-</b>

## 19. Creditors

	31 March 2015	31 March 2014
	£000	£000
Central Government bodies	(1,164)	(1,134)
Other local authorities	(1,688)	(1,763)
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	(3,101)	(2,999)
<b>Total</b>	<b>(5,953)</b>	<b>(5,896)</b>

The accrual for Compensated Absences is included in other entities and individuals.



## 20. Provisions

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2014	-	(1,049)	-	(1,049)
Additional provisions made in 2014/15	-	(444)	-	(444)
Amounts used in 2014/15	-	272	-	272
Unused amounts reversed in 2014/15	-	-	-	-
Unwinding of discounting in 2014/15	-	-	-	-
<b>Balance at 31 March 2015</b>	<b>-</b>	<b>(1,221)</b>	<b>-</b>	<b>(1,221)</b>

### Injury Compensation Claims

All of the injury compensation claims have currently been assessed as at 31<sup>st</sup> March 2015. They relate to personal injuries sustained where the Authority is alleged to be at fault. Provision is made for those claims where it is deemed probable that the Authority will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. All outstanding claims are expected to be settled in future years but no precise date can be estimated. The Authority will only be reimbursed by the insurers for claims above £0.5m.

## 21. Usable Reserves

31 March 2014 £000		31 March 2015 £000
-	Usable Capital Receipts Reserve	-
1,585	Usable Capital Grants Unapplied	1,770
2,894	General Fund Balance	2,000
23,317	Earmarked Reserves ( <b>Note 8</b> )	23,985
<b>27,796</b>	<b>Total Usable Reserves</b>	<b>27,755</b>

## 22. Unusable Reserves

31 March 2014 £000		31 March 2015 £000
6,123	Revaluation Reserve	11,897
-	Available for Sale Financial Instruments Reserve	-
(8,728)	Capital Adjustment Account	(6,507)
182	Financial Instruments Adjustment Account	130
(968,118)	Pensions Reserve	(1,034,371)
436	Collection Fund Adjustment Account	786
(1,136)	Accumulating Compensated Absences Adjustment Account	(1,212)
<b>(971,241)</b>	<b>Total Unusable Reserves</b>	<b>(1,029,277)</b>

### **Revaluation Reserve**

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

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

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

2013/14 £000		2014/15 £000
6,517	Balance at 1 April	6,123
-	Upward revaluation of assets	12,889
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(6,575)
	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	6,314
(394)	Difference between fair value depreciation and historical cost depreciation	(395)
-	Accumulated gains on assets sold or scrapped	(145)
(394)	Amount written off to the Capital Adjustment Account	(540)
6,123	Balance at 31 March	11,897

### **Available for Sale Financial Instruments Reserve**

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

The Authority had no available for sale financial instruments at 31 March 2015.

### **Capital Adjustment Account**

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

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

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14		2014/15
£000		£000
(16,384)	<b>Balance at 1 April</b>	<b>(8,728)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(4,274)	• Charges for depreciation and impairment of non current assets	(1,577)
-	• Revaluation losses on Property, Plant and Equipment	(141)
(169)	• Amortisation of intangible assets	(170)
(619)	• Revenue expenditure funded from capital under statute	(791)
-	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(250)
(5,062)		(2,929)
394	Adjusting amounts written out of the Revaluation Reserve	539
(4,668)	Net written out amount of the cost of non current assets consumed in the year	(2,390)
	Capital financing applied in the year:	
-	• Use of the Capital Receipts Reserve to finance new capital expenditure	244
-	• Use of the Major Repairs Reserve to finance new capital expenditure	-
5,449	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,245)
215	• Application of grants to capital financing from the Capital Grants Unapplied Account	(185)
3,333	• Statutory provision for the financing of capital investment charged against the General Fund	3,434
3,327	• Capital expenditure charged against the General Fund	2,363
12,324		4,611
-	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-
<b>(8,728)</b>	<b>Balance at 31 March</b>	<b>(6,507)</b>

### **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund to the Account in the Movement in Reserves Statement. Over time, the expense or income is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2015 will be charged to the General Fund over the next 4 years.

2013/14		2014/15
£000		£000
235	Balance at 1 April	182
-	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
(53)	Proportion of discounts received in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(52)
(53)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(52)
182	Balance at 31 March	130

### **Pensions Reserve**

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

2013/14		2014/15
£000		£000
(1,002,225)	Balance at 1 April	(968,118)
84,561	Remeasurements of the net defined benefit liability/(asset)	(20,637)
(59,664)	Reversal of items relating to retirement benefits debited or credited to the Surplus or (Deficit) on the Provision of Services in the Comprehensive Income and Expenditure Statement	(56,673)
9,210	Employer's pensions contributions and direct payments to pensioners payable in the year	11,057
(968,118)	Balance at 31 March	(1,034,371)

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14		2014/15
£000		£000
133	Balance at 1 April	436
303	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	350
436	Balance at 31 March	786

### Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants. The Authority has no back pay claims in relation to equal pay.

### Accumulating Absences Account

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

2013/14		2014/15
£000		£000
(1,344)	Balance at 1 April	(1,136)
672	Settlement or cancellation of accrual made at the end of the preceding year	492
(464)	Amounts accrued at the end of the current year	(568)
208	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(76)
(1,136)	Balance at 31 March	(1,212)

**23. Cash Flow Statement – The surplus or deficit on the provision of services has been adjusted for the following non-cash movements**

2013/14 £000		2014/15 £000
(4,274)	Depreciation and impairment of non-current assets	(1,577)
-	Revaluation losses on property plant and equipment	(141)
(169)	Amortisation of intangible assets	(170)
(619)	Revenue expenditure treated as capital under statute	(791)
-	Movement in the Donated Assets Account	-
(50,454)	Movement in Pension Liability	(45,616)
-	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognized	(250)
298	(Increase)/Decrease in Creditors	(56)
249	Increase/(Decrease) in Debtors	51
26	Increase/(Decrease) in Stocks	70
(424)	(Increase)/Decrease in Provisions	(173)
<b>(55,367)</b>		<b>(48,653)</b>

**24. Cash Flow Statement – The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities**

2013/14 £000		2014/15 £000
86	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	253
8	Proceeds from the sales of property plant and equipment, investment property and intangible assets	247
(3,772)	Loan interest	(3,896)
5,449	Capital grants	(1,245)
<b>1,771</b>		<b>(4,641)</b>

## 25. Cash Flow Statement – Investing Activities

2013/14 £000		2014/15 £000
9,375	Purchase of property, plant and equipment, investment property and intangible assets	7,850
3,000	Purchase of short-term and long-term investments	3,000
-	Other payments for investing activities	-
(8)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(247)
-	Proceeds from short-term and long-term investments	-
(5,565)	Other receipts from investing activities	(3,857)
<b>6,802</b>	<b>Net cash flows from investing activities</b>	<b>6,746</b>

## 26. Cash Flow Statement – Financing Activities

2013/14 £000		2014/15 £000
-	Cash receipts of short-term and long-term borrowing	-
-	Other receipts from financing activities	-
177	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	250
1,541	Repayments of short term and long term borrowing	1,516
3,802	Other payments for financing activities	3,907
<b>5,520</b>	<b>Net cash flows from financing activities</b>	<b>5,673</b>

## 27. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service appearing on the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across the Fire Service and Corporate Management. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to services.

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

Services Income and Expenditure 2014/15	Fire Service £000	Corporate Management £000	Total £000
Fees, charges & other service income	(3,436)	-	(3,436)
Grants and Contributions	(3,813)	-	(3,813)
<b>Total Income</b>	<b>(7,249)</b>	<b>-</b>	<b>(7,249)</b>
Employee Costs	51,037	308	51,345
Premises Costs	3,054	-	3,054
Transport Costs	1,484	-	1,484
Supplies & Services	3,383	94	3,477
Agency Services	4,680	-	4,680
Central Support Services	345	83	428
Capital Financing – Debt Charges / MRP	7,617	-	7,617
<b>Total Expenditure</b>	<b>71,600</b>	<b>485</b>	<b>72,085</b>
<b>Net Expenditure</b>	<b>64,351</b>	<b>485</b>	<b>64,836</b>

Services Income and Expenditure 2013/14	Fire Service £000	Corporate Management £000	Total £000
Fees, charges & other service income	(3,036)	-	(3,036)
Grants and Contributions	(3,759)	-	(3,759)
<b>Total Income</b>	<b>(6,795)</b>	<b>-</b>	<b>(6,795)</b>
Employee Costs	51,447	332	51,779
Premises Costs	2,945	-	2,945
Transport Costs	1,606	-	1,606
Supplies & Services	3,445	103	3,548
Agency Services	4,463	-	4,463
Central Support Services	317	88	405
Capital Financing – Debt Charges / MRP	8,621	-	8,621
<b>Total Expenditure</b>	<b>72,844</b>	<b>523</b>	<b>73,367</b>
<b>Net Expenditure</b>	<b>66,049</b>	<b>523</b>	<b>66,572</b>



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

This reconciliation shows how the figures in the analysis of services income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

<b>2013/14</b>		<b>2014/15</b>
<b>£000</b>		<b>£000</b>
66,572	Net expenditure in the Service Analysis	64,836
21,731	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in Analysis	17,313
(19,590)	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(20,696)
<b>68,713</b>	<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>61,453</b>

## Reconciliation to Subjective Analysis

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

2014/15	Service Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(3,436)	-	-	-	(3,436)	-	(3,436)
Grants and Contributions	(3,813)	-	-	-	(3,813)	(35,299)	(39,112)
Interest and investment income	-	-	-	-	-	(253)	(253)
Income from council tax	-	-	-	-	-	(28,164)	(28,164)
Non Distributable Costs	-	-	-	-	-	-	-
<b>Total Income</b>	<b>(7,249)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,249)</b>	<b>(63,716)</b>	<b>(70,965)</b>
Employee Costs	51,345	76	(11,058)	-	40,363	-	40,363
Premises Costs	3,054	-	-	-	3,054	-	3,054
Transport Costs	1,484	-	-	-	1,484	-	1,484
Supplies & Services	3,477	-	-	-	3,477	-	3,477
Agency Services	4,680	-	(2,021)	-	2,659	-	2,659
Central Support Services	428	-	-	-	428	-	428
Capital Financing – Debt Charges / MRP	7,617	-	(7,617)	-	-	3,896	3,896
Depreciation, impairments and revaluation losses	-	1,888	-	-	1,888	-	1,888
Revenue Expenditure Funded through Capital under Statute	-	791	-	-	791	-	791
Pension Costs calculated in accordance with IAS 19	-	14,558	-	-	14,558	42,115	56,673
Net Pension Interest Costs FRS17	-	-	-	-	-	-	-
Non Distributable Costs	-	-	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-	-
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	-	6	6
<b>Total expenditure</b>	<b>72,085</b>	<b>17,313</b>	<b>(20,696)</b>	<b>-</b>	<b>68,702</b>	<b>46,017</b>	<b>114,719</b>
<b>Surplus or deficit on the provision of services</b>	<b>64,836</b>	<b>17,313</b>	<b>(20,696)</b>	<b>-</b>	<b>61,453</b>	<b>(17,699)</b>	<b>43,754</b>

2013/14	Service Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(3,036)	-	-	-	(3,036)	-	(3,036)
Grants and Contributions	(3,759)	-	-	-	(3,759)	(45,412)	(49,171)
Interest and investment income	-	-	-	-	-	(86)	(86)
Income from council tax	-	-	-	-	-	(27,060)	(27,060)
Non Distributable Costs	-	-	-	-	-	-	-
<b>Total Income</b>	<b>(6,795)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,795)</b>	<b>(72,558)</b>	<b>(79,353)</b>
Employee Costs	51,779	(208)	(9,210)	-	42,361	-	42,361
Premises Costs	2,945	-	-	-	2,945	-	2,945
Transport Costs	1,606	-	-	-	1,606	-	1,606
Supplies & Services	3,548	-	-	-	3,548	-	3,548
Agency Services	4,463	-	(1,759)	-	2,704	-	2,704
Central Support Services	405	-	-	-	405	-	405
Capital Financing – Debt Charges / MRP	8,621	-	(8,621)	-	-	3,772	3,772
Depreciation, impairments and revaluation losses	-	4,443	-	-	4,443	-	4,443
Revenue Expenditure Funded through Capital under Statute	-	619	-	-	619	-	619
Pension Costs calculated in accordance with IAS 19	-	16,834	-	-	16,834	-	16,834
Net Pension Interest Costs FRS17	-	-	-	-	-	42,787	42,787
Non Distributable Costs	-	43	-	-	43	-	43
Other Operating Expenses	-	-	-	-	-	-	-
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	-	-	-
<b>Total expenditure</b>	<b>73,367</b>	<b>21,731</b>	<b>(19,590)</b>	<b>-</b>	<b>75,508</b>	<b>46,559</b>	<b>122,067</b>
<b>Surplus or deficit on the provision of services</b>	<b>66,572</b>	<b>21,731</b>	<b>(19,590)</b>	<b>-</b>	<b>68,713</b>	<b>(25,999)</b>	<b>42,714</b>

## 28. Agency Services

The Authority currently acts as lead Authority for a North West PFI scheme, building 16 new fire stations of which 4 relate to Lancashire Fire & Rescue and 5 relate to Cumbria Fire & Rescue. All these fire stations are completed and fully operational.

## 29. Members' Allowances

The Authority comprises of 18 councillors from the 5 districts of Merseyside. The total allowances paid to members within the year were:

	2014/15 £000	2013/14 £000
Allowances	225	239
Expenses	14	23
<b>Total</b>	<b>239</b>	<b>262</b>

### 30. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary, Fees and Allowances £	Bonuses £	Expenses Allowances £	Compensation for Loss of Office £	Benefits in Kind *(e.g. Car Allowance) £	Pension Contribution ** £	Total
Chief Fire Officer – Dan Stephens	2014/15	170,000	-	-	-	1,431	31,055	202,486
	2013/14	170,000	-	-	-	1,474	30,033	201,507
Deputy Chief Fire Officer – Phil Garrigan	2014/15	144,500	-	20	-	1,875	30,779	177,174
	2013/14	144,500	-	-	-	2,404	30,033	176,937
Deputy Chief Executive – Kieran Timmins	2014/15	144,500	-	-	-	10,089	19,652	174,241
	2013/14	144,500	-	-	-	9,669	16,040	170,209

The Authority restructured the Senior Officer Management Team in August 2011 in order to deliver savings of £0.318m per annum. The executive team was reduced from four roles to just three; with two Principal Fire Officers. The salaries for the senior roles in the organisation were also reviewed and reduced.

The Management Team is under review at the time of writing the Statement of Accounts.

\*The three officers receive the same cash allowance for a car but the taxable benefit is different depending on the officer's role.

\*\*The Chief Fire Officer and Deputy Chief Fire Officer are members of the Firefighters Pension Scheme whilst the Deputy Chief Executive is a member of the Local Government Pension Scheme.

The numbers of Authority staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are shown in bands of £5,000 in the table below:

Remuneration band	2014/15 Number of employees	2013/14 Number of employees
£50,000 - £54,999	22	22
£55,000 - £59,999	16	13
£60,000 - £64,999	12	11
£65,000 - £69,999	6	2
£70,000 - £74,999	9	2
£75,000 - £79,999	4	2
£80,000 - £84,999	1	-
£85,000 - £89,999	-	-
£90,000 - £94,999	1	6
£95,000 - £99,999	1	-
£100,000 - £104,999	3	-
<b>Total</b>	<b>75</b>	<b>58</b>

**Note a** – In 2014/15 65 of the 75 staff receiving over £50,000 are firefighting staff (in 2013/14 this was 47 of the 58), who provide fire cover (many of whom are receiving additional payments for working extra time or working more flexibly and providing resilience).

**Note b** – The bandings only include the remuneration of employees that have not been disclosed individually in the Authority's Senior Officer Remuneration note above.

**Note c** – In 2014/15 1 of the 75 staff received a termination payment which resulted in the member of staff receiving more than £50,000 remuneration for the year.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The totals include pension strain and compromise agreement fees.

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Band [(b) + (c)]		Total Cost of Exit Packages in Each Band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0 - £20,000	-	-	16	3	16	3	151,775	30,630
£20,001 - £40,000	-	-	3	3	3	3	74,811	82,663
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>6</b>	<b>19</b>	<b>6</b>	<b>226,586</b>	<b>113,293</b>

### 31. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and for non-audit services provided by the Authority's external auditors:

	2014/15	2013/14
	£000	£000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	43	43
Fees/(rebate) payable to/from the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	(4)	(5)
Fees payable in respect of other services by National Fraud Initiative during the year	-	-
<b>Total</b>	<b>39</b>	<b>38</b>

### 32. Grant Income

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

	2014/15	2013/14
	£000	£000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Council tax income/Local share non domestic rates	(28,164)	(27,060)
Non domestic rates	(13,785)	(13,521)
<b>Non-ring fenced Government grants:</b>		
Revenue Support Grant	(22,759)	(26,441)
<b>Capital Grants and Contributions:</b>		
General Capital Grant (Department for Communities and Local Government) (DCLG)	(2,129)	(2,129)
Breathing Apparatus Telemetry Units Grant (DCLG)	(92)	-
Merseyside Police Joint Control Room*	3,466	(3,321)
<b>Total</b>	<b>(63,463)</b>	<b>(72,472)</b>
<b>Credited to Services</b>		
New Dimensions Grant (Department for Communities and Local Government)	(1,001)	(999)
Fire Control Implementation Grant (Department for Communities and Local Government)	(244)	(215)
PFI Credits (Department for Communities and Local Government)	(2,097)	(2,097)
Other Grants (Department for Communities and Local Government)	(391)	(244)
<b>Total</b>	<b>(3,733)</b>	<b>(3,555)</b>

The Authority currently has no assets in the Donated Assets Account or Capital Grants Receipts in Advance.

\*This adjustment relates to the reversal of receipts received in previous years from Merseyside Police, for the building of the Joint Control Centre (JCC). This was originally treated as a capital grant as no formal agreement had been completed. During 2014-15 discussions and tests were concluded and a finance lease was agreed appropriate for the operation of JCC. This adjustment moves the contribution to the Finance Lease debtor shown in Note 35.

### 33. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. Any amounts owed to or by the Authority to other public bodies has been identified in notes 16 and 19.

2013/14		Related Party Transactions	2014/15	
Receipts	Payments		Receipts	Payments
		<b>Central Government</b>		
13,522		Redistributed National Non-Domestic Rates	13,785	
26,441		Revenue Support Grant	22,759	
2,343		Capital Grants	2,035	
	3,010	Employers National Insurance Contributions		2,868
		<b>Local Authority Precept</b>		
2,505		Knowsley	2,507	
8,136		Liverpool	8,657	
3,678		St. Helens	3,786	
6,013		Sefton	6,271	
6,728		Wirral	6,943	
		<b>Pensions</b>		
	1,757	Merseyside Superannuation Fund Employers Contributions		3,717
25,140	27,724	Pension Fund (DCLG)	26,468	31,002
		<b>Other</b>		
3,321	-	Merseyside Police Authority (MPA)	1,334	-

#### Central Government

Central Government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills). Grants received from Government departments are set out in the subjective analysis in Note 32 on reporting for resources allocation decisions.

#### Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 29. The Authority's membership comprises of councillors from each of the five Local Authorities in Merseyside. Members of the Authority are required to declare interests in related parties on an annual basis in respect of the Financial Statements and also in the Authority's Register of Interests throughout the year. From examining existing available sources of information for 2014/15, there were no reported material transactions with related parties.



## **Officers**

Officers of the Authority are required to declare interests in related parties on an annual basis in respect of the Financial Statements and also in the Authority's Register of Interests throughout the year. There were no reported material related party transactions in respect of 2014/15.

## **Entities Controlled or Significantly Influenced by the Authority**

### **Fire Support Network**

The Authority established the Fire Support Network (FSN) formerly known as Friends of the Fire Service during 2001/02. The purpose of this voluntary organisation was to advance the education and preserve and protect the health of the public within Merseyside by promoting issues relating to fire safety and to offer support to any person in need, involved in or affected by fire or other emergency.

In establishing the "Friends of the Merseyside Fire Service" which became the FSN, the Fire Authority felt that the best formal structure for the organisation would be that of a company limited by guarantee. At the time it was felt that this form of organisation would enable the FSN to better secure external funding from the private sector. However, at the same time the Fire Authority wanted to ensure that the activities of the FSN were properly controlled and were wholly consistent with the strategy and activities of Merseyside Fire and Rescue Service. Therefore, the FSN company operates with a board of five trustees.

Due to this board structure, and the fact that the FSN activities are so closely related to the activities of the Fire Service, the FSN is a "regulated company" as defined by the Local Government and Housing Act 1989, and orders under that Act. This means that the financial transactions of the company must be treated as though they were the financial transactions of Merseyside Fire & Rescue Service, and that those transactions should be consolidated into the Authority's financial accounts. The FSN did maintain an independent bank account in 2015/16 but the total net transactions, apart from the SLA below, were minimal and not material. Therefore, the accounts have not been consolidated for this year.

The Authority has agreed a service level agreement with the FSN whereby in return for work against strict performance criteria the Authority would pay FSN £195,000 a year.

### **North West Partnership Board**

The North-West Fire and Rescue Authorities are continuing to work collaboratively, via the North West Partnership Board which was set up in March 2011. This is a new joint committee of the five fire authorities in the North West (Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside). The committee is comprised of councillors from the five constituent authorities.

The objectives of the North-West Partnership Board are as below:

- Develop the sharing of best practice from across the North West and beyond to influence future business.
- Encourage the provision of sustainable and increasingly efficient prevention, protection and intervention services to reduce overall risk.
- Influence the implementation of value led strategies on a localised basis.
- Provide the platform for continuing collaboration between NW FRS's to promote increasing value in all aspects of service delivery.



- Lobby key internal and external partners to improve fire and rescue service policies and processes.
- To lead continuous improvement through delivery of a sector led, peer reviewed approach.

Lancashire Combined Fire Authority manages the income and expenditure on behalf of the region, there were no recharges due for 2014/15.

### **Joint Control Centre**

Merseyside Fire and Rescue and Merseyside Police Authorities had entered into a contract to develop and build a joint Merseyside Command and Control Centre. The proposed design solution included a new two-storey building extension attached to the rear of the current Fire Service Headquarters and a refurbishment of the existing area of the building. Work on the project started on the 8<sup>th</sup> April 2013 and the project was completed during 2014/15.

### 34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2014/15 £000	2013/14 £000
<b>Opening Capital Financing Requirement</b>	(71,272)	(65,286)
<i>Capital Investment</i>		
Property, Plant and Equipment	(7,049)	(17,689)
Investment Properties	-	-
Intangible Assets	(10)	(2)
Revenue Expenditure Funded from Capital under Statute	(791)	(619)
<i>Sources of Finance</i>		
Capital receipts	244	-
Government grants and other contributions	3,371	5,664
Sums set aside from revenue:		
• Direct revenue contributions	2,363	3,327
• [MRP/loans fund principal]	3,434	3,333
<b>Closing Capital Financing Requirement</b>	<b>(69,710)</b>	<b>(71,272)</b>
<i>Explanation of movement in year</i>		
Increase/(Decrease) in underlying need to borrowing (supported by Government financial assistance)	-	-
Increase/(Decrease) in underlying need to borrowing (unsupported by Government financial assistance)	(1,562)	(2,949)
Assets acquired under finance leases	-	-
Assets acquired under PFI contracts	-	8,935
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(1,562)</b>	<b>5,986</b>

## 35. Leases

### Authority as Lessee

#### Finance Leases

In the past the Authority had acquired a number of fire engines and breathing apparatus under finance leases, but as at 31<sup>st</sup> March 2015 the Authority has no outstanding finance leases.

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

	31 March 2015 £000	31 March 2014 £000
Other Land and Buildings	6,420	6,029
Vehicles, Plant, Furniture and Equipment	-	-
<b>Total</b>	<b>6,420</b>	<b>6,029</b>

The Authority has built a fire station and youth facility for £6.152m on land currently owned by Liverpool City Council. Although a lease is in place between the Authority and Liverpool City Council no further cash flows are envisaged. The building was revalued in the year by £0.514m

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

	31 March 2015 £000	31 March 2014 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	-	-
Non-current	-	-
Finance Costs payable in future years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Operating Leases

The Authority has a policy on vehicle provision and as part of that a number of vehicles have been acquired through operating leases; these vehicles have typical lives of three years.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2015 £000	31 March 2014 £000
Not later than one year	88	152
Later than one year and not later than five years	6	82
Later than five years	-	-
<b>Total</b>	<b>94</b>	<b>234</b>

## Authority as Lessor

### Finance Leases

The Authority in conjunction with Merseyside Police has built a Joint Command and Control Centre. The lease to the Police is for a period of 40 years. The Police have invested all capital monies up front to the value of their share of the asset and no residual value is anticipated for the property when the lease comes to an end. There is therefore no long term debtor for the lease as all the liabilities have been paid up front. The gross investment is made up of the following amounts:

	31 March 2015 £000	31 March 2014 £000
Finance lease debtor		
Proportion of build costs	4,800	-
Paid	(4,800)	-
<b>Total</b>	<b>-</b>	<b>-</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Not later than one year	*(600)	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Total</b>	<b>(600)</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*This final payment relates to the final invoice and outstanding retentions at 31/03/2015.

## 36. Private Finance Initiatives and Similar Contracts

The Authority lead on a North West PFI project to replace 16 fire stations in Merseyside, Lancashire and Cumbria. Merseyside Fire Service built 7 new fire stations. The total value of the PFI scheme is £47.886m of which £19.787m relates to Merseyside Fire and Rescue Service. The contract for building the new stations is with Balfour Beatty Fire and Rescue NW Ltd and the building programme for Merseyside started in April 2011. The first station for Merseyside was completed in April 2012 and the last station was completed in July 2013.

The contract runs for 25 years from completion and hand over of the last station and includes both the service and maintenance of the stations. The stations will be recognised on the Authority's Balance Sheet from the initial handover date. The stations and any plant or equipment installed on them will be transferred to the Authority for nil consideration at the end of the contract.

### Property, Plant and Equipment

The following table shows the value of assets recognised under PFI arrangements and analyses the movement in the value of assets during the year:

Movement in Value of Assets (7 Fire Stations)	Land £000	Buildings £000	Total £000
Value at 31 <sup>st</sup> March 2014	1,140	19,075	20,215
Revaluation losses	(115)	(747)	(862)
Depreciation/Impairment	-	(528)	(528)
Value at 31 <sup>st</sup> March 2015	1,025	17,800	18,825

### Payments

The Authority makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments to be made under the PFI contract started in 2012/13 after the Authority's first station of the project was completed and handed over to the Authority. Payments to the contractor for 2014/15 and future payments will be made as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2015/16	612	282	1,756	2,650
Payable within 2 to 5 years	2,672	1,399	6,831	10,902
Payable within 6 to 10 years	3,796	2,547	7,892	14,235
Payable within 11 to 15 years	4,387	3,874	6,732	14,993
Payable within 16 to 20 years	5,082	5,922	4,846	15,850
Payable within 21 to 25 years	3,866	5,409	1,576	10,851
Payable within 26 to 30 years	-	-	-	-
<b>Total</b>	<b>20,415</b>	<b>19,433</b>	<b>29,633</b>	<b>69,481</b>
Paid in 2014/15	619	250	1,771	2,640
<b>Grand Total</b>	<b>21,034</b>	<b>19,683</b>	<b>31,404</b>	<b>72,121</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractor for capital expenditure incurred is as follows:

	31 March 2015 £000	31 March 2014 £000
Balance outstanding at start of year	(19,684)	(10,904)
Payments during the year	250	155
Capital expenditure incurred in the year	-	(8,935)
Other movements	-	-
<b>Total</b>	<b>(19,434)</b>	<b>(19,684)</b>

### 37. Impairment Losses

The Authority incurred expenditure of £760,000 in 2014/15 and £201,000 in 2013/14 and which did not add value to the buildings but maintained the upkeep of such assets (e.g. Replacement boilers, yard repairs, tower repairs etc). These costs are written off in the year to the surplus or deficit on the provision of services. Revaluation losses in the year equated to £3,509,000 but reversal of prior year revaluation losses and impairments equated to £6,575,000. These disclosures are consolidated in Note 12 reconciling the movement in the year in Property Plant and Equipment. The figures are shown in other movement in cost or valuation.

### 38. Capitalisation of Borrowing Costs

The Authority has not capitalised any borrowing costs in 2014/15.

### 39. Termination Benefits

The Authority terminated the contracts of a number of employees in 2014/15, incurring liabilities of £113,000 (£227,000 in 2013/14) – see note 30 for the number of exit packages and the total cost per band.

### 40. Defined Benefit Pension Schemes

#### Participation in pension schemes

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

The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Merseyside Pension Fund - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The Firefighters Pension Scheme - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. The Government changed the funding mechanism for this scheme in 2006/07. This alleviated concerns about the possibility of large year on year fluctuations on local tax payers by creating a pension fund account. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

#### Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against

council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

## Local Government Pension Scheme

2013/14				2014/15		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
			<b>Comprehensive Income and Expenditure Statement</b>			
			<i>Cost of Services</i>			
1,892	-	1,892	• current service cost	1,735	-	1,735
-	-	-	• past service costs	-	-	-
43	-	43	• settlements and curtailments	-	-	-
42	-	42	• administration expenses	43	-	43
			<i>Financing and Investment Income and Expenditure</i>			
1,141	36	1,177	• Net interest expense	717	38	755
<b>3,118</b>	<b>36</b>	<b>3,154</b>	<b>Total Post-employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,495</b>	<b>38</b>	<b>2,533</b>
			<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>			
			<i>Remeasurement of the net defined benefit liability</i>			
			<i>Comprising:</i>			
(1,198)	-	(1,198)	• Return on scheme assets (excluding the amount included in the net interest expense)	(4,235)	-	(4,235)
515	11	526	• Actuarial gains and losses arising on changes in demographic assumptions	-	-	-
(5,995)	(29)	(6,024)	• Actuarial gains and losses arising on changes in financial assumptions	12,809	81	12,890
(3,614)	42	(3,572)	• Other experiences (gain)/loss on liabilities	-	-	-
<b>(7,174)</b>	<b>60</b>	<b>(7,114)</b>	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>11,069</b>	<b>119</b>	<b>11,188</b>
			<i>Movement in Reserves Statement</i>			
(3,118)	(36)	(3,154)	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,495)	(38)	(2,533)
			<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>			
1,842	-	1,842	• Employers' contributions payable to scheme	3,813	-	3,813
	51	51	• Retirement benefits payable to pensioners	-	52	52



## Firefighters Pension Scheme

2013/14					2014/15			
Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000		Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000
				<b>Comprehensive Income and Expenditure Statement</b>				
				<i>Cost of Services</i>				
13,450	540	910	14,900	• current service cost	11,560	450	770	12,780
-	-	-	-	• past service costs	-	-	-	-
-	-	-	-	• settlements and curtailments	-	-	-	-
				<i>Financing and Investment Income and Expenditure</i>				
38,750	2,570	290	41,610	• Net interest expense	38,590	2,440	330	41,360
<b>52,200</b>	<b>3,110</b>	<b>1,200</b>	<b>56,510</b>	<b>Total Post-employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>50,150</b>	<b>2,890</b>	<b>1,100</b>	<b>54,140</b>
				<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>				
				<i>Remeasurement of the net defined benefit liability</i>				
				<i>Comprising:</i>				
(19,212)	-	409	(18,803)	• Return on scheme assets (excluding the amount included in the net interest expense)	(22,520)	-	412	(22,108)
-	-	-	-	• Actuarial gains and losses arising on changes in demographic assumptions	(49,270)	(23,310)	(1,260)	(73,840)
(20,630)	(3,820)	(680)	(25,130)	• Actuarial gains and losses arising on changes in financial assumptions	129,400	3,830	2,590	135,820
(28,620)	(1,730)	(10)	(30,360)	• Other experiences (gain)/loss on liabilities	(26,530)	(930)	(430)	(27,890)
<b>(16,262)</b>	<b>(2,440)</b>	<b>919</b>	<b>(17,783)</b>	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>81,230</b>	<b>(17,520)</b>	<b>2,412</b>	<b>66,122</b>
				<i>Movement in Reserves Statement</i>				
(52,200)	(3,110)	(1,200)	(56,510)	• reversal of net charges made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the Code	(50,150)	(2,890)	(1,100)	(54,140)
				<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
5,398	-	219	5,617	• Employers' contributions payable to scheme	5,200	-	212	5,412
-	1,700	-	1,700	• Retirement benefits payable to pensioners	-	1,780	-	1,780

- The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2015 is a deficit of £20,637m and to the 31 March 2014 is a surplus of £84.561m.
- Past service costs and curtailment costs are the result of increased benefits being paid in the event of members retiring early during the year. Those costs which result from redundancy/efficiency retirements are classified as curtailment costs, with any other amounts being regarded as past service costs.

## Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit schemes is as follows:

### Local Government Pension Scheme

2013/14				2014/15		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
(71,363)	(871)	(72,234)	Present value of the defined benefit obligation	(87,596)	(938)	(88,534)
52,246	-	52,246	Fair value of scheme assets	61,223	-	61,223
(19,117)	(871)	(19,988)	<b>Net liability arising from defined benefit obligation</b>	(26,373)	(938)	(27,311)

### Firefighters Pension Scheme

2013/14					2014/15			
Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000		Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000
(885,020)	(56,110)	(7,000)	(948,130)	Present value of the defined benefit obligation	(961,050)	(36,810)	(9,200)	(1,007,060)
-	-	-	-	Fair value of scheme assets	-	-	-	-
(885,020)	(56,110)	(7,000)	(948,130)	<b>Net liability arising from defined benefit obligation</b>	(961,050)	(36,810)	(9,200)	(1,007,060)

## Reconciliation of the Movements in the Fair Value of Scheme Assets

### Local Government Pension Scheme

2013/14				2014/15		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
48,372	-	48,372	Opening fair value of scheme assets	52,246	-	52,246
2,046	-	2,046	Interest income	2,460	-	2,460
			<i>Remeasurement gain/(loss):</i>			
1,198	-	1,198	• Return on scheme assets (excluding the amount included in the net interest expense)	4,235	-	4,235
(42)	-	(42)	• Administration Expenses	(43)	-	(43)
1,842	51	1,893	Contributions from employer	3,813	52	3,865
543	-	543	Contributions from employees into the scheme	585	-	585
(1,713)	(51)	(1,764)	Benefits paid	(2,073)	(52)	(2,125)
52,246	-	52,246	<b>Net liability arising from defined benefit obligation</b>	61,223	-	61,223

### Firefighters Pension Scheme

2013/14					2014/15			
Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000		Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000
-	-	-	-	Opening fair value of scheme assets	-	-	-	-
				<i>Remeasurement gain/(loss):</i>				
19,212	-	(409)	18,803	• Return on scheme assets (excluding the amount included in the net interest expense)	22,520	-	(412)	22,108
5,398	1,700	219	7,317	Contributions from employer	5,200	1,780	212	7,192
3,110	-	190	3,300	Contributions from employees into the scheme	3,280	-	200	3,480
(27,720)	(1,700)	-	(29,420)	Benefits paid	(31,000)	(1,780)	-	(32,780)
-	-	-	-	<b>Net liability arising from defined benefit obligation</b>	-	-	-	-

Return on scheme assets is effectively a balancing figure because we know that there is no opening or closing assets in the Firefighters Pension Scheme. Although this statement is not provided by the actuary it is required in order to prevent the top up grant going through the Comprehensive Income and Expenditure Account. The return on scheme assets is combined with the other return on assets for both schemes.

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

### Local Government Pension Scheme

2013/14				2014/15		
Funded Benefits £000	Unfunded Benefits £000	Total £000		Funded Benefits £000	Unfunded Benefits £000	Total £000
(76,505)	(862)	(77,367)	Opening balance at 1 April	(71,363)	(871)	(72,234)
(1,892)	-	(1,892)	Current service cost	(1,735)	-	(1,735)
(3,187)	(36)	(3,223)	Interest cost	(3,177)	(38)	(3,215)
(543)	-	(543)	Contributions by scheme participants	(585)	-	(585)
			Remeasurement (gains) and losses:			
(515)	(11)	(526)	• Actuarial gains/losses arising from changes in demographic assumptions	-	-	-
5,995	29	6,024	• Actuarial gains/losses arising from changes in financial assumptions	(12,809)	(81)	(12,890)
3,614	(42)	3,572	• Other experience gains and losses	-	-	-
-	-	-	Past service cost	-	-	-
(43)	-	(43)	Settlements and curtailments	-	-	-
1,713	51	1,764	Benefits paid	2,073	52	2,125
(71,363)	(871)	(72,234)	Closing balance at 31 March	(87,596)	(938)	(88,534)

### Firefighters Pension Scheme

2013/14					2014/15			
Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000		Old Scheme £000	Injury Awards £000	New Scheme £000	Total £000
(906,680)	(60,250)	(6,300)	(973,230)	Opening balance at 1 April	(885,020)	(56,110)	(7,000)	(948,130)
(13,450)	(540)	(910)	(14,900)	Current service cost	(11,560)	(450)	(770)	(12,780)
(38,750)	(2,570)	(290)	(41,610)	Interest cost	(38,590)	(2,440)	(330)	(41,360)
(3,110)	-	(190)	(3,300)	Contributions by scheme participants	(3,280)	-	(200)	(3,480)
				Remeasurement (gains) and losses:				
-	-	-	-	• Actuarial gains/losses arising from changes in demographic assumptions	49,270	23,310	1,260	73,840
20,630	3,820	680	25,130	• Actuarial gains/losses arising from changes in financial assumptions	(129,400)	(3,830)	(2,590)	(135,820)
28,620	1,730	10	30,360	• Other experience gains and losses	26,530	930	430	27,890
-	-	-	-	Past service cost	-	-	-	-
-	-	-	-	Settlements and curtailments	-	-	-	-
27,720	1,700	-	29,420	Benefits paid	31,000	1,780	-	32,780
(885,020)	(56,110)	(7,000)	(948,130)	Closing balance at 31 March	(961,050)	(36,810)	(9,200)	(1,007,060)

## Local Government Pension Scheme assets comprised:

2013/14				2014/15		
Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total		Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total
£000	£000	£000		£000	£000	£000
1,387	-	1,387	<b>Cash &amp; Cash Equivalents</b>	1,857	-	1,857
			<b>Equity Instruments:</b>			
13,813	-	13,813	• UK	14,608	-	14,608
15,908	-	15,908	• Overseas	18,440	-	18,440
29,721	-	29,721	Sub-total equity instruments	33,048	-	33,048
			<b>Bonds:</b>			
1,379	-	1,379	• UK Corporate	1,586	-	1,586
2,204	-	2,204	• UK Government	3,061	-	3,061
4,972	-	4,972	• UK Index Linked	5,975	-	5,975
8,555	-	8,555	Sub-total bonds	10,622	-	10,622
			<b>Property:</b>			
-	2,551	2,551	• UK Direct Property	-	3,428	3,428
322	827	1,149	• UK Property Managed	202	814	1,016
-	490	490	• Overseas Property Managed	-	612	612
322	3,868	4,190	Sub-total property	202	4,854	5,056
			<b>Private Equity:</b>			
37	1,343	1,380	• UK	24	1,831	1,855
-	1,267	1,267	• Overseas	-	1,678	1,678
37	2,610	2,647	Sub-total private equity	24	3,509	3,533
			<b>Other Investment Funds:</b>			
148	2,139	2,287	• Hedge Funds UK	153	331	484
-	78	78	• Hedge Funds Overseas	-	1,867	1,867
-	473	473	• Infrastructure UK	-	857	857
158	415	573	• Infrastructure Overseas	165	508	673
762	728	1,490	• Opportunities UK	1,120	1,255	2,375
449	396	845	• Opportunities Overseas	184	667	851
1,517	4,229	5,746	Sub-total other investment funds	1,622	5,485	7,107
41,539	10,707	52,246	<b>Total assets</b>	47,375	13,848	61,223

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Firefighters Pension Fund liabilities have been assessed by the Governments Actuary Department (GAD). The Local Government Pension Scheme has been assessed by the William M Mercer fund actuaries on behalf of the Metropolitan Borough of Wirral, based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2013.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Firefighters Pension Scheme	
	2014/15	2013/14	2014/15	2013/14
Long-term expected rate of return on assets in the scheme:				
Equity Investments	6.5%	7.0%	-	-
Government Bonds	2.2%	3.4%	-	-
Other Bonds	2.9%	4.3%	-	-
Property	5.9%	6.2%	-	-
Cash Liquidity	0.5%	0.5%	-	-
Other	N/A	N/A	-	-
Mortality assumptions:				
Longevity at 65 current pensioners:				
Men	22.4	22.3	22.5	23.5
Women	25.3	25.2	22.5	25.5
Longevity at 65 for future pensioners:				
Men	24.8	24.7	24.8	26.6
Women	28.1	28.0	24.8	28.6
Rate of CPI inflation	2.0%	2.4%	2.2%	2.5%
Rate of increase in salaries	3.5%	3.9%	4.2%	4.5%
Rate of increase in pensions	2.0%	2.4%	2.2%	2.5%
Rate for discounting scheme liabilities	3.3%	4.5%	3.3%	4.4%
Take-up of option to convert annual pension into retirement lump sum	50%	50%	-	-

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumption remain the constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

## Impact on the Defined Benefit Obligation in the Local Government Pension Scheme

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	1,708	(1,708)
Rate of inflation (increase or decrease by 0.1%)	1,739	(1,739)
Rate of increase in salaries (increase or decrease by 0.1%)	473	(473)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1,704)	1,704

## Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 73% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31<sup>st</sup> March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Authority anticipates paying £1.207m contributions to the scheme in 2015/2016. This forecast excludes the £2,538m fixed payment element of the deficit paid in 2014/15 for the 3 years 2014/15 – 2016/17. The Authority was able to secure a discount by paying the 3 year period upfront rather than on a monthly basis. As a result a payment of £2,538m was made in April 2014 in relation to the pension fund historic deficit, all of which was chargeable to the General Fund in 2014/15 in accordance with statutory provisions.

## Impact on the Defined Benefit Obligation in the Firefighters Pension Scheme

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	25,200	(25,200)
Rate of increase in salaries (increase or decrease by 0.1%)	1,960	(1,960)
Rate of increase in pensions (increase or decrease by 0.1%)	16,960	(16,960)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(19,740)	19,740

## Impact on the Authority's Cash Flows

The Authority anticipates paying £4.991m contributions to the scheme in 2015/2016.

## 41. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### **Credit Risk**

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by one of the following rating services Fitch, Moody's and Standard & Poors. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Authority are as detailed below:

The Authority's investment priorities are (a) the security of capital and (b) liquidity of its investments. The Authority aims to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity. All investments are in sterling and all cash balances are invested in accordance with the Code of Practice and with regard to the statutory guidance.

A counterparty list of institutions with which the Authority invests is maintained by reference to the criteria set out below for these different categories of institution and their credit rating. Regardless of these criteria, the money market is closely monitored and any institution is suspended from the counterparty lending list should any doubts arise concerning its financial standing. Under the guidance, investments fall into two separate categories, either specified or non-specified investments.

Specified investments offer high security and high liquidity and satisfy the conditions set out below:-

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable in sterling only
- The investment is not a long-term investment (has a maturity of less than one year)
- The investment does not involve the acquisition of share capital or loan capital in any corporate body.
- The investment is made with a body or in an investment scheme which has been awarded a high credit rating by a credit rating agency, or the UK government, a local authority, a parish or community authority.

Specified investments will comprise of the following institutions:-

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a gilt with less than one year to maturity)
- Supranational bonds of less than one year's duration. (Supranational bonds represent the debt on international organisations such as the World Bank, the International Monetary Fund, regional multilateral development banks and others)
- UK Local Authorities
- Money Market Funds
- UK Banks
- Foreign banks registered in the UK
- Building Societies.

The Authority will invest in UK institutions or non-UK and domiciled in a country which has a minimum Sovereign long term rating "AA". The institutions must have a high credit rating assigned by any of the three credit ratings agencies (Fitch, Moody's and Standard & Poors). To be deemed highly rated the institution must satisfy at least the minimum of



the following Fitch (or equivalent) criteria:

- Long term credit rating A-

If any of the agencies assigns a rating lower than the Fitch minimum (or equivalent) to an institution then the Authority will not invest with that institution.

In addition, the Authority will use institutions that are part nationalised UK banks.

Regardless of the credit rating assigned to an institution or whether it is covered by a guarantee, if any doubt over its financial standing exist then that institution is removed immediately from the counterparty lending list.

### Investment Limits

The credit ratings and individual limits for each institution within the categories of investments used by the Authority in 2014/15 were as follows:

• UK Government (including gilts and the DMADF)	Unlimited
• UK local authorities (each)	Unlimited
• Part Nationalised UK banks	£4 million
• Money Market Funds (AAA rated)	£3 million
• UK Banks and Building Societies (A- or higher rated)	£2 million
• Foreign banks registered in the UK (A or higher rated)	£2 million

No limits on investments with the UK Government and Local Authorities were set because they are considered to be of the highest credit quality and are essentially risk free. The limits placed on the other categories reflected some uncertainty and marginally higher risk profile of the institutions within those categories.

Bank and Money Market Fund ratings were checked daily. The Authority is alerted by e-mail when there is an amendment by any of the agencies to the credit rating of an institution. If an amendment means an institution no longer meets the Authority's minimum requirement or any doubt over its financial standing exists then that institution is removed immediately from the counterparty lending list. Conversely, an institution may be added to the list should it achieve the minimum rating.

### Non Specified Investments

Non-specified investments do not, by definition, meet the requirements of a specified investment. The Communities & Local Government (CLG) guidance requires that greater detail is provided of the intended use of non-specified investments due to greater potential risk. However, circumstances may have dictated that the following types of non-specified investments may have been used:

- Deposits with the Authority's own banker were unlimited for transactional purposes and to allow for unusual cash flow circumstances.
- Deposits with maturity of greater than one year (including forward deals in excess of one year from inception to repayment) with any bank or building society that meets the credit rating criteria above.
- Building Societies which do not meet the normal credit criteria but are one of the top ten building societies, determined by asset size. Those societies that are within the top ten but do not have an agency determined credit rating shall have an individual limit of £1m. Building Society rankings are checked annually with the Building Societies Association.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and in accordance with parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £10m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable

to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

### Exposure to Credit Risk

	Amount at 31 March 2015 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2015 %	Estimated maximum exposure to default and uncollectability at 31 March 2015 £000	Estimated maximum exposure at 31 March 2014 £000
	A	B	C	(A X C)	
Investments	13,041	-	-	-	-
Customers	442	2.37	2.00	9	7
				9	7

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and investments.

The Authority allows 30 days credit for customers, such that £0.114m of the £0.442m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2015 £000	31 March 2014 £000
Less than three months	67	153
Three months to one year	38	9
More than one year	9	6
Total	114	168

### Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Authority seeks to maintain liquid short term deposits of at least £1 million available daily. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at

a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that loans will mature at different intervals through a combination of careful planning of new loans taken out and *(where it is economically viable to do so)* making early repayments. The maturity analysis of financial liabilities is as follows:

Number of Years	Public Works Loan Board (PWLB)		Merseyside Residual Debt (MRD)	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	£000	£000	£000	£000
Less than one	1,000	1,475	41	41
Between one and two	2,000	1,000	41	41
Between two and five	1,765	3,500	123	123
Between five and ten	3,615	3,880	203	203
Between ten and fifteen	-	-	38	79
Between fifteen and twenty	-	-	-	-
Between twenty and twenty five	2,000	2,000	-	-
Between twenty five and thirty	-	-	-	-
Between thirty and thirty five	5,500	4,500	-	-
Between thirty five and forty	14,250	12,360	-	-
Between forty and forty five	11,970	14,860	-	-
More than forty five	-	-	-	-
<b>Total</b>	<b>42,100</b>	<b>43,575</b>	<b>446</b>	<b>487</b>

All trade and other payables are due to be paid in less than one year.

## Market Risk

### Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 50% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or

the Authority's cost of borrowing and provide compensation for a proportion of any higher costs. (The Authority currently has no variable rate loans with PWLB).

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	5
Increase in interest receivable on variable rate investments	(335)
Increase in Government grant receivable for financing costs	(12)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(342)</b>
Decrease in fair value of fixed rate investment assets	-
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>(342)</b>
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	691

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### Price Risk

The Authority does not invest in equity shares or have shareholdings in joint ventures or local industry. The Authority is consequently not exposed to losses arising from movements in the prices of the shares.

### Foreign Exchange Risk

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

## 42. Contingent Liabilities

The Authority notes that as part of various firefighter retained contracts, payments that were paid non-pensionable may now become pensionable under the new firefighters pension scheme. However the Authority has not created a provision for this contingent liability because the amounts yet to be identified are not deemed to be material.

In November 2014 the Employment Appeal Tribunal ruled that holiday pay should include non-guaranteed overtime (i.e. Overtime, which is not guaranteed by the employer, but which the worker is obliged to work, if it is offered). The backdated claims have, however, been limited, with the tribunal ruling that workers can only make claims if it is less than three months since their last incorrect payment of holiday pay. The Authority has not created a provision for this contingent liability because the amounts are yet to be identified and not deemed to be material.

The Pension Ombudsman has said GAD failed to review the commutation factors from 1998 to 2006 applicable to the calculation of the lump sum within the Firefighters Pension Scheme. Commutation is a procedure where a member of the pension scheme gives up part of their pension in exchange for a lump sum. The Ombudsman ordered that commutation factors should have been reviewed in 2001 and 2004 and that firefighters who retired between 1<sup>st</sup> December 2001 and 21<sup>st</sup> August 2006 should be compensated. Firefighters pension schemes are currently working on behalf of the government to identify such affected individuals and ensure that appropriate payments are made.

### **Municipal Mutual Insurance Limited**

Municipal Mutual Insurance Limited issued a levy notice on 1<sup>st</sup> January 2014 by the Scheme Administrator at a rate of 15% on Established Scheme Liabilities which exceeded £50,000 in aggregate. This equated to £250,000 which was paid in January 2014 with Municipal Mutual Insurance Limited covering the balance. We have now been informed by Municipal Mutual Insurance Limited the 15% levy may need to be increased to 26%. Also due to scheme changes, scheme members will need to pay 100% of the claim up front before being able to see the 85% reimbursement from Municipal Mutual Insurance. The Authority has increased its Insurance Reserve in 2014-15 by £500K to cover any potential increases in levies.

## Firefighters Pension Fund Accounts

### Fund Account

2013/14 £000		2014/15 £000
	<b>Contributions receivable:</b>	
	Fire Authority:	
(5,266)	• contributions in relation to pensionable pay	(5,001)
(351)	• early retirements	(411)
-	• other	-
(3,299)	Firefighters contributions	(3,481)
<b>(8,916)</b>		<b>(8,893)</b>
-	<b>Transfers in from other authorities</b>	-
	<b>Benefits payable:</b>	
25,150	• Pensions	26,112
2,462	• commutation and lump sum retirement benefits	4,690
-	• lump sum death benefits	-
-	• other	-
<b>27,612</b>		<b>30,802</b>
	<b>Payments to and on account of leavers:</b>	
112	• transfers out to other authorities	200
-	• refunds of contributions	-
<b>112</b>		<b>200</b>
<b>18,808</b>	<b>Net amount payable for the year</b>	<b>22,109</b>
(18,808)	Top – up grant payable by the Government	(22,109)
-		-

## Net Assets Statement

2013/14 £000		2014/15 £000
	<b>Current assets</b>	
-	Contributions due from the Fire Authority	-
-	Recoverable overpayments of pensions	-
4,751	Debtors	6,798
(4,751)	Cash	(6,798)
	<b>Current liabilities</b>	
-	Creditors	-
-	Amount payable to central government	-
-		-

## Notes to Pension Fund Account

### Contribution Rates

Under the firefighters pension regulations the contribution rates for employers were as follows:

Pensionable Pay Deductions	1992 Scheme	2006 Scheme
Employer's Contributions	21.3%	11%
Employee Contributions:		
£0 - £15,000	11.0%	8.5%
£15,001 - £21,000	12.2%	9.4%
£21,001 - £30,000	14.2%	10.4%
£30,001 - £40,000	14.7%	10.9%
£40,001 - £50,000	15.2%	11.2%
£50,001 - £60,000	15.5%	11.3%
£60,001 - £100,000	16.0%	11.7%
£100,001 - £120,000	16.5%	12.1%
£120,001 >	17.0%	12.5%

## III Health Contributions

III health contributions for firefighters who retire early due to ill health are also paid into the fund. This is based on their average pensionable pay at the time of retirement and the severity of illness classed into two tiers. (Upper Tier and Lower Tier - Upper Tier being the more severe). The payments by the Authority are based as follows:

- Upper Tier – 4\*Pensionable Pay
- Lower Tier – 2\*Pensionable Pay



### **Benefits Paid**

Pensions are paid to retired officers, their survivors and others who are eligible for benefits under new and existing pension schemes.

### **Communities and Local Government (CLG) Grant**

There are no investment assets and the fund is balanced to zero each year by receipt of a top up grant from the CLG, if contributions are insufficient to meet the cost of pension payments, or by paying over any surplus grant.

### **Accruals**

The fund has been prepared on an accruals basis in accordance with the rest of the accounts.

### **Future Liabilities**

The fund statement does not take account of liabilities to pay, pensions and other benefits after year end. However note 40 in the main set of Accounts does take account of this and its long term pension obligation under IAS19.

### **Debtors**

	31 March 2015	31 March 2014
	£000	£000
Central Government bodies	4,534	2,584
Other local authorities	-	-
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	2,264	2,167
<b>Total</b>	<b>6,798</b>	<b>4,751</b>



# Statement of Responsibilities for the Statement of Accounts

## The Deputy Chief Executive responsibilities

The Deputy Chief Executive is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

### In preparing this Statement of Accounts, the Deputy Chief Executive has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority code.

### The Deputy Chief Executive has also:

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

This Statement of Accounts gives a true and fair view of the financial position of the Authority as at the 31<sup>st</sup> March 2015 and of its expenditure and income for the year ended 31<sup>st</sup> March 2015.

Ian Cummins  
Treasurer  
17<sup>th</sup> September 2015

## 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 Deputy Chief Executive.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## Statement of Approval for the Statement of Accounts

The statement of accounts for the year 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015, were approved for issue on 17<sup>th</sup> September 2015 by Merseyside Fire and Rescue Authority (**Report CFO/75/15**).

Chair of the Authority Meeting Approving the Accounts  
17<sup>th</sup> September 2015

# AUDITORS REPORT TO FOLLOW

## **Glossary of terms used in the Statement of Accounts**

This Glossary of Terms is designed to aid interpretation of the Authority's Statement of Accounts.

### **ACCOUNTING POLICIES**

These specify policies and procedures used by the Authority to prepare its Financial Statements. These include any methods, measurement systems and procedures for presenting disclosures.

### **ACCRUALS**

Accruals are amounts that are recognised in the accounts as they are earned or incurred not as money is received or paid. The accruals basis of accounting requires the non cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

### **BALANCE SHEET**

The Balance Sheet is fundamental to the understanding of the Authority's financial position at the year-end. The Balance Sheet shows the values as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by reserves held by the Authority.

### **BUDGET**

A statement of the Authority's spending plans for revenue and capital expenditure over a specified period of time.

### **CAPITAL EXPENDITURE**

Capital expenditure is expenditure on the acquisition, construction or enhancement of fixed assets such as land, buildings, vehicles and equipment or expenditure which adds to and not merely maintains the value of the existing asset.

### **CAPITAL RECEIPTS**

Income received from the sales of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

### **CARRYING AMOUNT**

The balance sheet value recorded of either an asset or a liability.

### **COLLECTION FUND ADJUSTMENT ACCOUNT**

The collection fund adjustment account provides a mechanism for recognising the Authority's share of the Collection Fund surplus/deficits at year end.

### **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected multi-purpose Authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

### **CLG**

Communities and Local Government is the Government Department responsible for the national policy on local government.

### **CREDITORS**

Creditors are amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made by the balance sheet date.

### **CURRENT ASSETS**

Current assets are assets which can be reasonably expected to be consumed or realised within the next 12 months e.g. stocks, debtors, cash.



## **CURRENT LIABILITIES**

Current liabilities are amounts owed by the Authority and due for payment during the next 12 months e.g. short term borrowing, short term creditors and cash overdrawn.

## **DEBTORS**

Debtors are entities who owe amounts to the Authority for work done, goods sold or services rendered for which income has not been received by the balance sheet date.

## **DEFINED BENEFIT SCHEME**

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

## **DEPRECIATION**

Depreciation is a measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

## **EARMARKED RESERVES**

The Authority holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

## **FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

## **FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

## **FIXED ASSETS**

Assets that yield benefits to the Authority and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

## **GENERAL FUND**

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and government grants.

## **IMPAIRMENT**

Impairment is a reduction in the value of a fixed asset, below its carrying amount on the balance sheet.

## **INTANGIBLE FIXED ASSETS**

These are fixed assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software, licenses and patents.

## **INVENTORIES**

Inventories are the amount of unused or unconsumed goods held in expectation for future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

## **LIABILITIES**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.



## **LONG TERM ASSETS**

Long term assets are assets that yield benefits to the Authority and the services it provides for a period of more than 12 months.

## **LONG TERM LIABILITIES**

Long term liabilities are amounts owed by the Authority and due for payment at a time greater than 12 months e.g. Long Term Borrowing.

## **MINIMUM REVENUE PROVISION**

The minimum revenue provision is the minimum amount that must be set aside from revenue towards the repayment of loan debt.

## **NET BOOK VALUE (NBV)**

The net book value is the amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## **NET REALISABLE VALUE (NRV)**

Net realisable value is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

## **POST BALANCE SHEET EVENTS**

Post balance sheet events are those events which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

## **PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments are those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## **PROVISION**

A provision is an amount set aside to meet potential future liability but the exact amount and date on which the liability is due is uncertain.

## **REMUNERATION**

Remuneration is all sums paid to or received by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

## **RESERVES**

Reserves are amounts set aside to meet future contingencies but whose use does not affect the Authority's net expenditure in a given year. Appropriations to and from reserves may not be made directly from the revenue account. This is a crucial distinction between provisions and reserves.

## **RETIREMENT BENEFITS**

Retirement benefits are all forms of consideration given by the Authority in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either 1) the Authority's decision to terminate an employee's employment before the normal retirement date or 2) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

## **REVENUE EXPENDITURE**

Revenue expenditure is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

Expenditure incurred during the year that may be capitalized under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

# **MERSEYSIDE FIRE AND RESCUE AUTHORITY ANNUAL GOVERNANCE STATEMENT 2014-2015**

## **1.0 SCOPE OF RESPONSIBILITY**

- 1.1** Merseyside Fire and Rescue 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 to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, delivering its functions, and arrangements for the management of risk.
- 1.3** Corporate Governance is a phrase used to describe how organisations direct and control what they do. For Fire and Rescue Authorities this also includes how an Authority relates to the communities that it serves. The Authority has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE framework "*Delivering Good Governance in Local Government*". The key principles of the Authority's Code of Corporate Governance are outlined below;
1. Three high level principles underpin Corporate Governance:-
    - Openness and inclusivity
    - Accountability
    - Integrity
  2. These high level principles are supported by six detailed principles of good governance which are:
    - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area
    - Members and officers working together to achieve a common purpose with clearly defined functions and roles
    - Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
    - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
    - Developing the capacity and capability of members and officers to be effective
    - Engaging with local people and other stakeholders to ensure robust public accountability.
- 1.4** This statement fulfils the Authority's statutory requirement to prepare a statement of internal control in accordance with proper practices, and to present an annual review of the effectiveness of the current system.



## 2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values, for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Authority for a number of years and in particular for the year ended 31<sup>st</sup> March 2015.

## 3.0 THE GOVERNANCE FRAMEWORK

- 3.1 Summarised below are some of the key elements of the systems and processes that underpin the Authority's governance arrangements:
- 3.2 **Identifying and Communicating the Authority's Mission and outcomes for citizens and service users:**
- 3.2.1 After consulting with the citizens of Merseyside and service users, assessing current risks and service priorities, the Authority prepares an Integrated Risk Management Plan (IRMP) that sets out the mission, aims and service objectives for the organisation. The Authority approved a 2015-2017 IRMP Supplement at its meeting on the 26<sup>th</sup> February 2015, and the IRMP Supplement established the service priorities for 2015-2017.
- 3.2.2 The Authority's Mission reflects a clear focus on the core duties and functions in relation to Operational Preparedness, Operational Response and Prevention and Protection. The Authority's mission is to **achieve; Safer Stronger Communities – Safe Effective Firefighters**. To deliver this the Authority has established four key corporate aims:
- **Excellent Operational Preparedness**  
We will provide our firefighters with the training, information, procedures and equipment to ensure they can safely and effectively resolve all emergency incidents.

- **Excellent Operational Response**

To maintain an excellent emergency response to meet risk across Merseyside with safety and effectiveness at its core.

- **Excellent Prevention and Protection**

We will work with our partners and our community to protect the most vulnerable through targeted local risk reduction, health inequality intervention and the robust application of our legal powers.

- **Excellent People**

We will develop and value all our employees, respecting diversity, promoting opportunity and equality for all.

**3.2.3** The Mission statement is focused upon outcomes around operational preparedness, response and prevention and protection. It is very important that the organisation's priorities are unambiguous and easily understood by Members, staff, communities and other stakeholders. In particular, it is essential that the safety and effectiveness of firefighters is seen as a fundamental factor in the achievement of safer, stronger communities.

**3.3 Monitoring the achievement of the Authority's objectives through a comprehensive performance management framework:**

**3.3.1** IRMP and other service projects are incorporated into one document – the Service Delivery Plan. There is an ongoing system of monitoring and reporting on the achievement of projects in the Service Delivery Plan via regular reports to the Performance and Scrutiny Committee and the senior management team. District and Station Community Safety Plans have also been developed to give details of the activities taking place in each district. The reporting process applies traffic light status to each action point in the Service Delivery Plan and attention is drawn to progress achieved and matters to be addressed. Copies of the Service Delivery Plan can be found on the Authority's website.

**3.4 The Internal Control Environment:**

**3.4.1** The Authority's internal control mechanism comprises many systems, policies, procedures and operations, however the system cannot eliminate all risks of failure to achieve the Authority's aims and objectives. Once a risk has been identified, the Authority, where possible eliminates the risk. If this is not possible then procedures are established to manage the risk effectively, efficiently and economically. Some of the significant control processes are outlined below:

**3.4.2 Policy and decision making process**

The Authority has meaningful democratic control over its activities via an **approved committee structure** with agreed Terms of Reference that are reviewed once a year by the Authority at its Annual General Meeting. The Authority has a **written Constitution** that was reviewed in 2014/15 and approved by the Authority at its meeting on 26<sup>th</sup> June 2014 (CFO/069/14), which is published and sets out how the Authority operates, how decisions are made, and the procedures which are followed to

ensure these are efficient, transparent and accountable to local citizens. The Constitution is reviewed every year by the Authority at its AGM.

The Authority meet with senior management and other stakeholders as required to consider the strategic vision and instigate future plans/targets for the Authority.

The Authority also runs Member away-days and “learning lunches” to help Members discuss issues in more detail and in an informal environment.

#### 3.4.3 Management Structure

Management Structure - The Authority has a **clear management structure** with defined roles and responsibilities. A Strategic Management Group (SMG), meet on a fortnightly basis to review and agree on issues that arise during the year. The Authority has an **approved scheme of delegation within its Constitution** that is reviewed by Members on an annual basis.

#### 3.4.4 Established Policies, Procedures & Regulations

The Authority ensures compliance with established policies, procedures, laws and regulations. The Information regarding policies and procedures is held on the intranet, and these are continually enhanced and developed through the introduction of new policies and procedures as and when required. The Authority has established policies on anti-fraud, fraud response and confidential reporting. The Authority carries out an annual review of standing orders, financial instructions and the scheme of delegation which clearly define how decisions are taken and the processes and controls required to manage risks. The list below outlines some of the **key policies and process in place to enhance the internal control systems** that are reviewed as and when required:

- Treasury Management Strategy
- Procurement Strategy
- Financial Regulations, Procedural & Contract Standing Orders, Scheme of Delegation
- Anti-Fraud & Corruption Policy & Strategy
- Fraud Response Plan
- Confidential Reporting Policy
- Complaints procedure
- Security & Information Governance
- Code of Corporate Governance
- Constitution
- Code of Conduct
- Full range of Equality and Diversity schemes
- Staffing Model
- Full range of robust policies and procedures to underpin the conduct of staff from operational procedure, discipline process, through to performance development reviews

**3.4.5** SMG carries out a continuous assessment of the implementation of policies and procedures throughout the organisation, including following up on progress against the action plans.

**3.4.6** Internal Audit function

The Authority has a strong Internal Audit function arrangement with Liverpool City Council, and has well-established protocols for working with External Audit.

**3.4.7** Risk Management Strategy

The Authority has a well-established and embedded risk management strategy. The Audit Sub-Committee has corporate ownership of the risk register and receive quarterly updates on any new risks or changes to risks. As all Authority and service reports to SMG have a standard required section on risk this allows the Service's senior management group an opportunity to regularly consider new and updated risks facing the Service at their fortnightly meetings.

**3.4.8** Financial Management

The Authority produces a five year financial plan that takes into account Revenue, Capital, Reserves and Prudential Borrowing forecasts. The Authority has a history of strong and effective financial management, as confirmed in the Grant Thornton 2014/15 Annual Audit Letter and Audit Findings Report;

*"The Authority continues to show strong financial resilience and good financial planning and management."*

*"The Authority has proper arrangements in place for securing financial resilience. The Authority has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. The Authority has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity."*

Financial management in the Authority and the reporting of financial standing is undertaken through a comprehensive Finance system including a general ledger, accountancy and budgeting. Monthly budget statements are sent out to all cost centre managers and the Authority receives regular comprehensive financial review reports to update members on the current and anticipated year-end financial performance.

## **4.0 REVIEW OF EFFECTIVENESS**

**4.1** The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the SMG and other senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

**4.2 Maintaining and reviewing the effectiveness of the governance framework throughout the financial year has been carried out by the following:**

- The Authority and its Committees
- Management Review
- Internal audit
- External bodies.

**4.3 The Authority and Its Committees**

**4.3.1 The Authority**

The Authority considered at its Annual General meeting on 26<sup>th</sup> June 2014 the format and structure of its democratic decision process by approving the powers and make-up of the approved committees. The full and detailed list of committee responsibilities can be found in the Constitution document on the Authority's web site, but are summarised as follows;

- The Authority – approves the Authority's budget and precept, considers variations to standing orders & financial regulations; the revenue budget and capital plan; issuing of a precept; adopting a members' allowance scheme; appointment to committees; scheme of delegation to officers; any matters which by law must be reserved to the Authority itself; maintain a Constitution.
- The Policy and Resources Committee – to determine new strategies, policies or changes in strategy relating to the development and delivery of services. Exercise financial control over expenditure within the approved revenue budgets and capital programme of the Authority. Establish and direct procedures for the implementation, monitoring and amendment of the revenue budget and capital programme and all other financial matters that impact on the Authority's financial position. Consider all matters related to the management of the Authority's assets including buildings, land, ICT and other assets.
- The Community Safety and Protection Committee – Consider all matters related to the development and delivery of services appropriate to this Committee. This includes matters relating to: Operational Preparedness; Operational Response; and Prevention and Protection. Considers all matters related to the delivery of services to the diverse communities of Merseyside, and the development, promotion and delivery of a co-ordinated strategy for developing and maintaining safer communities.
- The Performance and Scrutiny Committee – to review or scrutinise decisions made or actions taken in connection with the discharge of any of the Authority's functions. To have oversight of the IRMP and Service Delivery Plan priorities concerning the development of service delivery strategies. To monitor the progress of the Service against actions identified in the Service Delivery Plan and IRMP.

- Task and Finish / Efficiency Review Groups – The Performance and Scrutiny Committee will agree to set up task and finish groups and/or efficiency review groups as required.
- The Consultation and Negotiation Sub Committee – To contribute to good employee relations and effective industrial relations by maintaining an overview of consultation, negotiation and communication matters and help resolve differences. (From 2015/16 this committee will be discontinued and quarterly reports on industrial relations matters will go directly to the Authority meeting)
- The Audit Sub Committee – To consider the internal audit's annual report and opinion, and a summary of internal audit activity and the level of assurance it can give the Authority's corporate governance arrangements. To consider the external Auditor's Annual Letter, relevant reports, and the report to those charged with governance. To determine allegations made under the Members Code of Conduct Procedure and refer sanctions proposed and any complaint allegation requiring further investigation to the full Authority. To act as Investigating and Disciplinary Committee where an allegation which could constitute misconduct or gross misconduct is made against the Chief Fire Officer, Deputy Chief Fire Officer, Monitoring Officer or Deputy Chief Executive.

Receive reports on the effectiveness of internal control processes, including probity and to receive Internal Audit reports in this respect. Liaise with Audit Commission over the appointment of the external auditor. Comment on the scope and depth of external audit work and consider in detail the recommendations of the external auditor's annual audit letter. Consider all matters relating to internal and external audit activity and all matters relating to the regulatory framework.

- The Appeals Committee – consider and determine all requests for reconsideration of cases under the Firefighters' Pension Scheme. Consider grievance appeals as identified in the Agreed Grievance Procedure.

#### **4.4 Management Review**

**4.4.1** Included in the day to day management of the organisation are a number of key officers, systems and procedures designed to provide core elements of the internal control mechanism, with a nominated lead officer responsible for reviewing the effectiveness of these systems.

**4.4.2** There is a comprehensive system of performance management and review embedded within the Authority management structure and processes. The 2014/15 Service Delivery Plan broke down the Authority's key objectives for the year and identified a lead officer for each project. A "traffic light" system identified the actual progress against targets throughout the year and any areas of concern with options to bring the project back on track were reported to management and the Performance and Scrutiny Committee. SMG received regular updates from managers on the delivery of services against targets throughout the year and this allowed senior management an opportunity to scrutinise progress. Performance against Local Performance Indicators is considered in depth each month by the Performance Management Group.





**4.4.3** The Risk Register was updated for new risks and the status of existing risks was re-assessed during the year. Risk management continued to be an integral part of the project management process and was a fundamental aspect of the business of the Authority.

**4.4.4** The Authority employed appropriate professional staff:

- A Statutory Monitoring Officer (Section 5 LGHA ) responsible for ensuring the legality of Authority actions and supporting the Committee decision making process. The Director of Legal Services fulfils this role and is a qualified and experienced lawyer. The Director of Legal services is supported by a suitably robust and fit for purpose legal team. No actions of the Authority were deemed ultra vires in the year and all relevant laws and regulations have been complied with so far as is known by the Monitoring Officer.
- A Responsible Finance Officer (Section 73 LGA 1985) to ensure the proper and effective administration of the financial affairs of the Authority. The Deputy Chief Executive fulfils this role and is a qualified and experienced accountant. The Deputy Chief Executive is supported in this role by a Head of Finance and finance team that includes a number of professionally qualified and experienced finance staff. The Deputy Chief Executive ensures the Authority has an approved, realistic and affordable five year financial plan for both revenue and capital expenditure which links to the IRMP and the Service Delivery Plan. The financial planning process is well embedded and understood across the Authority by staff and Members. Details of the approved budget are available to all stakeholders in a simple and summarised statement on the Authority's website.

The above statutory posts both are key members of SMG.

**4.4.5** Budget monitoring remained robust at strategic and service levels via the production of monthly financial monitors for cost centre managers. The "funds management" system prevents orders being raised against accounts with insufficient budget and provides an effective enhancement to the budget control process.

**4.4.6** Grant Thornton approved an unqualified Statement of Accounts for 2013/14 and it is anticipated this will be repeated in 2014/15. A presentation by the Deputy Chief Executive on the final accounts together with a detailed year-end report to the Authority helped communicate the year-end message to Members in a clear and understandable format. A simplified summary statement of accounts is available on the Authority's Website to ensure the outturn position is communicated effectively to all stakeholders.

## **4.5 Internal Audit**

**4.5.1** The Authority procured its internal audit service under a service level agreement from Liverpool City Council and the arrangement and service was in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006. The internal audit plan for 2014/15, prioritised by a combination of the key internal controls, assessment and review on the basis of risk, was approved by the Authority during the year. All

internal audit reports included an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports were submitted to the relevant managers as appropriate and the Head of Finance. Finalised internal audit reports were submitted to the Audit sub Committee in addition to regular progress reports from the Internal Audit manager. The Annual Review of Internal Audit Report concluded that:

*“it is our opinion that we can provide Substantial Assurance that the system of internal control in place at Merseyside Fire & Rescue Service for the year ended 31<sup>st</sup> March 2014 accords with proper practice. The 2014/15 fundamental systems audits have shown a substantial level of compliance and none of the audits have identified weaknesses that have required a corporate impact assessment of Major or Moderate. Based on the audit work carried out in 2014/15 we are not aware of any significant control weaknesses within the Service which impact on the Annual Governance Statement”*

The service has in place a system of policies, procedures and processes to enable it to support the six core CIPFA/SOLACE Principles of good governance.

#### **4.6 External Review**

**4.6.1** External audit services are carried out by Grant Thornton, on behalf of the Audit Commission. The scope of the work undertaken by External Audit is;

- The audit of the financial statements
- To reach a conclusion on the economy, efficiency and effectiveness in the use of resources (the value for money (VFM) conclusion)
- To work on the whole of government accounts return.

**4.6.2** External Audit will comment upon the Authority’s 2014/15 statutory financial statements and make a VFM conclusion during the 2015/16 financial year in the Annual Audit Findings report and Annual Audit and Inspection Letter. These documents reflect the Auditor’s findings and conclusions from auditing the Statement of Accounts. During 2014/15 the Auditor’s Annual Audit Findings Report and Audit Annual Letter covering 2013/14 confirmed the Authority’s overall performance continues to be strong and the Authority received an unqualified opinion on the 2013/14 financial statements.

### **SIGNIFICANT GOVERNANCE ISSUES**

**4.7** The Government has announced the level of grant it will provide to the Fire and Rescue Authority up to 2015/16. The reduction was anticipated by the Authority when it approved a two year saving plan of £6.3m in 2014/15. The funding reduction means that over the 2010/11 – 2015/16 period the Service has had to deliver £26.3m of savings.

**4.8** The Authority approved a financial plan on 26<sup>th</sup> February 2015, that will deliver the required savings based upon those government announcements that have already been made. The Authority, however, recognises that any future government (post the



May 2015 elections) are likely to apply further cuts to the Fire and Rescue Service beyond 2015/16. Whilst the Authority will lobby against such a position it is recognised further cuts to funding will mean further cuts to services.

**4.9** Whilst no significant weaknesses have been identified in control systems at present, the following have been identified as critical internal control issues for the forthcoming year.

**4.9.1** The Authority's proposals to deliver the approved savings required in the current financial plan involves significant rationalisation of support and back office services and a review of the provision of front line services. The Service has reduced the number of front line appliances from 42 to 28 and is currently planning for the merger of a number of fire stations with a reduction from 26 to 22 fire stations. The Authority will need to ensure its control frameworks make sure that the efficiencies and improvements expected are delivered.

**4.9.2** The assumptions made in the medium term financial plan, particularly around inflation, pay awards, firefighter pension contributions and future Government grants whilst based on the best information available are subject to potential change in such volatile times. The delivery of the savings in cash terms also assumes an estimate of the rate of staff turnover and in particular firefighter retirements. Taken together these factors result in a significant potential risk to the Authority's medium term financial plan. Reliable monitoring and forecasting processes are in place and the Deputy Chief Executive will ensure any variation to assumptions made in the medium term financial plan are identified at the earliest possible time. The Financial Review reports will keep Members informed on the impact of any variation to the assumptions in the financial plan and recommended corrective action. SMG will work to develop a range of contingency plans for managing risks.

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

Signed.....	Signed.....
D. Roberts	D. STEPHENS
CHAIR of Audit Sub-Committee	CHIEF FIRE OFFICER

Signed .....

K. TIMMINS

DEPUTY CHIEF EXECUTIVE

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<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>		
<b>DATE:</b>	<b>17 SEPTEMBER 2015</b>	<b>REPORT NO:</b>	<b>CFO/075/15</b>
<b>PRESENTING OFFICER</b>	<b>AUTHORITY TREASURER: IAN CUMMINS</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>IAN CUMMINS</b>	<b>REPORT AUTHOR:</b>	<b>IAN CUMMINS TREASURER</b>
<b>OFFICERS CONSULTED:</b>	<b>STRATEGIC MANAGEMENT GROUP</b>		
<b>TITLE OF REPORT:</b>	<b>STATEMENT OF ACCOUNTS 2014/15 - AUTHORISATION FOR ISSUE</b>		

<b>APPENDICES:</b>	<b>APPENDIX A:</b>	<b>STATEMENT OF ACCOUNTS 2014/15</b>
	<b>APPENDIX B:</b>	<b>LETTER OF REPRESENTATION</b>

### **Purpose of Report**

1. To present to members the audited 2014/15 Statement of Accounts for approval and request that they be authorised for issue.

### **Recommendation**

2. That Members
  - a. approve the audited Statement of Accounts 2014/15, attached as Appendix A to this report, and
  - b. approve that the Statement of Accounts 2014/15 may be authorised for issue, and
  - c. approve the letter of representation in relation to the 2014/15 accounts, attached as Appendix B.

### **Introduction and Background**

3. The Authority has a statutory duty to approve and sign-off for publication the Statement of Accounts for the previous year before 30<sup>th</sup> September of the following year.
4. Members have already approved the 2014/15 year-end outturn position and movement on reserves when they considered report CFO/061/15 at the Authority meeting on 30<sup>th</sup> June 2015. That report identified net revenue expenditure in the year of £61.658m against a budget of £64.356, a favourable variance of £2.698m. The report further identified that of this variance £1.511m was required to be carried forward as earmarked reserves, leaving a real saving in 2014/15 of £1.187m. Members approved the allocation of this one-off saving of £1.187m to increase the Capital Investment Reserve in light of the planned station merger and investment strategy.

5. At the time of writing this report Grant Thornton, the Authority's current external auditors, have yet to finalise the audit of the Statement of Accounts however no major issues have been identified. Grant Thornton are in the process of finalising their Audit Findings report, which is presented elsewhere on today's Agenda, and this will summarise the issues they have identified in the Statement of Accounts. **The outturn position on the revenue account, capital programme, and movement on reserves reported in CFO/061/15 as outlined above, has not changed.**

#### **Statement of Accounts:**

6. The Statement of Accounts is a record of the Authority's financial activities for 2014/15 with comparative figures for 2013/14. They have been prepared in accordance with the accounting practices set out in the *Code of Practice on Local Authority Accounting* (The Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA) together with guidance notes issued by them.
7. On 1<sup>st</sup> April 2010 the Authority, along with all other local authorities, adopted International Financial Reporting Standards (IFRS). The accounts for 2014/15 have therefore been prepared under these regulations. The move to an IFRS-based system of accounting has resulted in a significant increase in disclosure requirements and the formats of the principal financial statements. The Statement of Accounts Explanatory Foreword provides a brief description of each of the four core statements;
- **Movement in Reserves Statement (MiRS)**
  - **The Comprehensive Income and Expenditure Statement (CIES)**
  - **The Balance Sheet, and**
  - **The Cash Flow Statement**
8. The Statement of Accounts must be prepared in accordance with the Code and as such the statements include a number of adjustments that are significant in value but do not alter the "council tax" bottom line. They effectively convert the statements into a format that is consistent with commercial accounts. For example the financial position shown in the Consolidated Income and Expenditure Account shows the true accounting position for the year as if the Authority was a commercial entity. It therefore includes such expenses as depreciation and amounts to reflect pension costs.
9. The Authority sets its budget and monitors expenditure during the year in terms of its General Fund account, which is a statutory account that records only those expenses that regulations allow to be charged against the amount to be collected from council tax payers. (*Paragraph 4 of this report outlined the 2014/15 General Fund position for the service*).
10. The analysis below identifies and briefly explains some of the largest movements between the figures in the formal statement of accounts for 2014/15:-

**a Movement in Reserves Statement (MiRS):**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves (those that have been created to reconcile the technical aspects of accounting which are not generally available to spend).

Increase in usable Earmarked Reserves of £0.667m. The year-end report, CFO/061/15, identified an overall net increase in reserves of £0.667m in 2014/15 compared to a planned reduction of £2.031m, an increase of £2.698m. The increase in reserves compared to that anticipated reflects the favourable 2014/15 year-end revenue position on the general fund and the proposal to utilise this to create additional year-end earmarked reserves of £2.698m, see analysis below:

	Opening Balance	Anticipated Closing Balance	Actual Closing Balance	Variation to that Anticipated		
				Total	Explained By;	
					Specific Projects continuing into Yr 2	Year-End Saving - Increase in Capital Investment Res.
	£'000	£'000	£'000	£'000	£'000	£'000
Total Earmarked Reserves	23,317	21,286	23,984	2,698	1,511	1,187

The General Fund balance was reduced in the year to £2.000m from £2.984m and reflects the perceived levels of risk within the current financial plan.

An increase in unusable reserves of £58.077m. Unusable reserves are not available to fund spend and in reality simply reflect technical adjustments required in the accounting statements to adhere to the Code. The main entries relate to charges for notional depreciation and changes to pension liabilities and assets. Most of the increase, £66.252m, is down to changes in the liability of the pension schemes in 2014/15.

**b The Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the "accounting cost" in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from General Fund Account (taxation). Whilst there is a neutral net General Fund Account position in 2014/15 (after taking into account the creation of reserves) this becomes net expenditure of £58.077m on the CIES because of additional accounting transactions relating mainly to pensions but also depreciation and some other technical adjustments. The Foreword in the Statement of Accounts contains a reconciliation statement between the General Fund position and that in the CIES, (see overleaf);

	Expenditure £000
<b>Net General Fund 2014/15 year-end position:</b>	-
<b>1 Net creation of Earmarked Reserves**</b>	227
<b>2 Asset valuation / charges and Capital Funding Adjustments</b>	
Revaluation losses	3,740
Charge for depreciation and impairment	4,724
Revaluation losses Reversal	(3,599)
Impairment losses Reversal	(2,976)
Surplus on revaluation of Fixed Assets	(6,314)
Other Operating Expenditure	6
Revenue expenditure funded from capital under statute (REFCUS)	791
Finance (interest on loans)	3,896
Capital Grants Income	(3,555)
Reversal of Police Grant Income (Finance Lease)	4,800
<b>3 Pension related adjustments</b>	
Pension Costs calculated in accordance with IAS 19	14,558
Pension Contributions payable to pension fund	(11,058)
Pensions Interest Cost and expected return on pension assets	42,115
Non Distributable Costs (Pension Valuation Changes)	-
Reduction in value of the net defined pension liability	20,637
<b>4 Other technical accounting adjustments</b>	
Employee Compensated Absences Movement (leave/flexi c/fwd)	76
Council Tax Adjustment (accrual for under/over payments from collection fund)	(350)
<b>5 Reversal of statute charges in the General Fund but not CIES</b>	
Agency Services PFI Unitary Charge – Debt charges (Not reported in I&E Account)	(2,021)
Remove Capital Financing – Debt Charges (Not reported in I&E Account)	(7,620)
<b>Total Comprehensive Income and Expenditure Statement</b>	<b>58,077</b>

Notes to the table:

1. *\*\*Although the creation of earmarked reserves does not form part of the CIES they are included to ensure that the General Fund expenditure reconciles back to the CIES.*
2. *The depreciation and impairment charge of £4.724m reflects the notional consumption of assets during the year (a depreciation charge of £3.964m) and the reduction in the valuation of assets during the year (an impairment charge of £0.760m). A charge of £0.791m for REFCUS relates to the installation of free smoke alarms to households in Merseyside that under proper accounting practice should be defined as revenue but which statute allows the Authority to fund from capital. Capital grants of £3.555m have been credited to the CIES in accordance with proper accounting practice, but capital grants of £4.800m have been debited due to the reversal of Police grants which are to be treated as a Finance Lease, however for statutory purposes the financing of capital expenditure from these grants must be included within the Authority's capital programme. The Authority's land and buildings were revalued at 31<sup>st</sup> March 2015, this resulted in an increase in asset values of £6.314m and a reversal of prior year revaluation losses of £3.599m and reversal prior year impairments of £2.976m.*
3. *Pension costs in the CIES reflect IAS 19 and therefore include movements in the pension fund valuations and pension contributions received in the year. Note 40 in the*

*Financial Statements provides further details of movements in the pension funds during the year.*

4. *The other technical accounting adjustment incorporates the adjustments made in relation to council tax indebtedness between the billing authorities and the Authority, and, the value of employee benefits accrued in the year but not taken (leave carried forward).*
5. *Statute requires that certain expenses are charged to the General Fund that are not considered to be proper accounting charges in accordance with the Code. These are therefore not shown in the CIES. The unitary charge payments associated with the PFI contract are shown as fully charged to revenue in the General Fund but in the CIES they are broken up into the relevant revenue, capital and interest notional elements (£2.021m). The removal of capital financing charges relates to costs associated with; interest payments on loans of £2.125m; the Minimum Revenue Provision of £3.184m (which is the amount set aside from revenue to repay debt); the direct revenue financing of capital expenditure (CERA) of £2.363m; and other costs totaling £0.052m (the saving associated with the early repayment of debt).*

**Whilst the CIES shows the true accounting position for the year, it is the General Fund position which more directly reflects the impact on Merseyside residents as it records only those expenses which statute allows to be charged against the Authority's annual budget, the amounts to be set aside as reserves and the amounts to be collected from local council tax payers.**

#### **c The Balance Sheet**

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority, at 31<sup>st</sup> March each year. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, usable and unusable (see MiRS paragraph for explanation).

The Balance Sheet statement refers to detailed notes within the Statement of Accounts that provide a full analysis of what makes up each line, but some new or significant changes have been outlined below:

- Long Term Assets – increased by £6.245m. This is mainly due to the revaluation of land and buildings at 31<sup>st</sup> March 2015, resulting in an increase in value of £6.314m.
- Current Assets – increased by £0.383m. The current strategy of building up reserves compounded by the re-phasing of planned capital spend and the receipt of grant monies in advance of expenditure has resulted in an increase in Short Term Investments, £2.971m, and reduction in Cash & Cash Equivalents, -£2.879m (reduction in short term investments). The remaining increase in current assets reflects a small increase in debtors, inventory values, and assets held for sale.
- Other long-term Creditors – A reduction of £0.282m. The reduction reflects contractual payments to the PFI contract for its 25 year life until 2038.

- Provisions – A net increase of £0.172m. The injury compensation provision (personal injuries sustained where the Authority is alleged to be at fault) is re-assessed at the end of each financial year. Additional provision for new or amended claims received in the year equated to £0.444m and the value of claims settled was £0.272m, a net increase in the provision of £0.172m
- Long-term borrowing reduced by £1.000m reflecting the fact that a loan of £1.000m was repaid in the year.
- Other long-term liabilities increase of £66.212m. Of this £0.040m is due to the reduction in the Authority's share of Merseyside County Council residual debt. The balance, £66.252m relates to the Defined Benefit Pension Scheme and Pension Account movements in the year. This reflects the movement in liability and funds in Firefighter and Local Government pension schemes. This change is offset by an increase in the Pensions Reserve (Unusable Reserves) of £66.252m. These accounts balance each other out and allow the inclusion of the pension liability in the balance sheet. / Unusable Reserves (see Note 22 in the Statement).
- Usable Reserve decrease £0.041m – this is the net movement in reserves in the year; An increase in earmarked reserves of £0.667m as a consequence of reserves created at the year-end, and an increase of £0.185m in the capital grant unapplied reserve (grant received in advance of expenditure) as grant is applied to fund capital expenditure in the year. The general fund balance has also been reduced by £0.894m, to reflect the perceived levels of risk within the current financial plan.
- Unusable Reserves increase of £58.036m. As mentioned previously Unusable reserves have been created to allow the technical aspects of accounting required by the Code to be reflected in the Statement of Accounts. Unusable reserves are not generally available to fund spend. The increase in the Pension Reserve of £66.252m to reflect changes in the liability of the pension schemes accounts for most of this reduction. The other significant movement relates to the Capital Adjustment Account, £2.221m, (used to show various notional costs associated with capital expenditure to allow the accounts to be prepared on an IFRS basis, such as depreciation, gains and losses on Investment Properties and gains recognised on donated assets). The Revaluation Reserve has increased by £5.774m due to the Land and Building revaluation carried out at 31<sup>st</sup> March 2015.

#### **d The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement



shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Notes 23 to 26 in the Statement of Accounts provide more for detail of specific movements in the year.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery (for an analysis of investing activities see note 25 in the Statement). Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing, see note 26 in the Statement for details) to the Authority.

Overall total cash and cash equivalents (Cash equivalents are highly liquid investments that mature within a period of no more than three months and are readily convertible to known amounts of cash) have reduced by £2.878m to £10.400m. This in part due to the increase in longer term investments as part of the strategy of building up reserves to provide time to re-engineer the Service in light of the financial challenge ahead.

11. Members are requested to approve the Statement of Accounts, attached as Appendix A, and authorise them for issue. If the Statement of Accounts have been authorised for issue the public will have access to the document via the Authority's website. A summary plain English statement of accounts is also available on the website.
12. International Audit Standards require a letter of representation from the Authority to the Auditors confirming that the information in the financial statements is accurate and that all material information has been disclosed. The signature of the Chair of this Committee (which is approving the Statement of Accounts) and the Treasurer are required on the letter. The proposed letter of representation is attached to this report as Appendix B.

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### **Equality and Diversity Implications**

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13. None directly related to this report.

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### **Staff Implications**

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14. None directly related to this report.

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### **Legal Implications**

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15. The Authority has a statutory duty pursuant to regulation 8 of the Accounts and Audit (England) Regulations 2011 to approve and sign-off for publication the Statement of Accounts for the previous year before the regulation deadline of 30<sup>th</sup> September in the current year.

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**Financial Implications & Value for Money**

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16. The report confirms the 2014/15 outturn position is consistent with that previously reported.

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**Risk Management, Health & Safety, and Environmental Implications**

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17. None directly related to this report.

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**Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters***

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18. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's mission.

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**BACKGROUND PAPERS**

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**CFO/061/15** "Revenue and Capital Outturn 2014-2015" Authority 30<sup>th</sup> June 2015.

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**GLOSSARY OF TERMS**

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<b>CIES</b>	The Comprehensive Income and Expenditure Statement
<b>THE CODE</b>	Code of Practice on Local Authority Accounting
<b>MIRS</b>	Movement in Reserves Statement
<b>IFRS</b>	International Financial Reporting Standards
<b>PFI</b>	Private Finance Initiative

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	17 SEPTEMBER 2015	REPORT NO:	<a href="#">CFO/074/15</a>
PRESENTING OFFICER	IAN CUMMINS		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	STRATEGIC MANAGEMENT GROUP		
TITLE OF REPORT:	FINANCIAL REVIEW 2015/16 - APRIL TO JUNE		

APPENDICES:	APPENDIX A1:	REVENUE BUDGET MOVEMENTS SUMMARY
	APPENDIX A2:	FIRE AND RESCUE SERVICE REVENUE BUDGET MOVEMENTS
	APPENDIX A3:	CORPORATE SERVICE REVENUE BUDGET MOVEMENTS
	APPENDIX A4:	BUDGET MOVEMENTS ON RESERVES
	APPENDIX B:	CAPITAL PROGRAMME 2015/16
	APPENDIX C:	APPROVED AUTHORITY CAPITAL PROGRAMME 2015/16 – 2019/20

## Purpose of Report

1. To review the financial position, revenue and capital, for the Authority for 2015/16. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances. This report covers the period April to June 2015.

## Recommendation

2. That Members;
  - a) note the contents of the report, and
  - b) Instruct the Treasurer to continue to work with budget managers to maximise savings in 2015/16.

## Executive Summary

### **Revenue:**

The Authority has a detailed medium-term financial plan. The key elements of this are :-

- To control Council Tax
- To continue with its modernisation programme and deliver the Authority's mission of achieving Safer Stronger Communities – Safe Effective Firefighters
- To deliver the required savings through efficiencies of which most are employee related whilst minimising the impact of the cuts.

The Authority is on target to deliver the approved 2015/16 budget savings and is progressing well with the required structural changes in its workforce to maintain the required savings on a permanent basis. The Authority has a strategy of maximising savings and delivering its savings plan as early as possible in order to increase reserves as a hedge against future financial challenges. At this point in the year this report has identified that spend is forecast to be consistent with the approved budget. Officers will continue to work through the remainder of the year to maximise any savings in order to increase reserves.

The total budget requirement remains at the original budget level of £62.169m. Appendix A1 – A4 outline in detail all the revenue budget and reserve movements between April and June 2015.

### **Capital:**

The capital programme planned spend has increased by £8.120m of which £3.836m relates to the re-phasing of schemes from 2014/15 into 2015/16 (reported to members in the 2014/15 outturn report). The remaining £4.284m increase relates to approved amendments in current schemes, of which £4.200m relates to the proposed Saughall Massie Fire Station scheme (CFO/058/15). The revised Capital Programme is outlined in Appendix B and C.

### **Reserves & Balances:**

The general balance remains unchanged at £2.000m. All movements in earmarked reserves are outlined in Appendix A4.

### **Treasury Management:**

Short-term interest rates have remained at 0.50% as expected. No new long term borrowing has been arranged and the Authority has continued its policy of reducing investments and only taking short term borrowing to cover cash flow requirements.

### **Financial Processes:**

Performance in Financial processes remains strong.

## **Introduction and Background**

3. The purpose of this report is to enable the Authority to monitor its income and expenditure levels against its budget on a regular basis throughout the year to ensure effective financial management.
4. This report is the review of the Authority's position up to the end of June of the financial year 2015/16 (April – June 2015).
5. In order to ensure that the financial reviews provide a regular and effective financial health check on all aspects of the Authority's finances the following structure has been adopted.

### **Financial Review Structure**

<u>Section</u>	<u>Content</u>
A	Final Position 2014/15
B	Current Financial Year Review (Revenue Budget, Capital Programme and movement on Reserves)
C	Treasury Management Review
D	Internal Audit
E	Financial Process Monitoring/Performance Indicators

### **(A) 2014/2015 Position/Final Accounts**

6. Members received a report on the 2014/15 final accounts position at the Authority meeting on 30<sup>th</sup> June 2015 (report CFO/061/15). The accounts reported that the Authority was ahead of its savings target and was therefore able to add to reserves in line with its strategy. The Authority underspent on its revenue services budget by £2.698m. However £1.511m was as a result of timing issues for projects, grant funded schemes and specific earmarked reserves were created to cover the phasing of this expenditure. The remaining net underspend of £1.187m (less than a 2% variance on the budget) reflected the continuing drive to maximise savings in the year in light of the financial challenge ahead. The £1.187m was used to increase the capital investment reserve in order to contribute to the station merger capital costs.
7. At the time of writing this report Grant Thornton (external auditors) have not yet completed the audit of the accounts, but the Treasurer is not aware of any areas of concern that will alter the reported position and is confident Audit will approve the accounts without qualification.

## **(B) Current Financial Year – 2015/16**

8. The purpose of the financial review report is to provide Members with an assurance that the approved budget remains robust and that the current forecast of expenditure can be contained within the available resources. If actual expenditure or income for the year is inconsistent with the current budget then the report will, if necessary, identify the appropriate corrective action.

### **Revenue Position:**

9. Budget Movements: The attached Appendix A1 – A4 to this report summarises the movements in the revenue budget. The net budget requirement remains at £62.169m which is consistent with the original budget.
10. There have been a number of budget adjustments with no net impact because they are either self-balancing virements within department budgets or budget increases financed by reserves in line with previously agreed Authority decisions. The net use of reserves for the period was £0.186m, of which £0.084m was the allocation from reserves to fund amendments in the capital programme outlined further on in this section.
11. Update on Budget Savings Implementation: The Authority has approved savings in total of £25.577m as part of the medium term financial plans. These will take until 2017 to deliver in full because operational savings are being achieved by natural retirement rates. Of this total £21.880m is expected to have been fully implemented by the end of 2015/16. As at the end of June 2015 only £0.078m has yet to be formally implemented. Plans are well advanced to deliver these savings and in cash terms the total value of savings will be delivered in the year.
12. The outstanding £0.078m savings options are;

#### **Phase 1 & 2 (2011/12 & 2013/14 Budget Saving Options);**

- Restructure of the Training and Development Academy (TDA) £0.030m; Officers are finalising a restructure that will formally implement the required budget changes by the next financial review report.
- Search and Rescue Team (SRT) contracts review £0.048m; revised staff contracts are currently being finalised by the People and Organisational Development Directorate that will deliver the reduced operating costs for the SRT whilst maintaining the current service standards.

Table A overleaf summarises the progress in implementing the approved saving options at the time of writing this report:

Progress in Implementing Approved Saving Options					
	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
<b>A) Phase 1 &amp; 2 (2011/12 &amp; 2013/14 Budgets) Approved Savings:</b>					
Options formally implemented into budget	-19,124	-19,199	-19,199	-19,199	-19,199
Approved Saving Options yet to be formally implemented:					
Phase 2					
TDA Restructure	-30	-30	-30	-30	-30
SRT amended contracts	-48	-48	-48	-48	-48
Value of Saving Options yet to be formally implemented	-78	-78	-78	-78	-78
<b>Total</b>	<b>-19,202</b>	<b>-19,277</b>	<b>-19,277</b>	<b>-19,277</b>	<b>-19,277</b>
<b>B) 2014/15 Budget Approved Savings:</b>					
Options formally implemented into budget	-2,678	-6,020	-6,300	-6,300	-6,300
<b>Total</b>	<b>-2,678</b>	<b>-6,020</b>	<b>-6,300</b>	<b>-6,300</b>	<b>-6,300</b>
<b>Total Value of Approved Savings Options (A + B)</b>	<b>-21,880</b>	<b>-25,297</b>	<b>-25,577</b>	<b>-25,577</b>	<b>-25,577</b>
<b>Total of Approved Savings yet to be formally implemented</b>	<b>-78</b>	<b>-78</b>	<b>-78</b>	<b>-78</b>	<b>-78</b>

Actual staff numbers are continually monitored to ensure the Service continues to deliver in “cash” terms the required saving target.

13. Actual expenditure in comparison to Revenue Budget: The Authority is expecting further grant cuts over the period 2016/17 – 2019/20 and therefore as part of its strategy it has directed the Chief Fire Officer to maximise savings in the year to contribute towards the building up of reserves. Such reserves can then be used as part of an implementation and risk management strategy to deliver savings.

#### Employee Costs;

Employee costs make-up approximately 75% of the Authority's revenue budget and is the most risk critical area of the financial plan. As a result these costs are monitored extremely closely.

Firefighter retirements have continued in line with the forecast profile adopted for the financial strategy. Non-firefighter employee costs are in line with the approved budget. At this point employee costs are expected to be in line with budgets.

#### Contingency for 2015/16 Pay & Price Increases;

Members will recall that the budget made a 1% provision for pay bill increases in 2015/16. Non-uniform staff received a 2% two year pay award in 2014/15 that was phased so it equated to a 1% annual pay award in 2014/15 and 2015/16. The Firefighters' 2015/16 pay award has recently been agreed at 1%. Therefore the actual pay awards are consistent with the 2015/16 budget assumption and within the overall pay inflation provision. Officers are continuing to control the allocation

of non-employee inflation. In the first instance any inflationary pressure is expected to be absorbed from within the relevant budget line.

The Treasurer will continue to monitor actual staff numbers during the year to ensure the Service continues to deliver in “cash” terms the required saving target and report back as the year progresses.

**Other Non-Employee Revenue Costs;**

The Treasurer is continuing to work with budget holders to maximise savings in 2015/16. At this point in time expenditure is forecast to be in line with budgeted levels.

14. Summary of Revenue Forecast Position: The Authority has made good progress in implementing the approved budget saving options and required organisational structure changes.

A small number of budget options remain to be fully delivered in budgetary terms, however due to Firefighter retirements and other savings the Service continues to deliver in “cash” terms the required saving target.

At present expenditure is forecast to be in line with the budget. The Treasurer is continuing to work with budget holders to maximise savings in 2015/16 and will report in more detail in future financial reviews. Table B below summarises the revenue year-end forecast position based on expenditure to the end of June 2015:

<b>Table B: Anticipated Year-End Revenue Position</b>						
	FIRE SERVICE BUDGET	CORP MGT BUDGET	TOTAL BUDGET	ACTUAL as at 30.06.15	FORE- CAST	VARI- ANCE
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>						
Employee Costs	45,825	392	46,217	11,225	46,217	0
Premises Costs	2,868	0	2,868	698	2,868	0
Transport Costs	1,567	0	1,567	557	1,567	0
Supplies and Services	5,151	76	5,227	659	5,227	0
Agency Services	5,457	0	5,457	1,811	5,457	0
Central Support Services	456	94	550	113	550	0
Capital Financing	7,641	0	7,641	0	7,641	0
<b>Income</b>	-6,583	0	-6,583	-1,881	-6,583	0
<b>Net Expenditure</b>	62,382	562	62,944	13,182	62,944	0
<b>Contingency Pay&amp;Prices</b>	1,012		1,012	0	1,012	0
<b>Cost of Services</b>	63,394	562	63,956	13,182	63,956	0
<b>Interest on Balances</b>	-372		-372	-7	-372	0
<b>Movement on Reserves</b>	-1,415		-1,415	0	-1,415	0
<b>Total Operating Cost</b>	61,607	562	62,169	13,175	62,169	0



### Capital Programme Position:

15. Members approved a 5 year capital programme worth £27.268m at the Authority Budget meeting on 26<sup>th</sup> February 2015, (CFO/014/15). This has now been updated for the approved 2014/15 year-end re-phasing of projects into 2015/16 of £3.836m as reported to the Authority on 30<sup>th</sup> June 2015.
16. The capital programme has also been updated for scheme additions and changes during quarter 1 of £4.284m. Members have considered and approved the build of a new community fire station at Saughall Massie, (CFO/058/15) at an initial estimated cost of £4.200m. In addition two new schemes have been included totalling £0.084m. Both schemes contribute towards delivering a safe effective environment for firefighters and are being funded from approved earmarked reserves. These schemes are the replacement of CCTV on appliances at £0.040m and the purchase of a Teletruck vehicle for the TDA at £0.044m. Also following the early release of updated breathing apparatus equipment officers have brought forward the approved budget for this equipment, £0.085m, from 2017/18 into 2015/16. All of these approved changes have been incorporated into the current capital programme.
17. Overall the revised capital programme has increased by £8.120.4m. The capital programme changes are summarised in Table C below. The revised detailed capital programme is attached as Appendix B (2015/16 Capital Programme) and Appendix C (2015/16–2019/20 Capital Programme) to this report.

TABLE C

Movement in the 5 Year Capital Programme						
	Total Cost	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2014/15 re-phasings	3,836.4	3,836.4	0.0	0.0	0.0	0.0
Future years re-phasings (BA equip)	0.0	85.0		-85.0		
<b>Amendments to Approved Schemes;</b>						
Saughall Massie FS New Build (CFO/058/15)	4,200.0	100.0	4,100.0	0.0	0.0	0.0
Replace CCTV Equipment on appliance	40.0	40.0				
Teletruck Handler vehicle required for TDA	44.0	44.0				
	<b>8,120.4</b>	<b>4,105.4</b>	<b>4,100.0</b>	<b>-85.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Funding</b>						
<b>Borrowing:</b>						
Re-phasing of approved schemes	2,546.4	2,631.4	0.0	-85.0	0.0	0.0
Sale of West Kirby LLAR hse	-400.0		-400.0			
Sale of Allerton CFS/hse	-400.0		-400.0			
<b>Capital Receipts</b>						
Re-phasing of Derby Rd and Formby LLAR hse	790.0	790.0				
Saughall Massie FS sale of Upton FS	350.0		350.0			
Saughall Massie FS sale of West Kirby FS	200.0		200.0			
Sale of West Kirby LLAR hse	400.0		400.0			
Sale of Allerton CFS/hse	400.0		400.0			
<b>Capital Reserve (ICT Hardware)</b>						
Replace CCTV Equipment on appliance	40.0	40.0				
Teletruck Handler vehicle required for TDA	44.0	44.0				
Saughall Massie FS	2,160.0		2,160.0			
<b>Capital Grant</b>						
Saughall Massie - Transformation Grant	1,490.0	100.0	1,390.0			
Police Grant (JCC)	500.0	500.0				
	<b>8,120.4</b>	<b>4,105.4</b>	<b>4,100.0</b>	<b>-85.0</b>	<b>0.0</b>	<b>0.0</b>

### Use of Reserves:

18. The analysis in Appendix A4 outlines the £0.186m movement on reserves during the first quarter of 2015/16. The drawdown from reserves is required to fund approved projects and some severance costs incurred in the year. The general revenue reserve has remained unchanged at £2.000m.

**(C) Treasury Management**

19. The Authority continues to “buy in” Treasury Management from Liverpool City Council. The following paragraphs reflect Treasury Management activities in the period April to June 2015.

**20. Prospects for Interest Rates;**

Base rate is expected to remain at 0.5% for the rest of the financial year 2015/16. The Bank of England Monetary Policy Committee (MPC) has continued to vote unanimously to hold bank rate at 0.5% although two members indicated that the choice was marginal. However, the lack of inflation pressures allied to weaker than expected growth has seen market rate expectations of a rate hike put no earlier than the middle of 2016. It remains unlikely that they will vote to increase base rates before late 2015 or early 2016 as predicted in the strategy statement.

It was expected that there would be upward pressure on longer term rates due to the economic fundamentals of continued growth, falling unemployment and eventually rising inflation. This pressure has been subdued by moderate growth and subdued inflation due to falling oil prices. There has also been considerable volatility because of uncertainties over Greek debt and Chinese markets. Long term Public Works Loan Board (PWLB) rates have risen by 0.3% during the first quarter but this rise may not be sustained later in the year.

The strategy indicated that the overall structure of interest rates whereby short term rates are lower than long term rates was expected to remain throughout 2015/16. In this scenario, the strategy would be to reduce investments and borrow for short periods and possibly at variable rates when required.

**21. Capital Borrowings and the Portfolio Strategy;**

The borrowing requirement comprises the expected movements in the Capital Financing Requirement and reserves plus any maturing debt which will need to be re-financed. The Authority does not envisage that any new long term borrowing will be required in 2015/16. Current market conditions continue to be unfavourable for any debt rescheduling.

**22. Annual Investment Strategy;**

The investment strategy for 2015/16 set out the priorities as the security of capital and liquidity of investments. Investments are made in accordance with the Department for Communities and Local Government (DCLG) Guidance and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice. Investments are made in sterling with an institution on the counterparty list.

The credit ratings and individual limits for each institution within the categories of investments to be used by the Authority in 2015/16 are as follows:

UK Government including gilts and the Debt Management Account Deposit Facility, (DMADF)	Unlimited
UK Local Authorities (each)	Unlimited
Part Nationalised UK banks	£4m
Money Market Funds (AAA rated)	£3m
Enhanced Money Market (Cash) Funds (AAA rated)	£3m
UK Banks and Building Societies (A- or higher rated)	£2m
Foreign banks registered in the UK (A or higher rated)	£2m

Extreme caution has been taken in placing investments to ensure security of funds rather than rate of return. The use of deposit accounts with high rated or nationalised banks and AAA rated money market funds has enabled reasonable returns in a low interest rate environment. In the period 1<sup>st</sup> April to 30<sup>th</sup> June 2015 the average rate of return achieved on average principal available was 0.69%. This compares with an average seven day deposit (7 day libid) rate of 0.45%.

The Authority had investments of £15.4m as at 30<sup>th</sup> June 2015:

<b>ANALYSIS OF INVESTMENTS END OF JUNE 2015</b>				
<b>Institution</b>	<b>Credit Rating</b>	<b>MM Fund*</b>	<b>Bank / Other</b>	<b>Building Society</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Ignis Liquidity Fund	AAA	2,400,000		
Handelsbanken Inst Access	A		2,000,000	
Close Brothers	A		2,000,000	
HBOS 9 Month FTD	A		2,000,000	
Clydesdale Bank	A		2,000,000	
Coventry B Soc	A			2,000,000
Progressive B Soc	Unrated			1,000,000
West Brom B Soc	Unrated			1,000,000
Principality B Soc	Unrated			1,000,000
<b>Totals</b>		2,400,000	8,000,000	5,000,000
<b>Total Current Investments</b>				<b>15,400,000</b>
<i>*MM Fund - Money Market Funds -these are funds that spread the risk associated with investments over a wide range of credit worthy institutions.</i>				

23. **External Debt Prudential Indicators;**

The external debt indicators of prudence for 2015/16 required by the Prudential Code were set in the strategy as follows:

Authorised limit for external debt: £65 million

Operational boundary for external debt: £45 million

Against these limits, the maximum amount of debt reached at any time in the first quarter of the financial year 2015/16 was £42.1 million.

**24. Treasury Management Prudential Indicators;**

The treasury management indicators of prudence for 2015/16 required by the Prudential Code were set in the strategy as follows:

**a) Interest Rate Exposures**

Upper limit on fixed interest rate exposures: 100%  
Upper limit on variable interest rate exposures: 50%

The maximum that was reached in the first quarter of the financial year 2015/16 was as follows:

Upper limit on fixed interest rate exposures: 100%  
Upper limit on variable interest rate exposures: 0%

**b) Maturity Structure of Borrowing**

Upper and lower limits for the maturity structure of borrowing were set and the maximum and minimum that was reached for each limit in the first quarter of the financial year 2015/16 was as follows: -

<b>Maturity Period</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Maximum</b>	<b>Minimum</b>
Under 12 months	50%	0%	5%	3%
12 months and within 24 months	50%	0%	5%	5%
24 months and within 5 years	50%	0%	4%	2%
5 years and within 10 years	50%	0%	9%	9%
10 years and above	90%	0%	80%	80%

**c) Total principal sums invested for periods longer than 364 days**

The limit for investments of longer than 364 days was set at £2 million for 2015/16. No such investments have been placed during 2015/16.

**(D) Internal Audit**

25. The Authority continues to “buy in” Internal Audit services from Liverpool City Council. Most audit work is carried out in the second part of the year to fit in with service work demands and provide relevant data for the year-end audit. At the end of June 2015 only the Contract Management & Contract Standing Orders Compliance audit and the Procurement audit which were outstanding from 2014/15 had been completed. The audits determined that the control environment and compliance was good or acceptable. Internal Audit proposed a number of amendments to various processes that officers have accepted and actioned. Copies of all audit reports will be shared with members at the next

Audit Sub-Committee along with any other completed audit reports for member's consideration.

**(E) Monitoring of Financial Processes**

26. To ensure the internal financial processes of the Authority are operating effectively, a suite of performance indicators have been developed that now feed into the financial review. At present these indicators include:

- Payment of invoices,
- Raising Invoices, and
- Debtors

Prompt payment of invoices

27. In July 2009 the Authority joined the Prompt Payment Code (PPC). The PPC gives notice to suppliers of the Authority's commitment to pay promptly. In the current economic climate the Government is keen for all businesses and local authorities to pay suppliers promptly. Information about the prompt payment of undisputed invoices, paid within 30 days of receipt of invoices, is reported monthly (LPI128).

28. The performance for this financial year is as follows:

	<u>1<sup>st</sup> qtr</u>	<u>2<sup>nd</sup> qtr</u>	<u>3<sup>rd</sup> qtr</u>	<u>4<sup>th</sup> qtr</u>
Invoices paid within 30days of receipt	<u>100%</u>			
Number of Invoices processed	<u>2,112</u>			

29. The target for prompt payment in 2015/16 is 100%. The first quarter's results confirm the Service continues to respond quickly and efficiently to requests for payment from suppliers with 2,112 out of 2,112 invoices being paid within the required timeframe.

Processing Sales Invoices

30. A key performance indicator in relation to income generation is the time it takes to generate a sales invoice. The current target is 100% within 2 working days from the request to raise an invoice. The performance for this financial year is as follows:

	<u>1<sup>st</sup> qtr</u>	<u>2<sup>nd</sup> qtr</u>	<u>3<sup>rd</sup> qtr</u>	<u>4<sup>th</sup> qtr</u>
Sales Invoice production	100%			
Number of Sales Invoices raised	222			

31. A key performance indicator in assessing the Service's effectiveness in collecting income due is to review the change in the age and value of debt over

a period of time. A comparison of the number and value of aged debts for the first quarter can be summarised as follows:

Number of debts 60 days+

	2013/14	2014/15	2015/16
April	40	30	34
May	43	29	30
June	38	29	37

Value of debts 60 days+

	2013/14 £'000	2014/15 £'000	2015/16 £'000
April	131	47	35
May	136	55	40
June	45	19	141

32. The Authority raises approximately 1,100 sales invoices per year and this can equate to income of between £2m - £3.5m. The profile of invoices raised varies month by month and from year to year. It therefore can lead to significant variations when comparing the same month over a period of time. The June 2015 value appears high as two invoices totalling £0.100m were sent to customers who had benefited from services provided by seconded MFRS employees. The customers had requested some additional information before paying the invoice. They have now received this information and made the full outstanding payment. Considerable effort is made to actively engage with customers as part of the drive to improve the aged debt profile of the Authority.
33. Debtor accounts under £5,000 may be written off by the Treasurer. No accounts have been approved for write-off under delegated powers in the first quarter.

### **Equality and Diversity Implications**

34. There are no equality and diversity implications contained within this report.

### **Staff Implications**

35. There are no staff implications contained within this report.

### **Legal Implications**

36. There are no legal implications directly related to this report.

### **Financial Implications & Value for Money**

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37. See Executive Summary.

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**Risk Management, Health & Safety, and Environmental Implications**

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38. There are no Risk Management, Health & Safety and Environmental implications directly related to this report.

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Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

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39. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's Mission.

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**BACKGROUND PAPERS**

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**CFO/014/15** "MFRA Budget and Financial Plan 2015/2016-2019/2020" Authority 26<sup>th</sup> February 2015.

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**GLOSSARY OF TERMS**

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<b>PPC</b>	Prompt payment code
<b>SRT</b>	Search and Rescue Team
<b>TDA</b>	Training and Development Academy
<b>CFO</b>	Chief Fire Officer

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**2015/16 REVENUE BUDGET MOVEMENT SUMMARY**

Actual 2014/15	SERVICE REQUIREMENTS	Base Budget 2015/16	Reserve Draw- down	Vire- ments	Qtr 1 Budget 2015/16
£'000		£'000	£'000	£'000	£'000
64,352	Fire Service	62,724	186	0	62,910
485	Corporate Management	562	0	0	562
0	2013 - 14 New Dynamic Staff Saving	-78	0	0	-78
0	2014 - 15 New Dynamic Staff Saving	-450	0	0	-450
64,837		62,758	186	0	62,944
0	Contingency for Pay/Price Changes	1,012	0	0	1,012
64,837	TOTAL SERVICE EXPENDITURE	63,770	186	0	63,956
-253	Interest on Balances	-372	0	0	-372
64,584	NET OPERATING EXPENDITURE	63,398	186	0	63,584
	<u>Contribution to /(from) reserves</u>				
	<u>Emergency Related Reserves</u>				
500	Insurance Reserve	0	0	0	0
-500	Catastrophe Reserve	0	0	0	0
	<u>Modernisation Challenge</u>				
-5,055	Smoothing Reserve	-372	0	0	-372
-100	Severance Reserve	0	0	0	0
92	Ill Health Penalty Reserve	0	0	0	0
-100	SMG Reserve	0	0	0	0
	<u>Capital Investment Reserve</u>				
-108	PFI Reserve	0	0	0	0
-129	FMIS Reserve	0	0	0	0
-23	TDA Refurbishment Reserve	0	-44	0	-44
8,097	Asset/Capital Investment Reserve	-868	-6	0	-874
-76	Capital Investment Reserve	-14	0	0	-14
-25	PFI Annuity Reserve	-49	0	0	-49
-225	Equality / DDA Investment Reserve	0	0	0	0
-200	Firefighter Safety Investment Reserve	0	-40	0	-40
-800	Facing the Future Challenge Reserve	0	0	0	0
	<u>Specific Projects</u>				
-9	Community Sponsorship Reserve	0	-4	0	-4
31	Equipment Reserve	0	-55	0	-55
-6	FSD Reserve	0	0	0	0
28	Healthy Living / Olympic Legacy	0	-35	0	-35
-4	Water Rescue Reserve	0	0	0	0
-1,000	Inflation Reserve	0	0	0	0
16	Clothing / Boots Reserve	0	0	0	0
100	CFOA Road Safety Reserve	0	0	0	0
	<u>Ringfenced Reserves</u>				
8	F.R.E.E. Reserve	0	0	0	0
25	Princes Trust Reserve	0	0	0	0
-1	Community Youth Team Reserve	0	0	0	0
-1	Beacon Peer Project Reserve	0	0	0	0
2	Innovation Fund Reserve	0	0	0	0
-18	Regional Control Reserve	0	0	0	0
-1	Energy Reseve	74	-2	0	72
-5	St Helens District Reserve	0	0	0	0
153	New Dimensions Reserve	0	0	0	0
-894	Appropriation From Revenue Balances	0	0	0	0
-228		-1,229	-186	0	-1,415
64,356	BUDGET REQUIREMENT	62,169	0	0	62,169
-40,519	Settlement Funding Assessment	-36,909	0	0	-36,909
-407	Collection Fund Deficit	-778	0	0	-778
-23,430	Precept Income	-24,482	0	0	-24,482
-64,356	BUDGET FUNDING	-62,169	0	0	-62,169

## APPENDIX A2

### 2015/16 FIRE SERVICE REVENUE BUDGET MOVEMENT

Actual 2014/15 £'000	SERVICE REQUIREMENTS	Base Budget 2015/16 £'000	Reserve Draw- down £'000	Vire- ments £'000	Qtr 1 Budget 2015/16 £'000
	<b>EMPLOYEES</b>				
	<b>Uniformed</b>				
32,306	Firefighters	32,201		-746	31,455
1,304	Control	1,299			1,299
2,073	Additional Hours	1,251	2	22	1,275
35,683	<b>TOTAL UNIFORMED</b>	34,751	2	-724	34,029
	<b>APT&amp;C and Manual</b>				
8,488	APT&C	8,440		161	8,601
260	Handymen/Cleaning	153			153
114	Catering	126			126
561	Transport Maintenance	538			538
56	Other Manual	70			70
105	Casuals	0			0
9,584	<b>TOTAL APT&amp;C/MANUAL</b>	9,327	0	161	9,488
	<b>Other Employee Expenses</b>				
121	Allowances	61	18	6	85
2	Removal Expenses	5			5
387	Training Expenses	550		-17	533
143	Other Expenses	29			29
13	Staff Advertising	15		-1	14
56	Development Expenses	62		5	67
562	Employee Insurance	133		29	162
2,538	MPF Pen Fixed Rate	0			0
128	Enhanced pensions	52			52
4	SSP & SMP Reimbursements	-16			-16
117	Catering Expenditure	113			113
-488	HFRA Capitalisation Payroll	-450			-450
3,583	<b>TOTAL OTHER EMPLOYEE EXPEND</b>	554	18	22	594
	<b>Pensions</b>				
1,777	Injury Pension	1,740			1,740
411	Ill Health Ret charges	174			174
2,188	<b>TOTAL PENSIONS</b>	1,914	0	0	1,914
51,038	<b>TOTAL EMPLOYEES</b>	46,546	20	-541	46,025
	<b>PREMISES</b>				
313	Building Maintenance Repairs	175		22	197
258	Site Maintenance Costs	53		5	58
868	Energy	807	2		809
90	Rent	104			104
1,050	Rates	1,340		-1	1,339
247	Water	206			206
53	Fixtures	39		28	67
128	Contract Cleaning	38			38
47	Insurance	65		-15	50
3,054	<b>TOTAL PREMISES</b>	2,827	2	39	2,868
	<b>TRANSPORT</b>				
403	Direct Transport	383		-1	382
25	Tunnel Fees	29			29
165	Operating Lease	198	1		199
437	Other Transport Costs	495			495
140	Car Allowances	114		2	116
314	Insurance	344		2	346
1,484	<b>TOTAL TRANSPORT</b>	1,563	1	3	1,567

## APPENDIX A2

### 2015/16 FIRE SERVICE REVENUE BUDGET MOVEMENT *(continued)*

Actual 2014/15	SERVICE REQUIREMENTS	Base Budget 2015/16	Reserve Draw- down	Vire- ments	Qtr 1 Budget 2015/16
£'000		£'000	£'000	£'000	£'000
	<b>SUPPLIES &amp; SERVICES</b>				
43	Administrative Supplies	31		3	34
343	Operational Supplies	291		12	303
2	Hydrants	18			18
73	Consumables	47			47
121	Training Supplies	146	1	-2	145
93	Fire Prevention Supplies	135	3	4	142
48	Catering Supplies	27	1	4	32
0	Radiation Monitoring	0			0
306	Uniforms	321	2	7	330
125	Printing & Stationery	128		6	134
1	Operating Leases	2			2
542	Professional Fees/Service	1,624	6	898	2,528
681	Communications	689			689
22	Postage	30			30
6	Command/Control	10		1	11
303	Computing	330	6	-2	334
294	Medicals	292			292
103	Travel & Subsistence	80		15	95
83	Grants/Subscriptions	95		-4	91
14	Advertising	10	5		15
63	Furniture	28	55		83
80	Laundry	81			81
33	Insurances	49		-14	35
4	Hospitality	8			8
<b>3,383</b>	<b>TOTAL SUPPLIES &amp; SERVICES</b>	<b>4,472</b>	<b>79</b>	<b>928</b>	<b>5,479</b>
	<b>AGENCY SERVICES</b>				
144	Super Fund Admin	93			93
1,442	ICT Service Provider	1,437			1,437
195	Third Party Payments (FSN)	195			195
442	ICT Managed Suppliers	324			324
2,457	PFI Unitary Charges ((Int/Principal/Op Costs	2,663			2,663
0	Estates Service Provider	745			745
<b>4,680</b>	<b>TOTAL AGENCY SERVICES</b>	<b>5,457</b>	<b>0</b>	<b>0</b>	<b>5,457</b>
	<b>CENTRAL EXPENSES</b>				
344	Finance & Computing	453		3	456
<b>344</b>	<b>TOTAL CENTRAL EXPENSES</b>	<b>453</b>	<b>0</b>	<b>3</b>	<b>456</b>
	<b>CAPITAL FINANCING</b>				
5,186	PWLB Debt Charges	6,151			6,151
69	MRB Debt Charges	76			76
2,364	Revenue Contribution to Capital	1,330	84		1,414
<b>7,619</b>	<b>TOTAL CAPITAL FINANCING</b>	<b>7,557</b>	<b>84</b>	<b>0</b>	<b>7,641</b>
<b>71,602</b>	<b>TOTAL EXPENDITURE</b>	<b>68,875</b>	<b>186</b>	<b>432</b>	<b>69,493</b>
	<b>INCOME</b>				
3,813	Specific Grants	3,699		114	3,813
9	Sales	0			0
1,524	Fees & Charges	959		196	1,155
9	Reinforcing moves	5			5
681	Rents etc	743		40	783
741	Recharges Secondments	456		79	535
350	Contributions	170		3	173
108	Recharges Internal	114			114
15	Other Income	5			5
<b>7,250</b>	<b>TOTAL INCOME</b>	<b>6,151</b>	<b>0</b>	<b>432</b>	<b>6,583</b>
<b>64,352</b>	<b>NET EXPENDITURE</b>	<b>62,724</b>	<b>186</b>	<b>0</b>	<b>62,910</b>

## APPENDIX A3

### 2015/16 CORPORATE SERVICES REVENUE BUDGET MOVEMENT

Actual 2014/15 £'000	SERVICE REQUIREMENTS	Base Budget 2015/16 £'000	Reserve Draw- down £'000	Vire- ments £'000	Qtr 1 Budget 2015/16 £'000
	<b>EXPENDITURE</b>				
	<b>Finance &amp; Legal costs</b>				
79	Finance Officer	79			79
83	Legal Officer	91			91
	<b>Democratic Rep (1020)</b>				
13	- Travel & Subsistence	55			55
1	- Conference fees	15			15
225	- Members Allowances	222			222
0	- Telephones	2			2
0	- Training	1			1
0	- Hospitality	3			3
	<b>Central Expenses (1030)</b>				
16	Bank charges	17			17
40	District Audit Fees	48			48
28	Subscriptions	29			29
<b>485</b>	<b>TOTAL EXPENDITURE</b>	<b>562</b>	<b>0</b>	<b>0</b>	<b>562</b>

**Budgeted Movement on Reserves 2015/16**

	Opening Balance	Original Budget Planned Use	Qtr 1 Drawdown & changes	Closing Balance
<b><u>Earmarked Reserves</u></b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Emergency Related Reserves</u></b>				
Bellwin Reserve	147	0		147
Insurance Reserve	870	0		870
Emergency planning Reserve	75	0		75
Catastrophe Reserve	500	0		500
<b><u>Modernisation Challenge</u></b>				
Smoothing Reserve	1,695	-372		1,323
Severance Reserve	621	0		621
Ill Health Penalty Reserve	1,000	0		1,000
Recruitment Reserve	1,000	0		1,000
Capital Investment Reserve	12,039	-882	-50	11,107
PFI Annuity Reserve	2,226	-49		2,177
Equality / DDA Investment Reserve	285	0		285
Firefighter Safety Investment Reserve	800	0	-40	760
<b><u>Specific Projects</u></b>				
Community Sponsorship Reserve	4	0	-4	0
Equipment Reserve	222	0	-55	167
Contestable Research Fund Reserve	25	0		25
Healthy Living / Olympic Legacy	108	0	-35	73
Inflation Reserve	500	0		500
Clothing / Boots Reserve	16	0		16
CFOA Road Safety Reserve	100	0		100
<b><u>Ringfenced Reserves</u></b>				
F.R.E.E. Reserve	52	0		52
Princes Trust Reserve	368	0		368
Community Youth Team Reserve	58	0		58
Beacon Peer Project Reserve	62	0		62
Innovation Fund Reserve	171	0		171
Energy Reserve	84	74	-2	156
St Helens District Reserve	10	0		10
New Dimensions Reserve	947	0		947
<b>Total Earmarked Reserves</b>	<b>23,985</b>	<b>-1,229</b>	<b>-186</b>	<b>22,570</b>
<b>General revenue Reserve</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>2,000</b>
<b>Total Reserves</b>	<b>25,985</b>	<b>-1,229</b>	<b>-186</b>	<b>24,570</b>

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**Capital Programme 2015/16**

<b><u>EXPENDITURE</u></b>		<b>Approved Budget</b>	<b>Approved 2014/15 Re-phasing</b>	<b>QTR 1 Virements</b>	<b>Qtr 1 Amend-ments</b>	<b>Qtr 1 Budget</b>	<b>Actual to 30.06.15</b>
		£	£	£	£	£	£
<b><u>BUILDING &amp; LAND PROGRAMME</u></b>							
BLD001	Roofs & Canopy Replacements	50,000	39,000			89,000	0
BLD004	Concrete Yard Repairs	20,000	9,000			29,000	6,200
BLD005	Tower Improvements	0	10,000			10,000	0
BLD007	L.E.V. Sys In App Rooms	0	1,100			1,100	0
BLD011	Capital Refurbishment	0	57,000			57,000	0
BLD013	Appliance Room Floors	46,500	51,500			98,000	0
BLD014	Boiler Replacements	0	34,500			34,500	0
BLD016	Community Station Investment	0	36,500			36,500	2,500
BLD017	F.S. Refurbishment Toxteth	0				0	-34,528
BLD018	Conference Facilities H/Q	4,500	41,000			45,500	0
BLD020	5 Year Electrical Test	138,000	5,000			143,000	0
BLD026	Corporate Signage	5,000				5,000	0
BLD031	Diesel Tanks	150,000				150,000	0
BLD033	Sanitary Accommodation Refurb	30,000	49,000			79,000	0
BLD034	Office Accommodation	25,000	2,000			27,000	0
BLD036	L.L.A.R. Accommodation Formby	300,000	10,000			310,000	0
BLD039	F.S. Refurbishment Heswall	150,000				150,000	0
BLD042	St Helens Conversion	0	71,000			71,000	0
BLD044	Asbestos Surveys	50,000	10,000			60,000	0
BLD045	City Centre Community Facility	70,000	9,500			79,500	0
BLD055	F.S. Refurbishment Bromborough	0	3,000			3,000	0
BLD058	H.V.A.C. Heating, Vent & Air Con	50,000	42,000			92,000	0
BLD060	D.D.A. Compliance Work	250,000	27,300			277,300	0
BLD061	Lighting Conductors Surge Protectors	55,000				55,000	0
BLD062	Emergency Lighting	0	26,000			26,000	0
BLD065	MACC Server Room Extension	0	4,000			4,000	0
BLD067	Gym Equipment Replacement	25,000	56,000			81,000	35,658
BLD068	SHQ Joint Control Room	0	395,000			395,000	-231,424
BLD074	SHQ 2 Storey Refresh	0				0	-9,987
BLD070	Workshop Enhancement	250,000	120,000			370,000	0
BLD071	Station Refresh	75,000	31,000			106,000	28,861
BLD072	SHQ Tower	0	14,500			14,500	0
BLD073	SHQ Museum	75,000	151,000			226,000	0
BLD075	Llar Accomodation Newton Le Willows	310,000				310,000	0
BLD077	F.S. Refurbishment Upton	275,000				275,000	0
BLD078	F.S. Refurbishment West kirby	400,000				400,000	0
BLD079	F,S General Station Refurbishment	3,410,000				3,410,000	0
BLD080	Prescot Fire Station Build	3,100,000				3,100,000	167,616
BLD081	SHQ Stage C Works	0	715,500			715,500	656,289
BLD082	Saughill Massie Fire Station Build	0			100,000	100,000	0
CON001	Energy Conservation Non-Salix	25,000	33,500			58,500	0
CON002	Energy Conservation Salix	0	75,000			75,000	58,432
DSO001	D.S.O. Cleaning Equipment	6,000				6,000	0
TDA001	Fire House Refurbishment	0	30,000			30,000	14,700
EQU002	Fridge/Freezer Rep Prog	10,500	7,000			17,500	1,515
EQU003	Furniture Replacement Prog	10,500	20,000			30,500	0
	<b>Total</b>	<b>9,366,000</b>	<b>2,186,900</b>	<b>0</b>	<b>100,000</b>	<b>11,652,900</b>	<b>695,833</b>
<b><u>FIRE SAFETY</u></b>							
FIR002	Smoke Alarms (H.F.R.A.)	300,000				300,000	37,693
FIR005	Installation Costs (H.F.R.A.)	450,000				450,000	0
FIR006	Deaf Alarms (H.F.R.A.)	25,000				25,000	0
FIR007	Replacement Batteries (H.F.R.A.)	2,000				2,000	449
FIR009	Risk Management Residential Blocks	0	200,000			200,000	0
	<b>Total</b>	<b>777,000</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>977,000</b>	<b>38,142</b>

**Capital Programme 2015/16**

<b>EXPENDITURE</b>		<b>Approved Budget</b>	<b>Approved 2014/15 Re-phasing</b>	<b>QTR 1 Virements</b>	<b>Qtr 1 Amend-ments</b>	<b>Qtr 1 Budget</b>	<b>Actual to 30.06.15</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>ICT</b>							
FIN001	F.M.I.S. Replacement	0	108,500			108,500	7,163
IT046	TRM System	0				0	32,507
IT002	I.C.T. Software	177,000				177,000	159,434
IT003	I.C.T. Hardware	201,000		-9,300		191,700	19,009
IT005	I.C.T. Servers	80,000				80,000	54,361
IT018	I.C.T. Network	200,000				200,000	0
IT026	I.C.T. Operational Equipment	12,000				12,000	0
IT027	I.C.T. Security	2,000				2,000	0
IT028	System Development Portal	25,000	76,000			101,000	73,052
IT030	I.C.T. Projects / Upgrades	5,000				5,000	0
IT039	Estates Management System	20,000				20,000	0
IT040	Analytical Tool CFS Work	0	14,000			14,000	0
IT049	Wireless Rollout	0	9,000	9,300		18,300	0
IT050	Community Protection System	0	30,000			30,000	0
	JCC	0	164,000	0		164,000	70,438
IT055	C3i C&C Comms and Info system	15,000	4,000			19,000	0
IT056	PFI Access Door System	0	18,000			18,000	0
IT057	Fleet Management System	0	12,000			12,000	11,200
	<b>Total</b>	<b>737,000</b>	<b>435,500</b>	<b>0</b>	<b>0</b>	<b>1,172,500</b>	<b>427,164</b>
<b>OPERATIONAL EQUIP. &amp; HYDRANTS</b>							
HYD001	Hydrants (New Installations)	18,500				18,500	1,605
HYD002	Hydrants (Rep Installations)	18,500				18,500	0
OPS001	Gas Tight Suits Other Ppe	0	23,500			23,500	0
OPS003	Hydraulic Rescue Equipment	0	9,000	7,000	85,000	101,000	3,467
OPS005	Resuscitation Equipment	0	20,000			20,000	3,282
OPS009	Pod Equipment	50,000	69,000			119,000	0
OPS011	Thermal Imaging Cameras	0	11,500			11,500	0
OPS022	Improvements To Fleet	20,000		-7,000		13,000	8,575
OPS023	Water Rescue Equipment	50,000	13,000			63,000	0
OPS024	BA equipment / Comms	0	217,000			217,000	19,158
OPS026	Rope Replacement	0	30,000			30,000	0
OPS027	Light Portable Pumps	0	20,000			20,000	0
OPS031	Cctv Equipment/Drone	0	8,000		40,000	48,000	2,438
OPS038	Water Delivery System	0	52,000			52,000	6,332
OPS039	Water Delivery Hoses	20,000	4,000			24,000	0
OPS049	Bulk Foam Attack Equipment	48,000				48,000	0
OPS052	DEFRA FRNE Water Rescue Grant	0	18,000			18,000	0
OPS053	Methods of Entry	0	4,500	-4,500		0	0
OPS054	Electrical Equipment	0	33,500	4,500		38,000	34,745
	<b>Total</b>	<b>225,000</b>	<b>533,000</b>	<b>0</b>	<b>125,000</b>	<b>883,000</b>	<b>79,601</b>
<b>VEHICLES</b>							
VEH001	Wti'S Purchased	980,000	203,000			1,183,000	0
VEH002	Ancilliary Vehicles	470,100	255,000			725,100	139,609
VEH004	Special Vehicles	1,112,000			44,000	1,156,000	0
VEH005	Vehicles water Strategy	29,000				29,000	0
VEH006	Motorcycle Response	44,000				44,000	0
WOR001	Workshop Equipment	40,000	23,000			63,000	0
	<b>Total</b>	<b>2,675,100</b>	<b>481,000</b>	<b>0</b>	<b>44,000</b>	<b>3,200,100</b>	<b>139,609</b>
	<b>Grand Total</b>	<b>13,780,100</b>	<b>3,836,400</b>	<b>0</b>	<b>269,000</b>	<b>17,885,500</b>	<b>1,380,350</b>



## APPENDIX B

### Capital Programme 2015/16

<u>FINANCING</u>	Approved Budget	Approved 2014/15 Re-phasing	QTR 1 Virements	Qtr 1 Amend-ments	Qtr 1 Budget	Actual to 30.06.15
£	£	£	£	£	£	£
<b>Capital Receipts</b>						
BLD036 Sale of Formby LLAR House	0	350,000	0		350,000	0
Sale of Newton 2 LLAR House	275,000	0	0		275,000	0
BLD068 Sale of Derby Road	0	440,000	0		440,000	430,207
<b>R.C.C.O. / Cap Investment Reserve</b>						
99995575 Capitalisation of Sals HFRA (FIR005)	450,000	0	0		450,000	0
00265575 Telemetric Forklift Truck (VEH004)	0	0	0	44,000	44,000	0
00615575 CCTV on Fire Engines (OPS031)	0	0	0	40,000	40,000	0
01785575 FSN Charge for Alarms (FIR002)	50,000	0	0		50,000	0
01105575 SHQ Museum (BLD073) Cap Inv Res Year2	0	0	0		0	0
01105575 Prescott FS New Build (BLD080) Cap Inv Res	830,000	0	0		830,000	0
<b>Grant</b>						
BLD068 (Capital Grant) Police Grant	0	500,000	0		500,000	280,419
BLD080 Prescot Fire Station Build Grant	1,770,000	0	0		1,770,000	0
BLD082 Saughill FS Capital Transformation Grant	0	0	0	100,000	100,000	0
Capital Grant CSR07	0	0	0		0	0
<b>Total Non Borrowing</b>	<b>3,375,000</b>	<b>1,290,000</b>	<b>0</b>	<b>184,000</b>	<b>4,849,000</b>	<b>710,626</b>
<b>Borrowing Requirement</b>						
Supported Borrowing	0	0	0	0	0	0
Unsupported Borrowing	10,405,100	2,546,400	0	85,000	13,036,500	669,724
<b>Borrowing</b>	<b>10,405,100</b>	<b>2,546,400</b>	<b>0</b>	<b>85,000</b>	<b>13,036,500</b>	<b>669,724</b>
<b>Total Funding</b>	<b>13,780,100</b>	<b>3,836,400</b>	<b>0</b>	<b>269,000</b>	<b>17,885,500</b>	<b>1,380,350</b>

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**Approved Authority Capital Programme for 2015/2016 - 2019/2020**

Capital Expenditure	Total Cost £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Building/Land	17,333,400	11,652,900	4,555,500	352,000	396,500	376,500
Fire Safety	4,077,000	977,000	775,000	775,000	775,000	775,000
ICT	3,506,500	1,172,500	531,000	556,000	816,000	431,000
Operational Equipment & Hydrants	2,410,000	883,000	168,000	440,000	484,000	435,000
Vehicles	8,061,100	3,200,100	1,526,000	1,228,000	858,000	1,249,000
<b>Expenditure</b>	<b>35,388,000</b>	<b>17,885,500</b>	<b>7,555,500</b>	<b>3,351,000</b>	<b>3,329,500</b>	<b>3,266,500</b>
2015/16 - 2019/20 Original Opening Approved Programme	27,267,600	13,780,100	3,455,500	3,436,000	3,329,500	3,266,500
Q1 Current to Opening Original Change	8,120,400	4,105,400	4,100,000	(85,000)	0	0
<b>Q1 Movements Explained by</b>						
2014/15 year-end re-phasing	3,836,400	3,836,400				
BA equipment from 17/18 to 15/16 to purchase upgrade equipment	0	85,000		(85,000)		
Replace CCTV Equipment on appliance	40,000	40,000				
Teletruck Handler vehicle required for TDA	44,000	44,000				
Saughall Massie FS New Build (Capital Transformation Grant)	4,200,000	100,000	4,100,000			
<b>Q1 Movement</b>	<b>8,120,400</b>	<b>4,105,400</b>	<b>4,100,000</b>	<b>(85,000)</b>	<b>0</b>	<b>0</b>
	0	0	0	0	0	0
Financing Available	Total £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Capital Receipts	2,915,000	1,065,000	1,850,000	0	0	0
RCCO/Capital Reserves	5,524,000	1,414,000	2,660,000	500,000	500,000	450,000
Grants	3,760,000	2,370,000	1,390,000	0	0	0
Other	0	0	0	0	0	0
<b>Total Non Borrowing</b>	<b>12,199,000</b>	<b>4,849,000</b>	<b>5,900,000</b>	<b>500,000</b>	<b>500,000</b>	<b>450,000</b>
Unsupported Borrowing	23,189,000	13,036,500	1,655,500	2,851,000	2,829,500	2,816,500
<b>Total Funding</b>	<b>35,388,000</b>	<b>17,885,500</b>	<b>7,555,500</b>	<b>3,351,000</b>	<b>3,329,500</b>	<b>3,266,500</b>
Q1 Funding Level for 2015/16 - 2019/20 Programme	27,267,600	13,780,100	3,455,500	3,436,000	3,329,500	3,266,500
Q1 to Opening Original Change	8,120,400	4,105,400	4,100,000	(85,000)	0	0
<b>Funding Change Explained by:</b>						
<b>RCCO/Capital Reserves</b>						
Replace CCTV Equipment on appliance funded by FF Safety Res	40,000	40,000				
Teletruck Handler vehicle required funded by Refurbishment Res	44,000	44,000				
Saughall Massie FS New Build - Capital Reserve contribution	2,160,000		2,160,000			
<b>Capital Receipts</b>						
2014/15 year-end re-phasing LLAR house Cable Street, Formby	350,000	350,000				
014/15 year-end re-phasing Derby Road	440,000	440,000				
Saughall Massie FS New Build Sale of Upton FS	350,000		350,000			
Saughall Massie FS New Build Sale of West Kirby FS	200,000		200,000			
Sale of West Kirby LLAR hse	400,000		400,000			
Sale of Allerton CFS/hse	400,000		400,000			
<b>Grants</b>						
Saughall Massie FS New Build - Capital Transformation Grant)	1,490,000	100,000	1,390,000			
Police Grant (JCC)	500,000	500,000				
<b>Unsupported Borrowing</b>						
2014/15 year-end re-phasing	2,546,400	2,546,400				
BA equipment from 17/18 to 15/16 to purchase upgrade equipment	0	85,000		(85,000)		
Sale of West Kierby LLAR hse	(400,000)		(400,000)			
Sale of Allerton CFS/hse	(400,000)		(400,000)			
<b>Q1 Movement</b>	<b>8,120,400</b>	<b>4,105,400</b>	<b>4,100,000</b>	<b>(85,000)</b>	<b>0</b>	<b>0</b>

## Building / Land - Approved Budget 2015/16 to 2019/20

Type of Capital Expenditure	Total Cost £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<b>Major Site Refurbishments</b>						
BLD039 FS Refurbishment Heswall	150,000	150,000				
BLD055 FS Refurbishment Bromborough	3,000	3,000				
BLD077 FS Refurbishment Upton	275,000	275,000				
BLD078 FS Refurbishment West Kirby	400,000	400,000				
BLD042 St Helens Conversion	71,000	71,000				
BLD070 Workshop Enhancement	370,000	370,000				
BLD071 Station Refresh	106,000	106,000				
BLD079 Station Refurbishments	3,410,000	3,410,000				
	4,785,000	4,785,000				
<b>Station Mergers</b>						
BLD080 Prescot FS New Build (CFO/095/14)	3,100,000	3,100,000				
BLD080 Saughall Massie FS New Build (CFO/058/15)	4,200,000	100,000	4,100,000			
	7,300,000	3,200,000	4,100,000			
<b>SHQ/JCC Major Refurbishment</b>						
<b>SHQ Main Building</b>						
BLD068 SHQ Joint Control Room	395,000	395,000				
BLD074 SHQ 2 Storey Refresh						
BLD081 SHQ Stage C Works	715,500	715,500				
	1,110,500	1,110,500				
<b>Other</b>						
BLD072 SHQ Tower	14,500	14,500				
BLD073 SHQ Museum	226,000	226,000				
	240,500	240,500				
<b>LLAR Accommodation Works</b>						
BLD016 Community Station Investment	167,500	36,500	36,000	25,000	45,000	25,000
BLD036 LLAR Accommodation Formby	310,000	310,000				
BLD045 City Centre Community Facility	79,500	79,500				
BLD075 LLAR Accommodation Newton-le-Willows	310,000	310,000				
	867,000	736,000	36,000	25,000	45,000	25,000
<b>General Station Upgrade Works</b>						
BLD001 Roofs & Canopy Replacements	259,000	89,000	50,000	40,000	40,000	40,000
BLD004 Concrete Yard Repairs	109,000	29,000	20,000	20,000	20,000	20,000
BLD005 Tower Improvements	58,000	10,000	18,000	10,000	10,000	10,000
BLD011 Capital Refurbishment	57,000	57,000				
BLD013 Non Slip Coating to Appliance Room Floors	264,500	98,000	46,500	40,000	40,000	40,000
BLD014 Boiler Replacements	74,500	34,500			20,000	20,000
BLD020 Electrical Testing	251,000	143,000	38,000	30,000	20,000	20,000
BLD031 Diesel Tanks	150,000	150,000				
BLD033 Sanitary Accommodation Refurbishment	199,000	79,000	30,000	30,000	30,000	30,000
BLD044 Asbestos Surveys	155,000	60,000	50,000	25,000	10,000	10,000
BLD060 DDA Compliance	367,300	277,300	30,000	20,000	20,000	20,000
	1,944,300	1,026,800	282,500	215,000	210,000	210,000
<b>Other Works</b>						
BLD007 L.E.V. System in Appliance Rooms	1,100	1,100				
BLD018 Conference Facilities SHQ	70,500	45,500	10,000	5,000	5,000	5,000
BLD026 Corporate Signage	25,000	5,000	5,000	5,000	5,000	5,000
BLD032 Power Strategy	50,000		20,000	10,000	10,000	10,000
BLD034 Office Accommodation	97,000	27,000	25,000	15,000	15,000	15,000
BLD058 HVAC - Heating, Ventilation & Air Con	152,000	92,000			30,000	30,000
BLD061 Lightning Conductors & Surge Protection	55,000	55,000				
BLD062 Emergency Lighting	26,000	26,000				
BLD065 MACC Server Room Extension	4,000	4,000				
BLD067 Gym Equipment Replacement	181,000	81,000	25,000	25,000	25,000	25,000
CON001 Energy Conservation Non-Salix	158,500	58,500	25,000	25,000	25,000	25,000
CON002 Energy Conservation Salix	75,000	75,000				
DSO001 Cleaning Equipment	30,000	6,000	6,000	6,000	6,000	6,000
EQU002 Replacement programme for Fridge Freezers	58,500	17,500	10,500	10,500	10,000	10,000
EQU003 Furniture Replacement Programme	72,500	30,500	10,500	10,500	10,500	10,500
	1,056,100	524,100	137,000	112,000	141,500	141,500
TDA001 Fire house refurbishment	30,000	30,000				
	17,333,400	11,652,900	4,555,500	352,000	396,500	376,500
<b>Original Budget</b>	10,946,500	9,366,000	455,500	352,000	396,500	376,500
<b>Current Programme</b>	17,333,400	11,652,900	4,555,500	352,000	396,500	376,500
<b>Changes</b>	6,386,900	2,286,900	4,100,000			
<b>Q1 Movements/Adjustments</b>	6,386,900	2,286,900	4,100,000			
<b>Year end Slippage b/f from 2014/15</b>		2,186,900				
<b>New</b>						
BLD082 Saughall Massie FS New Build (CFO/058/15)		100,000	4,100,000			
	6,386,900	2,286,900	4,100,000			

# Fire Safety - Approved Budget 2015/16 to 2019/20

Type of Capital Expenditure		Total Cost £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
FIR002	Smoke Alarms (100,000 HFRA target)	1,500,000	300,000	300,000	300,000	300,000	300,000
FIR005	Installation costs (HFRA)	2,250,000	450,000	450,000	450,000	450,000	450,000
FIR006	Deaf Alarms (HFRA)	125,000	25,000	25,000	25,000	25,000	25,000
FIR007	Replacement Batteries (12,000)	2,000	2,000				
FIR009	Fire Risk Management in Residential Blocks (CFO/135/13)	200,000	200,000				
		4,077,000	977,000	775,000	775,000	775,000	775,000
Original Budget		3,877,000	777,000	775,000	775,000	775,000	775,000
Current Programme		4,077,000	977,000	775,000	775,000	775,000	775,000
Changes		200,000	200,000				
<u>Q1 Movements/Adjustments</u>		200,000	200,000				
<u>Year end Slippage b/f from 2014/15</u>							
FIR009 Fire Risk Management in Residential Blocks			200,000				
		200,000	200,000				

## ICT - Approved Budget 2015/16 to 2019/20

Type of Capital Expenditure	Total Cost £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<b>IT002 ICT Software</b>						
Software Licences	10,000	2,000	2,000	2,000	2,000	2,000
New Visualistaion Infrastructure	75,000				75,000	
3 Year Licences Antivirus & Filtering	155,000			155,000		
Microsoft EA Agreement (Servers & Security)	300,000	60,000	60,000	60,000	60,000	60,000
Microsoft EA Agreement (Windows Desktop)	65,000	65,000				
Microsoft EA Agreement (Office Desktop)	200,000				200,000	
Microsoft SQL Upgrade	50,000	50,000				
	<b>855,000</b>	<b>177,000</b>	<b>62,000</b>	<b>217,000</b>	<b>337,000</b>	<b>62,000</b>
<b>IT003 ICT Hardware</b>						
PC, monitor and laptop replacement (target 20%)	390,000	80,000	80,000	80,000	80,000	70,000
PC, monitor and laptop growth	25,000	5,000	5,000	5,000	5,000	5,000
Periherals replacement (target 20%)	30,000	6,000	6,000	6,000	6,000	6,000
Tablets (Ipads)	60,000				30,000	30,000
Appliance Toughbook Replacement	110,000	110,000				
LFS Laptops	40,000		40,000			
IP TV Asset Refresh	50,000					50,000
	<b>705,000</b>	<b>201,000</b>	<b>131,000</b>	<b>91,000</b>	<b>121,000</b>	<b>161,000</b>
<b>IT005 ICT Servers</b>						
Server/storage replacement (target 20%)	325,000	65,000	65,000	65,000	65,000	65,000
Server/storage growth	85,000	15,000	15,000	15,000	15,000	25,000
New SAN Solution	100,000				100,000	
	<b>510,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>180,000</b>	<b>90,000</b>
<b>IT018 ICT Network</b>						
Local Area Network replacement (discrete)	20,000	4,000	4,000	4,000	4,000	4,000
Network Switches/Routers replacement	351,000	141,000		100,000	110,000	
Network Switches/Router growth	25,000	5,000	5,000	5,000	5,000	5,000
Network Switches/Router - Additional for JCC/TDA Resilience	10,000					10,000
Vesty Road Network Link Refresh	40,000					40,000
IP Telephony	150,000	50,000	100,000			
Wireless Network	40,000		40,000			
	<b>636,000</b>	<b>200,000</b>	<b>149,000</b>	<b>109,000</b>	<b>119,000</b>	<b>59,000</b>
<b>IT026 ICT Operational Equipment</b>						
Pagers/Alerters	35,000	7,000	7,000	7,000	7,000	7,000
Station End Kit	25,000	5,000	5,000	5,000	5,000	5,000
Incident Ground Management System	50,000		50,000			
	<b>110,000</b>	<b>12,000</b>	<b>62,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>SHQ/JCC Major Refurbishment</b>						
IT051 JCC Airwave Solution	100,000	100,000				
IT052 JCC Specialist IT	7,000	7,000				
IT053 JCC Backup MACC/Secondary Control Resilience	57,000	57,000				
	<b>164,000</b>	<b>164,000</b>				
<b>Other IT Schemes</b>						
IT027 ICT Security - Remote Access Security FOBS	10,000	2,000	2,000	2,000	2,000	2,000
IT028 System Development (Portal)	201,000	101,000	25,000	25,000	25,000	25,000
IT030 ICT Projects/Upgrades	25,000	5,000	5,000	5,000	5,000	5,000
IT039 Estates Management System	20,000	20,000				
IT040 Integrated Planning & Performance M.S.	14,000	14,000				
IT049 Wireless Rollout	9,000	9,000				
IT050 Community Protection IMS System	30,000	30,000				
IT055 C.3.I. C.&.C Communication & Information System	79,000	19,000	15,000	15,000	15,000	15,000
IT056 P.F.I. Door Access System	18,000	18,000				
IT057 Fleet Management System	12,000	12,000				
FIN001 FMIS/Eproc/Payroll/HR Replacement	108,500	108,500				
	<b>526,500</b>	<b>338,500</b>	<b>47,000</b>	<b>47,000</b>	<b>47,000</b>	<b>47,000</b>
	<b>3,506,500</b>	<b>1,172,500</b>	<b>531,000</b>	<b>556,000</b>	<b>816,000</b>	<b>431,000</b>
<b>Original Budget</b>	<b>3,071,000</b>	<b>737,000</b>	<b>531,000</b>	<b>556,000</b>	<b>816,000</b>	<b>431,000</b>
<b>Current Programme</b>	<b>3,506,500</b>	<b>1,172,500</b>	<b>531,000</b>	<b>556,000</b>	<b>816,000</b>	<b>431,000</b>
<b>Changes</b>	<b>435,500</b>	<b>435,500</b>				
<b>Q1 Movements/Adjustments</b>	<b>435,500</b>	<b>435,500</b>				
<b>Year end Slippage b/f from 2014/15</b>		<b>435,500</b>				
	<b>435,500</b>	<b>435,500</b>				

## Operational Equipment - Approved Budget 2015/16 to 2019/20

Type of Capital Expenditure	Total Cost £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
<b>OPS003 Hydraulic Rescue Equipment</b>						
Hydraulic Rescue Equipment - Replacement Programme	407,000	92,000		75,000	160,000	80,000
Pneumatic Rescue Equipment - Air Bags	9,000	9,000				
	416,000	101,000		75,000	160,000	80,000
<b>OPS005 Resuscitation Equipment</b>						
Resuscitation Rescue Equipment	50,000	20,000				30,000
Defibrillator Batteries	12,000				12,000	
Appliance Resuscitation Equipment & Cylinders	30,000					30,000
	92,000	20,000			12,000	60,000
<b>OPS024 BA Equipment/Communications</b>						
BA Cylinder Replacement	50,000	50,000				
BA Sets (back pack/face mask/tubes/equip) Replacement	27,000	27,000				
Replacement of hand held communication radios	140,000	140,000				
BA Telemetry Breathing Units	45,000			45,000		
Replacement of hand held communication radios	15,000			15,000		
BA Test Rig	12,000				12,000	
Oxygen Booster Pumps	12,000				12,000	
ESAS, Badoliers & Air Line Reducers	45,000				45,000	
	346,000	217,000		60,000	69,000	
<b>OPS049 Bulk Foam Equipment</b>						
Bulk Foam Attack Equipment	73,000	48,000		25,000		
Bulk Foam Stock	70,000				70,000	
	143,000	48,000		25,000	70,000	
<b>Other Operational Equipment</b>						
OPS001 Gas Tight Suits Other PPE	173,500	23,500		150,000		
OPS009 POD Equipment (Demountable Unit Refurb 2013/14 IRMP)	119,000	119,000				
OPS011 Thermal imaging cameras	176,500	11,500				165,000
OPS022 Improvements to Fleet	123,000	13,000	20,000	30,000	30,000	30,000
OPS023 Water Rescue Equipment	213,000	63,000	50,000	50,000	50,000	
OPS026 Rope Replacement	65,000	30,000				35,000
OPS027 Light portable Pumps	20,000	20,000				
OPS031 CCTV Equipment	48,000	48,000				
OPS034 Operational Ladders	58,000		16,000	13,000	16,000	13,000
OPS036 Radiation Detection Equipment	45,000		45,000			
OPS038 Water Delivery System	52,000	52,000				
OPS039 Water Delivery Hoses	44,000	24,000			10,000	10,000
OPS052 DEFRA FRNE	18,000	18,000				
OPS054 Electrical Equipment	73,000	38,000			30,000	5,000
	1,228,000	460,000	131,000	243,000	136,000	258,000
<b>Hydrants</b>						
HYD001 Hydrants (New Installations)	92,500	18,500	18,500	18,500	18,500	18,500
HYD002 Hydrants (Replacements)	92,500	18,500	18,500	18,500	18,500	18,500
	185,000	37,000	37,000	37,000	37,000	37,000
	2,410,000	883,000	168,000	440,000	484,000	435,000

<b>Original Budget</b>	1,837,000	225,000	168,000	525,000	484,000	435,000
<b>Current Programme</b>	2,410,000	883,000	168,000	440,000	484,000	435,000
<b>Changes</b>	573,000	658,000		(85,000)		

<b>Q1 Movements/Adjustments</b>	573,000	658,000		(85,000)		
Year end Slippage b/f from 2014/15		533,000				
<u>Budget Adjustment</u>						
OPS003 Hydraulic Rescue Equipment		85,000		(85,000)		
<u>RCCO</u>						
OPS031 Vehicle CCTV Equipment		40,000				
<u>Virements</u>						
OPS053 to OPS054		(4,500)				
OPS054 from OPS053		4,500				
	573,000	658,000		(85,000)		

# Vehicles - Approved Budget 2015/16 to 2019/20

Type of Capital Expenditure	Price Per Unit	Total		2015/16		2016/17		2017/18		2018/19		2019/20	
		Units	Cost £	Units	£	Units	£	Units	£	Units	£	Units	£
<b>VEH002 Ancillary Vehicles</b>													
Cars													
Car 1 (5 door - Fiesta/Corsa)	9,500	41	389,500	25	237,500	16	152,000						
Car 2 (5 door - Fiesta/Corsa)	12,000	3	36,000									3	36,000
Officer Response Car 1	22,000	2	44,000			2	44,000						
Officer Response Car 2	26,000	2	52,000					2	52,000				
Officer Response Car 3	20,000	2	40,000							2	40,000		
7 Seater Galaxy	23,000	2	46,000							2	46,000		
Car - Automatc	25,000	1	25,000					1	25,000				
4x4s													
4x4 (Isuzu/Hilux)	27,000	4	108,000					2	54,000			2	54,000
4x4 SMAs	23,000	2	46,000					2	46,000				
4x4 (Climbing Wall Vehicle)	22,000	1	22,000							1	22,000		
Vans													
Small Vans (Fiesta/Corsa)	9,510	5	47,550	5	47,550								
Panel Van Renault Master 1	19,400	6	116,400	6	116,400								
Panel Van Renault Master 2	18,650	9	167,850	9	167,850								
Panel Van 2 Jumbo Van	25,000	2	50,000					2	50,000				
Ford Connect Van	10,500	8	84,000	6	63,000			2	21,000				
Other													
PCVs (Ford Transit 17 Seater)	23,200	4	92,800	4	92,800								
PCVs (Ford Transit 17 Seater)	24,000	3	72,000									3	72,000
			1,439,100		725,100		196,000		248,000		108,000		162,000
<b>VEH004 Special Vehicles</b>													
CPLs													
Vehicle 4 (New)	600,000	1	600,000			1	600,000						
Other													
IMU - Prime Movers	98,000	4	392,000	4	392,000								
IMU	600,000	1	600,000	1	600,000								
BA Support Unit (POD)	75,000	1	75,000	1	75,000								
Water Rescue Unit	45,000	1	45,000	1	45,000								
Teletruck Handler	44,000	1	44,000	1	44,000								
			1,756,000		1,156,000		600,000						
<b>VEH006 Motorcycle Response</b>													
AFA/RTC Bikes	6,000	2	12,000	2	12,000								
Firefighting bikes	16,000	2	32,000	2	32,000								
VEH006 Motor Cycle Response Quad Bikes	11,000	2	22,000									2	22,000
			66,000		44,000								22,000
<b>Other Vehicles</b>													
VEH001 Fire Appliances - Part Build (Chasis Delivered 14/15)	50,750	4	203,000	4	203,000								
VEH001 Fire Appliances - New £245,000 to £260,000		18	4,480,000	4	980,000	3	730,000	4	980,000	3	750,000	4	1,040,000
VEH005 Water Strategy			29,000		29,000								
			4,712,000		1,212,000		730,000		980,000		750,000		1,040,000
<b>WOR001 Workshop Equipment</b>													
Equipment			23,000		23,000								
Replace steam clean lift			40,000		40,000								
Workshop Equipment Cable free Somers vehicle Lift.	19,000	1	19,000									1	19,000
Two Post Light Vehicle Lift.	6,000	1	6,000									1	6,000
			88,000		63,000								25,000
			8,061,100		3,200,100		1,526,000		1,228,000		858,000		1,249,000
Original Budget			7,536,100		2,675,100		1,526,000		1,228,000		858,000		1,249,000
Current Programme			8,061,100		3,200,100		1,526,000		1,228,000		858,000		1,249,000
Changes			525,000		525,000								
Q1 Movements/Adjustments			525,000		525,000								
Year end Slippage b/f from 2014/15			481,000		481,000								
RCCO													
VEH004 Teletruck Handler	44,000	1	44,000	1	44,000								
Budget Adjustments													
VEH004 CPL Vehicle 2	300,000	(1)	(300,000)	(1)	(300,000)								
VEH004 CPL Vehicle 3	300,000	(1)		(1)	(300,000)								
VEH004 IMU Vehicle	600,000	1		1	600,000								
			525,000		525,000								



MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	17 SEPTEMBER 2015	REPORT NO	CFO/077/15
PRESENTING OFFICER	CHIEF FIRE OFFICER		
RESPONSIBLE OFFICER:	AM NICK SEARLE	REPORT AUTHOR:	S MARTIN / S MATTHEWS
OFFICERS CONSULTED:	BERNIE SULLIVAN		
TITLE OF REPORT:	PURCHASE OF PRIME MOVERS		

APPENDICES:	NONE
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## Purpose of Report

1. To inform Members of the recent procurement exercise for two replacement prime mover vehicles and to request approval to proceed with the purchase.

## Recommendation

2. That Members approve the proposed purchase of two prime mover vehicles.

## Introduction and Background

3. The Authority currently has eight vehicles with multi lift systems. The age profile of the vehicles is as follows:
  - 2012 – 2 vehicles
  - 2008 – 2 vehicles
  - 1994 – 2 vehicles
  - 1993 – 2 vehicles
4. A procurement exercise has been carried out for the replacement of the 2 oldest vehicles. The expected lifecycle for fire appliances and specialist vehicles is 15 years.
5. The vehicles are designed to carry any one of a possible 22 demountable units all with standardised sub-frames and catering for various operational and training functions. The demountable units have a 20 year lifecycle.
6. There are approximately 179 operational and personnel including instructional staff and 12 workshop personnel trained to operate and maintain these vehicles.
7. Vehicles built onto Scania chassis account for in excess of 90% of the current fleet. To maintain continuity within the fleet and avoid the resource implications

required to undertake extensive re-training of personnel on a new chassis, it was considered necessary to purchase Scania chassis modified with an appropriate hook lift system.

8. The Scania chassis specified incorporates the latest Euro Six engine that meets a higher standard of exhaust emissions set by European Union Directives.
9. The anticipated value of the purchase is in excess of the European procurement threshold (£173k). Under European procurement regulations, it is not permitted to stipulate a named provider for the supply of any component within product or service specifications. Therefore, in order to secure a Scania chassis for the vehicles, it was necessary to consider the purchase of the vehicles through a compliant framework which permits the stipulation of the required chassis.
10. The Consortium framework arrangements which have been used in the past to source fire appliances and specialist vehicles expired in December 2014 necessitating a review of the options open to the Authority.
11. A framework let by Bath & North East Somerset Council (BNES) in conjunction with The Procurement Partnership Limited (TPPL) was identified as a suitable route to market for the Authority requirements as it permits a direct award of a contract to the necessary chassis manufacturer.
12. Under the guidance of TPPL, a request for quotation, which included a detailed specification compiled by the Transport and Equipment Maintenance Department, was issued to Scania. The supplier was required to confirm their compliance against each requirement stated in the specification and provide details of supply lead times, measures taken to improve sustainability and their approach to corporate and social responsibility.
13. The response submitted by the proposed supplier was reviewed by the Procurement Team and members of the Transport & Equipment Department to ensure compatibility with requirements.
14. As the procurement was not subject to a competitive process the price submitted for the vehicles was compared against the price paid for the vehicles in 2012.(See table 1 below)

Table 1

Year	Price per Vehicle	%ge Increase	CPI Jan 2012 – Dec 2014
2012	£131,637	-	-
2015	£140,340	6.6%	6.9%

15. The price increase of 6.6% is perceived to be reasonable when compared against an increase of 6.9% of CPI in the same period.

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**Equality and Diversity Implications**

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16. Suppliers to the BNES / TPPL framework were evaluated on a pass fail basis on their compliance with Equality and Diversity legislation. It is not anticipated that there will be any adverse impact on equality and diversity arising from this procurement exercise.

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**Staff Implications**

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17. The purchase of the proposed vehicles will minimise the amount of training required by vehicle operatives and maintenance staff and hence minimise the amount of training resource required for the safe operation of the vehicles.

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**Legal Implications**

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18. The Authority has a duty to ensure compliance with UK and EU procurement legislation and its own contract standing orders. Awarding against the established framework will ensure that the supply of the vehicles will be compliant with applicable legislation and the Authority's own procedures.

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**Financial Implications & Value for Money**

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19. The total cost the 2 vehicles is £280,680 (£140,340 each). The proposed supplier is ranked first of the BNES / TPPL framework which was procured in line with Most Economically Advantageous Tender (MEAT) principals to ensure value for money is obtained.
20. Value for money is further enhanced due to the minimal resource required to train vehicle operatives and maintenance personnel and compatibility with existing demountable units without the need for modification.

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**Risk Management, Health & Safety, and Environmental Implications**

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21. There is a risk of challenge if the Authority procures the vehicles without undertaking an appropriate procurement process. The proposal contained in this paper significantly reduces the risk of any challenge.
22. Suppliers to the BNES / TPPL framework were evaluated on a pass fail basis on their financial stability, compliance with Health & Safety and Environmental protection legislation. Therefore there risk to the Authority posed by these factors are reduced by sourcing via this framework.

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**Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters***

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23. Sourcing via the proposed framework will result in cost effective and fit for purpose vehicles for use by firefighters. The provision of the vehicles will maintain operational capability and will directly contribute to the achievement of the Mission.

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**BACKGROUND PAPERS**

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## **GLOSSARY OF TERMS**

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<b>BNES</b>	Bath & North East Somerset Council
<b>CPI</b>	Consumer Price Index
<b>EU</b>	European Union
<b>MEAT</b>	Most Economically Advantageous Tender
<b>TPPL</b>	The Procurement Partnership Ltd

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	17 SEPTEMBER 2015	REPORT NO:	<a href="#">CFO/078/15</a>
PRESENTING OFFICER	DCFO PHIL GARRIGAN		
RESPONSIBLE OFFICER:	DCFO PHIL GARRIGAN	REPORT AUTHOR:	DCFO PHIL GARRIGAN
OFFICERS CONSULTED:	DCE KIERAN TIMMINS SARAH BOURNE (LEGAL SERVICES)		
TITLE OF REPORT:	WIRRAL YOUTH ZONE		

APPENDICES:	APPENDIX A:	WIRRAL YOUTH ZONE BUSINESS PLAN & APPENDICIES
	APPENDIX B:	CFO/048/14
	APPENDIX C:	INDEPENDENT VALUATION (APP C TO REPORT CFO/048/14)

## Purpose of Report

1. To request that Members confirm their previous in principle decision (CFO/048/14) to transfer the land released during the building of Birkenhead Community Fire and Rescue Station to support the creation of the Hive Youth Zone.

## Recommendation

2. That Members;
  - a. Agree to transfer the land adjacent to Birkenhead Community Fire and Rescue Station to Wirral Metropolitan Borough Council for the purposes of building a state of the art Youth Zone for the improvement of the economic, social and environmental wellbeing of the area.
  - b. Agree that any transfer will be at nominal consideration.
  - c. Approve the creation of a designated Youth Engagement facility within the Youth Zone from which Merseyside Fire and Rescue Authority (MFRA) can deliver its youth programmes.

## **Introduction and Background**

3. Members will recall that the Authority was approached by Wirral Metropolitan Borough Council (MBC) in 2010 to establish if the land adjacent to Birkenhead Community Fire and Rescue Station was available for the creation of a Youth Zone following the building of the new PFI station.
4. This approach followed visits made by Wirral Members and Officers to the Firefit Hub in Toxteth and Bolton Lads and Girls Club.
5. The Birkenhead station site was considered ideal in terms of a neutral location, and having good transport links.
6. The Authority agreed in principle to transfer the land (CFO/182/10) (CFO/048/14) (Appendix B) subject to:
  - An appropriate company being set up
  - The funding being finalised and the business plan being agreed
  - The transfer/lease arrangements being agreed - based on a peppercorn rent.
  - Finalised agreement on how the fire station and Youth Zone will work closely together on the shared vision and aims around youth engagement
  - The provision of a designated youth engagement space being created for Merseyside Fire and Rescue Service (MFRS) within the Youth Zone (YZ).
7. Wirral MBC have been working with the charity 'OnSide' to make this a reality and created a shadow board, Chaired by John Syvret of Cammell Lairds to oversee the project and the development of a sustainable business plan.
8. All outstanding issues have now been resolved to the satisfaction of Officers and are referenced within the Wirral Youth Zone Business Plan (Appendix A).
9. Subject to Authority approval confirming the availability of the land and completion of the legal documents it is intended to transfer the land into Wirral MBC ownership in order that they complete a building contract and start on site in or around the end of October 2015.
10. This would allow the YZ to open at the end of 2016.
11. There is no change in the intended partnership between MFRA and the Wirral Youth Zone, the particular opportunities (additional to those above) that are being explored include:
  - Branding opportunities for MFRA, such as the fitness suite or other sports facilities being 'Firefit' zones.
  - Some targeted joint use of the facilities
  - Involvement of firefighters and prevention staff in employability and enterprise projects

- Volunteering opportunities
- Delivery venue for youth engagement programmes i.e. Prince's Trust
- Joint delivery of Wirral Fire Cadets
- The chance for MFRA staff to improve the fire safety knowledge and personal wellbeing of young people across Wirral.

12. The Deputy Chief Fire Officer is currently a member of the Wirral Youth Zone Board and a trustee of the Fire fit Hub Charity.

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### **Equality and Diversity Implications**

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13. The YZ will provide a universal service, coupled with a responsive series of targeted information, advice and guidance projects and programmes, to a wide range of children and young people, including

- The disengaged
- The disadvantaged
- Those with disabilities – both physical and learning
- Young people from BME backgrounds
- Young people from LGBT backgrounds

14. In line with the principles of best practice, equality and diversity will be at the heart of the YZ and embedded within all activities and services delivered within the facility.

- Promoting accessibility
- Valuing cultural diversity
- Promoting participation
- Promoting equality of opportunity
- Promoting inclusive communities
- Reducing disadvantage and exclusion

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### **Staff Implications**

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15. The creation of the YZ and designated youth space within the centre will provide opportunities for firefighters and the Youth Engagement team to get involved in employability and enterprise projects as well as providing the space to deliver our award winning youth engagement programmes such as the Princes Trust and the Beacon project.

16. The YZ will also create volunteering opportunities for all staff, encouraging them to get more involved in their community.

17. Officers also believe that the positive relationships developed with those young people visiting the YZ will engender better relationships and in the longer term will contribute to the reduction in ASB fire calls and attacks on fire crews.

18. MFRS would also seek opportunities, on a reciprocal basis, to utilise the YZ facilities for its staff when not in use by the YZ members.

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### **Legal Implications**

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19. By virtue of s123 Local Government Act 1972 the Authority cannot dispose of its land for a consideration at less than the best that can reasonably be obtained in the market except with the consent of the secretary of state. The Secretary of State has granted a General Disposal Consent ('the Consent') which removes the requirement for authorities to seek specific consent for any disposal of land where the undervalue is £2 million or less.
20. Guidance states that it is government policy that local authorities should dispose of surplus land wherever possible and it is generally expected that land should be sold for the best consideration reasonably obtainable but it is recognised that there may be circumstances where an authority considers it appropriate to dispose of the land at an undervalue. The guidance states that authorities should not divest themselves of valuable public assets unless they are satisfied that the circumstances warrant such action and when disposing of land at an undervalue authorities must remain aware of their fiduciary duty in a way which is accountable to local people.
21. The terms of the Consent mean that a specific consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area. Although these criteria derive from the Local Government Act 2000 their use in the Consent is not confined to authorities with duties and powers under that act.
22. If approved the transfer of the land will include an overage provision which will state that if there is a transfer or grant of a lease of the land with the benefit of a change of use from that of a Youth Zone then a claw back payment equal to the market value of the land at the time of the disposal will be paid to the Authority. A restriction will be placed on Wirral MBC's title which provides that no disposition may be registered without the Authority's consent this guards against a transfer of the land without the claw back provisions being adhered to. This provision will ensure that the land may only be used as a youth facility thereby improving the economic, social and environmental wellbeing of the area. If this use ceases then the Authority will claw back the market value of the land at the time thereby ensuring that it meets its fiduciary duty to local people.
23. The issue of state aid has been raised with Wirral MBC and onside and appropriate assurances have been received that the Hive will not be engaging in economic activity which the rules on state aid intend to address.

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### **Financial Implications & Value for Money**

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24. If the Authority chose not to support the project, it might realise a capital receipt from the sale of the land. An independent valuation (Appendix C) indicated that the land is estimated to be worth £250,000 based upon.
- A freehold interest in the site
  - With the benefit of full vacant possession
  - Planning permission for non-food retail and fast food restaurant /drive through development
  - Allowing 9 months for marketing.
25. Planning permission has not been sought by the Authority at this time.
26. The proposal is based upon transferring the land instead on a 'peppercorn rent' to the 'Wirral Youth Zone' Charitable Company, established to run the YZ.

### **Risk Management, Health & Safety, and Environmental Implications**

27. Given the commitments already made by Members there would be significant reputational risk to the Authority if they rescinded the in principal agreement without good reason, particularly given the reassurances given by the Authority during the previous phases of the development.
28. There may be some health and safety risks associated with the development phase, but these will be subject to suitable method statements and site risk assessment.
29. No environmental implications are envisaged given the previous work undertaken at the site. However should any be identified that would be dealt with by the appointed contractor in line with normal development practice.

**Contribution to Our Mission:** *Safer Stronger Communities – Safe Effective Firefighters*

30. The Wirral YZ will provide an opportunity for MFRA to build on its community work, particularly with local young people, in the furtherance of its mission to create Safer Stronger Communities.

### **BACKGROUND PAPERS**

**CFO/182/10 RESIDUAL LAND RELEASED AS PART OF THE PFI PROJECT**  
**CFO/048/14 WIRRAL YOUTH ZONE**

### **GLOSSARY OF TERMS**

<b>MFRA</b>	<b>Merseyside Fire and Rescue Authority</b>
<b>MFRS</b>	<b>Merseyside Fire and Rescue Service</b>
<b>YZ</b>	<b>Youth Zone</b>

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<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>AUTHORITY</b>		
<b>DATE:</b>	<b>29 JULY 2014</b>	<b>REPORT NO:</b>	<b>CFO/048/14</b>
<b>PRESENTING OFFICER</b>	<b>DEPUTY CHIEF EXECUTIVE</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>KIERAN TIMMINS</b>	<b>REPORT AUTHOR:</b>	<b>KIERAN TIMMINS</b>
<b>OFFICERS CONSULTED:</b>	<b>STRATEGIC MANAGEMENT GROUP</b>		
<b>TITLE OF REPORT:</b>	<b>WIRRAL YOUTH ZONE</b>		

<b>APPENDICES:</b>	<b>APPENDIX A:</b>	<b>BUSINESS PLAN</b>
	<b>APPENDIX A(1)</b>	<b>APPENDICES TO BUSINESS PLAN</b>
	<b>APPENDIX B</b>	<b>MAP OF BIRKENHEAD SITE</b>
	<b>APPENDIX C</b>	<b>INDEPENDENT VALUATION</b>

### **Purpose of Report**

1. To request Members confirm their previous decision to transfer land freed up at the Birkenhead fire station site to support the creation of a Youth Zone.

### **Recommendation**

2. It is recommended that Members agree the transfer of land in principle to support the Youth Zone subject to :-
  - a. An appropriate company being set up.
  - b. The project funding be finalised and the Business Plan staying broadly in line with that detailed within Appendix A.
  - c. A lease being agreed. This being based on a peppercorn rent.
  - d. Finalised agreement being reached on how the fire station and Youth Zone will work closely together on the shared visions and aims around youth engagement and support.
  - e. The provision of a designated Youth Engagement space being created for Merseyside Fire & Rescue Service within the Youth Zone.

### **Introduction and Background**

3. Members will recall that in building Birkenhead PFI station, a reasonably sized plot of land was freed up as shown in Appendix B.

4. The Authority was approached by Wirral Metropolitan Borough Council in 2010 to see if that land might be available to create a “Youth Zone”. Wirral officers and Members have visited Toxteth Firefit, and other similar facilities, and wanted to create an equivalent offer for the young people of Wirral. The Birkenhead site was considered ideal in terms of a neutral location, and having good transport links.
5. Members will be aware that the Authority works well with all the districts to maximise the value of the assets in public ownership and improve the overall services for the community it serves. Currently, for example, Wirral Metropolitan Borough Council are supporting the Authority in identifying a suitable site in west Wirral for the West Kirby with Upton station merger proposal.
6. The Authority agreed in principle to transfer the land to support such a project (CFO/182/10).
7. Wirral have been working with a charity called “OnSide” who provide a comprehensive consultancy service in the development of high quality facilities and delivery of young people’s projects. OnSide has its origins in the nationally acclaimed Bolton Lads’ and Girls’ Club, and has now built another 5 successful Youth Zones across the North West.
8. Wirral and OnSide have set up a Shadow Board chaired by John Syvret of Cammell Laird, and includes representatives from Peel, Bibby Shipping, Wirral Borough Council and the Authority. So far, £3m capital funding has been identified, with the results of further bids awaited. The “OnSide” model is to set up a Charitable Company to build, own and manage the Youth Zone (similar to the model for the Firefit Hub).
9. The Shadow Board has consulted with local young people and developed a brand/name for the centre of “The Hive”. The next stage for the project is to conduct a design competition to design a building that meets the needs and aspirations of the local young people. The Shadow Board have asked that the Authority confirm their decision from 2010 to give them enough certainty to feed into that design competition and allow it to proceed.
10. The final transfer of land can only take place to the Charitable Company once this has been set up. It is expected that the transfer would be a long term lease on a “peppercorn” rent, with strict covenants/controls about how the land is used. They would operate as a protection of the Authority’s interest in the land in the unlikely event of a fundamental failure of the Youth Zone project.
11. In recognition of the contribution from the Authority, it is accepted that both organisations would work together to maximise the impact on services for young people and for the site to work as a “campus”. The gym would be branded as “Firefit”. Further details of the partnership opportunities are set out in page 20 of Appendix A to this report. In particular it has been agreed in principle that the company when formed will work with the Authority to deliver Prince’s Trust (and potentially our other youth engagement programmes) in support of the youth zone by utilising its rooms and facilities.

12. The current Business Plan for the Youth Zone is set out in Appendix A.

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**Equality and Diversity Implications**

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13. The location of the Youth Zone has been chosen to maximise services to all young people in Wirral.

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**Staff Implications**

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14. None specifically arising from this report.

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**Legal Implications**

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15. A lease of land would need to be agreed between Wirral Metropolitan Borough Council and the Authority so this is not a donation of land. This can only be achieved once the Company has been set up formally and appropriate applications made to the Charities Commission. The completion of the lease would also only be expected when all other elements of the project are in place (e.g. full funding and agreed operational aspects) In addition a joint venture or partnership agreement may be beneficial to establish how the two organisations can work effectively together to best serve the young people of Wirral.
16. A further report will need to be submitted to Members when the Company and Charitable status has been established for final approval.

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**Financial Implications & Value for Money**

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17. If the Authority chose not to support the project, it might realise a capital receipt from the sale of the land. An independent valuation is being obtained and is attached as appendix C. This valuation indicated that the land is estimated to be worth £250,000 based upon:-
- a Freehold interest in the subject site
  - with the benefit of full vacant possession
  - Planning Permission for Non-food retail and fast-food restaurant/drive-through for development
  - And allowing 9 months for marketing.

Planning permission has not been sought by the Authority at this time.

18. The proposal is based upon transferring the land instead on a 'peppercorn rent' to the charitable company that will run the youth zone

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**Risk Management, Health & Safety, and Environmental Implications**

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19. None specifically arising from this report.

20. The concept of a youth zone is identical to the model that the Authority has developed at Toxteth. Such centres act as hubs for positive interventions with young people and for diversionary activity from antisocial behaviour. The Firefit hub in Toxteth, for example, focuses work in south Liverpool during the mischief night/bonfire night period that has helped reduce the incidence of fire. The close relationship developed with fire crews helps change perceptions of young people, reduce attacks on firefighters and engage with the potential workforce of the future. Agreement in Principle has been reached that a Princes Trust programme will be run from the youth zone.

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## **BACKGROUND PAPERS**

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**CFO/182/10 RESIDUAL LAND RELEASED AS PART OF THE PRIVATE FINANCE INITIATIVE PROJECT** (Previous report on this subject.)

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## **GLOSSARY OF TERMS**

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## **Wirral Youth Zone**

### **Business Plan**

**April 2014**

## **Contents**

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- 2. Organisational Summary**
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## 1. Executive Summary

### Introduction

This document outlines the plans for the development of Wirral Youth Zone, an iconic, 21<sup>st</sup> Century youth facility, located in Birkenhead, which will engage and inspire young people, aged 8-19 (up to 25 for young people with disabilities) from across Wirral by offering access to high quality sports, arts, leisure and recreational activities and targeted support programmes aimed at changing the lives of its members including the most vulnerable and disadvantaged.

The vision for Wirral Youth Zone is 'a world class facility at the heart of the town centre which will allow young people to express themselves and participate in positive activities'.

The project has been identified and driven by local community need and in recognition of decades of under investment in youth provision at a national level.

This document was produced by OnSide Youth Zones in partnership with Wirral Council and Merseyside Fire and Rescue Service (MF&RS) and is the current version of an Operating Business Plan for Wirral Youth Zone, which outlines the pre-development and construction phases, alongside the operation of the facility, the vision, impact and sustainability strategy.

Wirral Youth Zone will provide an opportunity for MF&RS to build on its community work, particularly with local young people, in furtherance of its mission: Safer Stronger Communities – Safe Effective Firefighters.

### Facility Overview

The Youth Zone will offer a universal service providing a wide range of positive, constructive and enjoyable activities to help young people make better use of their leisure time, alongside a range of targeted information, advice and guidance services to help young people deal with the challenges they will face throughout their lives.

The Youth Zone will contain a wide range of facilities including:

- A multi-use 3G outdoor pitch
- A four court indoor sports hall
- A sizeable climbing wall
- Dance studio, martial arts/boxing room, a fully equipped cardio/weights gym
- Café and chill out zone
- A number of adaptable spaces for sports, performing and creative arts and a host of other activities

### Strategic Context

This Business Plan illustrates how Wirral Youth Zone will contribute to addressing local and national strategic priorities. The project is a partnership between OnSide Youth Zones, Wirral Council and Merseyside Fire and Rescue service, the local business community and young people which has gained momentum as a result of the initial development, feasibility and consultation work undertaken by the partners.

More locally, the plan illustrates the alignment between OnSide Youth Zones, Wirral Council and Merseyside Fire and Rescue Service.

The documents outlines the relationships between the organisations and highlights the key partners, stakeholders and beneficiaries of the Youth Zone, its facilities, activities and programmes. The existing relationships will be further strengthened as the Youth Zone progresses towards becoming operational, which will ensure the future growth and sustainability of the facility for generations of young people across the Wirral.

### **Critical Factors for Success**

- Confirmation of the availability of the land for the project by Merseyside Fire and Rescue Authority in accordance with the project timeline and funding requirements
- Acquisition of the total capital funding required to deliver the project

### **Capital Delivery**

There is a robust and comprehensive plan for the design and construction of the Wirral Youth Zone which involves all project partners and will ensure the delivery of a 21<sup>st</sup> century facility finished and equipped to high standards, on time and within a fixed budget.

### **Financial Viability**

The Financial Plan section of the document includes a detailed analysis of the operational expenditure, predicted income and growth of the Youth Zone over a 5 year period.

The financial model is based on the proven successful template used by the existing OnSide Youth Zones network.

The operational costs of the facility will be met annually through local private sector patrons, public sector contributions (Local Authority) and income generated from young people's annual membership fees and payments made per visit. Additional income will be generated through limited an compatible room hire to external organisations and sales of food and beverages from the Youth Zone café.

## **2. Organisational Summary**

OnSide Youth Zones is a registered charity that facilitates the development and delivery of world class Youth Zones, which are a vital resource for young people. Our vision is to provide every town and city in the UK with quality, safe and affordable facilities for young people. OnSide Youth Zones was established in 2008. The charity was the creation of Bill Holroyd CBE, former Chair of Bolton Lads and Girls Club (BLGC) and Jerry Glover MBE who had been the Chief Executive at BLGC for 32 years. During his tenure as Chair, Bill realised that other towns and cities would clearly benefit from a first class facility like Bolton. It was this vision that inspired Bill to develop OnSide and spearhead the roll-out of the Youth Zone 'model' across the region.

To date, OnSide has successfully designed, built and resourced five Youth Zones. The Youth Zones are located in areas specifically selected for their geographical location and strategic reach into disadvantaged communities. The original Bolton Lads & Girls Club (BLGC) has now been joined by the Youth Zones located in Blackburn, Carlisle, Manchester, Oldham and Wigan.

OnSide's plan is to replicate the Youth Zone model in further towns/cities by 2016, as part of a longer term goal to open 20 Youth Zones by 2020 nationally. Wirral and Wolverhampton are planned to open in 2016 with further facilities to follow in Preston, London, Chester and the North East.

### 3. Project Background & Origins

Located in an area of significant social and economic need, it is proposed (subject to the support of the Merseyside Fire and Rescue Authority) that Wirral Youth Zone be built on Exmouth St, Birkenhead adjacent to the new Fire Station and scheduled to open early 2016. Merseyside Fire and Rescue Authority is being asked to donate the land on a 125 year lease without premium and with a peppercorn rent. These are the terms on which the land has been provided for the other OnSide Youth Zones in the network.

Wirral Council are fully committed to the project (having pledged a £2m capital contribution and £400,000 annual revenue contribution); an ideal site has been identified; and a local champion recruited: the Chief Executive of Cammell Laird, John Syvret. The strong progress made in Wirral has enabled us to secure £3.3 million of the total capital required at this stage of development.

Wirral Youth Zone will operate in accordance with OnSide's model of best practice and will be established as an independent charity with John Syvret as its Chair. The charity will be supported by a private sector-led board, strong management team, dedicated and highly qualified team of staff and an army of volunteers who together will ensure the sustainability of the facility for the young people of Wirral.

Some of the key features of our Youth Zones that we intend to replicate at Wirral Youth Zone include:

- Town centre location
- A purpose built facility – constructed and equipped to the highest standards
- A universal service providing a wide range of positive, constructive and enjoyable activities to help young people make better use of their leisure time, alongside a range of targeted information, advice and guidance services to help young people deal with the challenges they will face in their lives
- A service accessible and affordable by all (£5 annual membership & 50p per visit); with a clear focus on disadvantaged groups
- Young people only (never dual use) and fully inclusive – in terms of gender, ethnicity and ability
- Open 7 nights a week until 10pm; all day weekends and school holidays
- Between 2,000 and 3,000 young people visiting each week
- More than 100 active volunteers
- Creation of over 50 paid employment positions
- An active partnership between the council, the fire service, private and voluntary sectors
- A sustainable revenue-funding model requiring only a minority contribution to its running costs from the public sector
- The Youth Zone will be open during the day (outside the core hours for young people) to offer activities around employability and training, which will maximise the benefits of the facility for the wider community

(Further details of the Youth Zone network opening hours and sessions programme are enclosed in Appendix J and K).

The project has been driven by local need for the facility and we have chosen to locate Wirral Youth Zone in Birkenhead because of the high levels of deprivation (Map 1) in the area, although the building will be open to young people from across the peninsula. All of Birkenhead's Lower Super Output Areas (LSOA) are within the bottom 3% most deprived in the country. (Source: Index of Multiple Deprivation 2010).

Wirral Youth Zone will be used by young people drawn from across the peninsula, giving them unprecedented access to state of the art sporting, artistic, recreational, learning and leisure facilities. The Youth Zone will employ a rich staffing resource with skills in employability, enterprise, targeted support and community engagement designed to raise the aspirations of young people.

The Youth Zone will create over 50 new posts, from full time senior management roles through to sessional workers, coaches and operations teams; some key posts include: General Manager, Administration Manager, GM Private Sector, Youth Work Manager (see Appendix E for Job Descriptions). The wider economic benefits will be felt by the construction sector and increased trade to local businesses surrounding the facility.

The timescale for the construction phase of the Youth Zone is 14 months, with a pre and post launch phase either side of this.

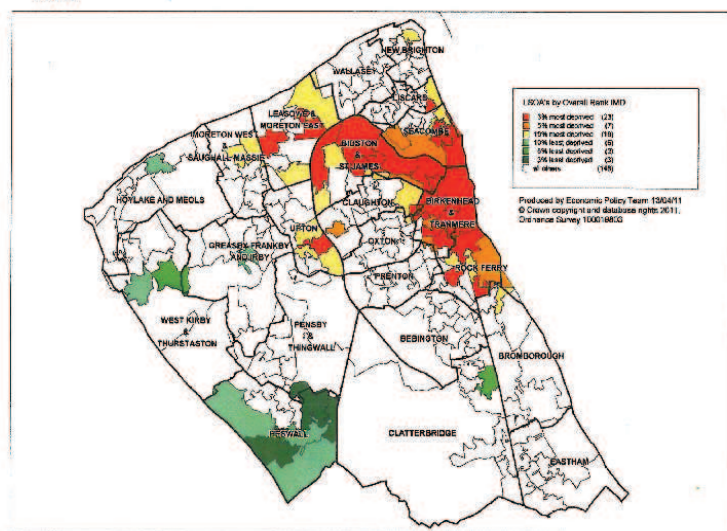
#### 4. Over-Arching Strategic Context

Wirral Youth Zone will have a strategic impact and help to achieve a number of key local and national indicators relating to children and young people, focused around education, employability, crime, health and well-being. The development will have a significant impact upon the following national and local Government policy areas:

- Cabinet Office – Positive About Youth Strategy
- Department for Culture, Media and Sport/Sport England – Youth Sport Strategy – ‘Creating a Sporting Habit for Life’
- Wirral Council - Health and Well-Being Strategy
- Wirral Strategic Partnership – Wirral Sustainable Community Strategy – ‘Wirral 2025 - More Equal, More Prosperous’

The development of Wirral Youth Zone has also taken into consideration the key aims and priorities outlined within Wirral Council's Children and Young People's Plan 2013-16; and will play a significant role in supporting the local authority to achieve key performance targets contained within the plan.

Map 1:



The vision of the Children and Young People's plan is: "To enable Wirral's children, young people and families to access services quickly in order to be secure, healthy, have fun and achieve their full potential." Wirral Youth Zone will assist Wirral Council in delivering the vision by offering comprehensive, accessible, affordable, exciting and high quality youth provision that allows young people to enjoy new experiences and activities that will develop their interests, skills and social networks in a safe environment, which encourages them to adopt lifelong positive behaviours and improve their overall health and well-being; and enables them to achieve their full potential.

A key aspect of Wirral 2025 – the Sustainable Communities Plan focuses on the "Life Chances for Wirral's Children and Young People" and narrowing the socio-economic disparities between young people from the most deprived parts of the borough and those from less disadvantaged areas. Wirral Youth Zone will play a key role in helping to eliminate disparities around employment, health and life expectancy by giving the most vulnerable young people the same advantages as their peers. The Youth Zone will deliver a diverse range of leisure, recreational and developmental activities that will offer new opportunities and experiences, many focused around arts, sports and music that will allow young people to learn, develop their personal and career interests; and become active, contributing citizens who are able to make a difference in their local community.

The Youth Zone will also complement the mission and work of our partner, Merseyside Fire and Rescue Service (MF&RS) in creating Safer Stronger Communities – Safe Effective Firefighters, as the building and activities will offer a positive alternative option for the most disengaged and vulnerable young people. Please refer to section 10 for further details on the partnership with MF&RS.

## **5. Need for a New World Class Youth Facility**

The need for a world class facility for young people in Birkenhead, Wirral is in response to recognition of decades of under investment in youth provision at a national level.

Wirral is an area of sharp contrasts; whilst many residents enjoy a good quality of life, certain parts of the borough experience significant levels of deprivation. Wirral is currently ranked the 60<sup>th</sup> most deprived local authority area in England. This ranking would be worse but for the relative prosperity of the rural areas. Urban areas including Birkenhead and Bidston have some of the highest levels of social and economic deprivation on the peninsula and across England.

Particular areas of severe deprivation include Birkenhead/Tranmere and Bidston/St James wards, which are the 4<sup>th</sup> and 3<sup>rd</sup> most employment deprived areas in England (Source: IMD 2010).

Wirral has the second highest concentration of worklessness in disadvantaged communities in England. 7.7% of young people aged 18-24 are claiming Job Seekers Allowance (JSA) in Wirral compared with 5.9% in the North West and 5.1% in Great Britain respectively (Source: NOMIS, November 2013). Nationally, 15.1% of young people aged 16-18 are not in education, employment or training (NEET), rising in some of the most deprived areas in Wirral to concentrations of 17% (Wirral Economic Profile, September 2013).

In partnership Wirral Council and OnSide have consulted young people in Birkenhead about the plans for the Youth Zone over the last 12 months through the local Youth Development Group. The group are assisting with the branding, building design and communications plan for the facility.

As part of this process a group of 40 young people from Birkenhead visited Wigan Youth Zone, which allowed them to investigate what their building might look like and the type of activities it could offer.

Feedback from the visit was very positive: “When I first heard about the Youth Zone, I was a bit cynical, after seeing it (Wigan) I think young people will travel to use a facility like this”.

Young people informed us that current youth provision isn’t meeting their needs; and agreed that the proposed Youth Zone in Birkenhead will “benefit young people by keeping them off the street, giving them something to look forward to after school, help young people get jobs, meet new people and make friends and learn new skills”.

Our initial investigations have identified clear gaps in provision; and that the needs of the most vulnerable young people in particular are not being met. The Youth Zone model will address these disparities and support Wirral Council in their commitment to improving the lives of young people in the most disadvantaged communities. The project will support the local authority to achieve their key priority for ensuring that young people are involved in shaping local services, as outlined within their Children and Young People’s Plan as this leads to increased participation in youth provision and ultimately within the Youth Zone.

As part of the project development work, OnSide in partnership with Wirral Council have undertaken broader consultation and briefings with young people and local communities across Wirral. Together the partnership is working closely with local youth organisations including Leasowe Community Development Trust and Wirral Metropolitan College; to ensure the most appropriate services are delivered within Wirral Youth Zone; and a joined up and enhanced approach to meeting the needs of all young people across the peninsula.

Youth Zones constitute a unique and proven model, which are vital in supporting young people’s personal development and ensuring they become fully functional members of society. With the decline of other youth facilities and activities across Wirral there is a danger of increasing existing socio-economic problems including anti-social and offending behaviour, substance misuse and unemployment; which will have a negative impact on young people, the local community and the economic regeneration of Birkenhead and the wider Wirral area.

The impact of the constructive use of their leisure time has significant and long-term positive impacts for young people, helping them develop personal and emotional skills including: confidence, aspiration, team-working and social skills. Participation improves relationships with adults, peers, parents and teachers, which translates into other areas of their lives including educational attainment and employment goals; and the ability to realise their personal and career ambitions. This allows the most vulnerable and disengaged young people to experience the same opportunities and advantages as their peers from less deprived backgrounds and lead much more inclusive, healthier and fulfilling lives.



We know there is a demand for Youth Zones and their activities from analysis of the current membership across the existing Youth Zone network. OnSide currently engage with **over 20,000 young people** across North West of England, as illustrated below.

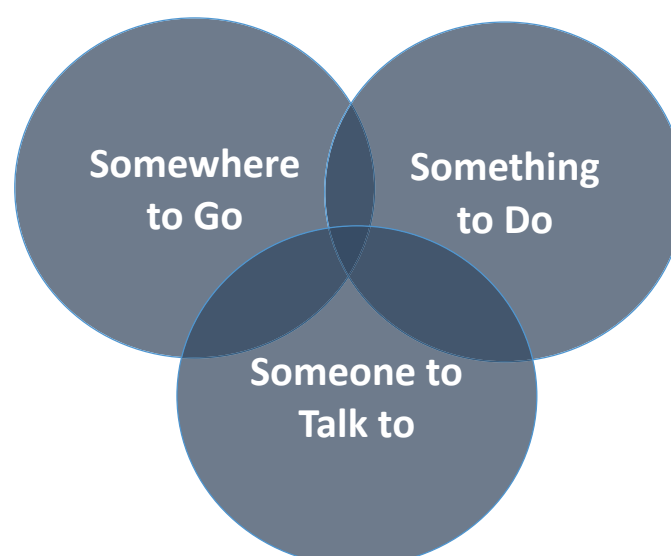
February 14	Date opened	Members	Gender: % female	BME %	Disability declared %	Senior % (13-19 yrs)	Volunteers
Blackburn	Jun 2012	2093	40%	28%	3%	40%	118
Bolton	1889	3949	40%	19%	6%	55%	259
Carlisle	Jun 2011	1304	33%	1%	0%	29%	52
Manchester	Feb 2012	2376	40%	44%	4%	56%	77
Oldham	Mar 2012	2029	43%	27%	10%	38%	167
Wigan	Jun 2013	8254	45%	3%	2%	49%	111
<b>Total (or Average)</b>		<b>20,005</b>	<b>42%</b>	<b>16%</b>	<b>4%</b>	<b>48%</b>	<b>784</b>

The Youth Zone network aims to generate and maintain long-term positive habits (sport, art, education, and lifestyle) and counter the culture that young people in deprived communities may have been born in to. Wirral Youth Zone will deliver employability and enterprise training programmes, which will improve confidence, raise aspirations and enable disadvantaged young people to identify and pursue realistic education and career goals. The Youth Zone will support young people living in Birkenhead and adjacent deprived communities to develop the skills, resilience and networks required to access and sustain quality employment opportunities and thrive as adults.

## 6. Vision

The vision for Wirral Youth Zone is ‘a world class facility at the heart of the town centre which will allow young people to express themselves and participate in positive activities’. Through such a facility, we are ***‘investing in young people . . . . investing in the future’***.

Wirral Youth Zone will provide young people with:



The legacy for Wirral will be an iconic facility, at the heart of the local community, providing a focus for current and future generations of young people.

## 7. The Impact of OnSide Youth Zones

### Membership & participation

As demonstrated in section 5, the OnSide Youth Zone network is currently touching the lives of **20,000 young people** across the North West of England.

Recently, OnSide took part in an extensive analysis exercise, in partnership with Aimia Consulting. This exercise interrogated our membership and participation data across the network in order to reveal significant trends and inform the effectiveness and targeting of our services.

Each site was interrogated in isolation, with results presented on both an individual and aggregated basis.

### The effectiveness of targeting young people from areas of deprivation;

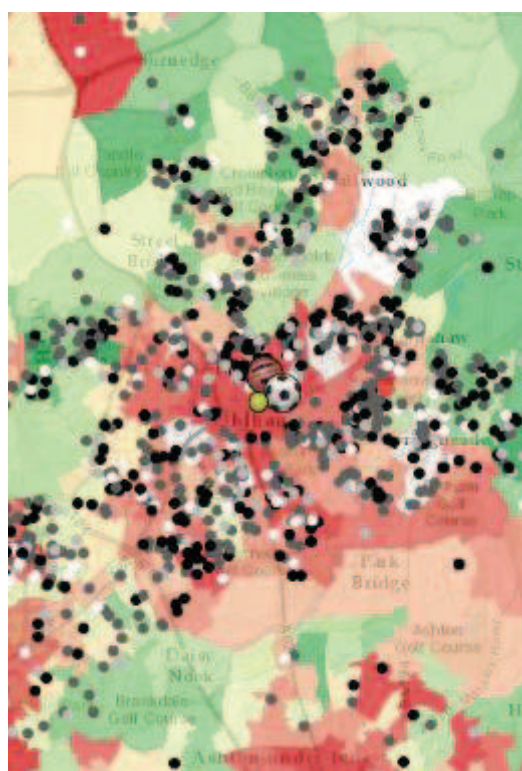
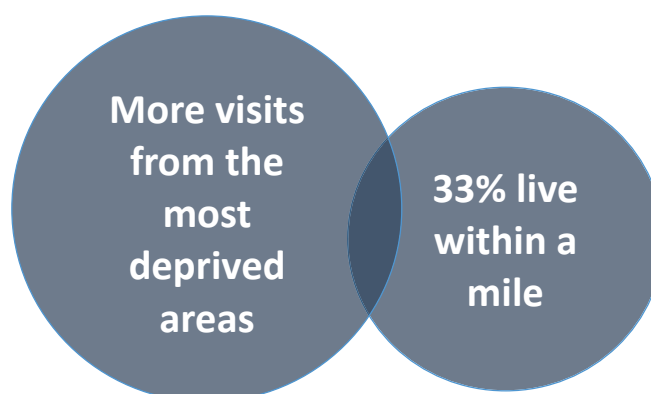


Figure 1: Mahdlo Youth Zone membership distribution

The OnSide Youth Zone network aims to ensure that young people from disadvantaged areas surrounding the Zones are accessing the facility. In order to assess this, we collect and analyse the postcode data; tracking both membership and active participation.

The map here illustrates the distribution of members across the Oldham region (for Mahdlo Youth Zone) which enables us to measure the extent to which a Youth Zone is accessed by young people from deprived areas. This analysis drives action, as the Youth Zone can clearly identify any underrepresented areas and target that area through schools campaigns, local recruitment drives and outreach work.



## The value of our volunteers

Volunteers from the local community support us with an average of two to four hours per week of their time. Last year this added up to over 60,000 hours. Using the Community Development Foundation hourly rate of £11.09, this army of volunteers has provided the Youth Zones with time valued at over £665,000. We currently have 650 active volunteers across the network; and last year saw 57 move into employment as a direct result of volunteering with us.

## Outcomes & Evidence

### MISSION

Our mission is to create a safe, affordable and inspirational place for young people to go to in their leisure time. Once through the door of an OnSide Youth Zone, our programmes and services help develop confident young people who go on to make purposeful decisions about their own lives.

### SERVICES

#### General services for all

An OnSide Youth Zone is open to all young people in the area. Everyone can access a range of many different activities including sports, arts and music. Providing a safe and inspirational place for young people to go is simply and intuitively a good idea. An OnSide Youth Zone provides this in deprived areas of the country, where often the alternative for the young people is simply spending evenings on the streets or being isolated in their bedrooms surfing the internet. Taking an average session attendance of two hours, **Youth Zones have taken young people 'off the streets' and engaged in positive activity for over one million hours.**

#### Targeted support and programs

Within each Youth Zone there are programmes that target young people in need and provide leadership opportunities, volunteering opportunities, enterprise, and help finding a job. Details of these programmes are summarised below.

### OUTCOMES

#### Outcomes for the Community

- At a recent meeting, three members of the Harpurhey Police Community Support Officer team confirmed that since the OnSide Youth Zone in Manchester ('The Factory') opened there had been a **dramatic reduction in calls for police to attend incidents of arson attacks**, stone throwing, jumping on cars, etc., on Friday and Saturday nights in the area. We are currently implementing a pilot project in Mahdlo Youth Zone with a focus on impact measurement. The purpose of this project is to measure the impact of participation at a Youth Zone on a young person's aspirations, outcomes and life experience. Upon successful completion the project will be rolled out across the network, providing us with further scope to systematically collect and analyse external crime statistics to corroborate verbal reports such as these, and quantify the impact of the Youth Zones on youth crime.
- Superintendent Vanessa Jardine, North Manchester Police Division, recently stated, in relation to The Factory Youth Zone in Harpurhey, that "The Factory is a fantastic place for young people. Policing is all about community. The Factory is a community for young people and so we are in effect actually giving the money to policing".
- Blackburn Town Centre Sergeant, Nick Everett, has reported that anti-social behaviour has markedly decreased in and around the town centre as a result of the Youth Zone and partnership working around individual young people known to them. He also commended the impact of our detached programme on engaging young people who spend their time on the streets of the town centre.

- In summer 2012, Tim Forber, the Chief Superintendent Divisional Commander for Oldham, reported that the opening of the Youth Zone in Oldham (Mahdlo) had impacted on the quarterly year-on-year statistics for the borough where anti-social behaviour involving young people had dropped by 30% and young people being victims of street crime had dropped by 40%.

### Outcomes for Individuals

Young people coming through the door of a Youth Zone is, of course, a vital pre-requisite for having an impact on their lives and delivering outcomes for them. We currently measure a core set of attendance, profile and frequency data to ensure we know that the Youth Zone is a place that young people want to come to. This enables each Youth Zone to identify operational improvements and review their performance over time. OnSide draws this data together to create a collective dataset of all Youth Zone activity. This enables each Youth Zone to benchmark itself against other Youth Zones. Core data consists of:

1. Demographic data (age, gender, post code)
2. Attendance (numbers, regularity, frequency)
3. Popularity / Frequency of specific programmes and activities

Once through the door, we must deliver services that are beneficial for young people, and to understand how this happens we are articulating a Theory of Change for the OnSide Youth Zones, which will allow us to measure key elements of the model that represent important **short, interim and long term outcomes** for young people. Some of these outcomes are delivered through the general provision of services and others are delivered by targeted programmes.

### Universal activity programme

OnSide Youth Zones deliver a universal activity programme which ensures that all young people feel safe, welcome and equal. All activity is based around the philosophy of 'how can we make tonight better than last night' and we commit to deliver:

- 20 inspiring activities each session, including sports, arts and personal development
- Buildings that create interest: whose internal connectivity encourages young people to get involved in new activities
- Paid workers who are experts in their field and supported by an 'army' of volunteers
- A 'try, train, team' approach to sports and the arts – barriers to accessing new sporting and arts based activities are removed; all the kit and instruction is provided by the Youth Zones, meaning young people can step in to try new activities without any previous knowledge or experience
- Residential and other off site trips to boost confidence and broaden horizons

Universal inclusive provision delivered through the Youth Zone environment creates a safe atmosphere, which cultivates positive relationships, engages young people in an active lifestyles; and generates new skills and positive relationships with peers and staff. This environment *increases* positive outcomes for each young person engaged with a youth zone.

All young people are welcome at our Youth Zones, regardless of gender, ability, faith or ethnicity. Our approach includes outreach in local communities to identify and engage young people and the removal of financial or physical barriers to participation, for example Wigan Youth Zone has brokered a partnership with a local coach company to transport young people from the furthest parts of the borough to and from the facility.

## Targeted Programmes

OnSide Youth Zones each operate specialist sessions targeting identified areas of real need within their surrounding communities.

Since opening, the Youth Zones have impacted the lives of young people						
<b>Blackburn</b>	Health related projects: 86	Sexual exploitation work: 556 contacts	Looked after children: 81	Targeted young people in troubled families: 20	Young Leaders programme: 40	YZ on the street programme: 30
<b>Bolton</b>	Health related projects: 941	Accredited outcomes: 277	Mentoring: 223	Enterprise & Employability: 597	Young Carers 54	Outreach programme: 1075
<b>Carlisle</b>	Health related projects: 360	Inclusion project: 223	Residential off site breaks: 219	Enterprise & Employability: 350	Peer system vulnerable young people: 27	Referrals received from the CJS: 6
<b>Manchester</b>	Health related projects: 288	Inclusion project: 167	Looked after children: 35	Enterprise & Employability: 94	Young Leaders programme: 35	Mentoring: 43
<b>Oldham</b>	Health related projects: 410	Structured counselling: 62	Looked after children: 55	Enterprise & Employability: 40	Young Leaders programme: 44	Outreach programme: 235
<b>Wigan (open 3 months)</b>	Health related projects: 382	Off site activities for YDP: 45	Looked after children: 22	Enterprise & Employability: 309	Informal learning: 168	Conversion via outreach work: 148

### The aim of targeted programmes within OnSide Youth Zones

- The core aim of the Young Leaders Programme is to maximise the potential of young people via a volunteering programme. Volunteering acts as a mechanism to develop knowledge, experiences and enthusiasm for work and community contribution. Currently 119 young people are trained as Young Leaders. This is an on-going project across the Youth Zone network.
- Within the Enterprise Programme an on-site specialist Youth Worker helps older members understand their barriers to work and overcome them, with the ultimate aim of securing sustainable employment: almost 700 young people have been reached through this programme to date and it is set to expand further with the benefit of a recent Accenture grant.
- Outreach/street sessions are undertaken on key evenings across the region, engaging with young people who choose to use their leisure time less constructively. This type of targeted outreach sees 60% of young people engaged go on to become members of their local Youth Zone.
- Mentoring is one-to-one support for young people in need, matched with a fully trained adult volunteer. Over a period of a year they work together to deal with the issue the young person has, which can range from non-attendance at school, family breakdown, self-abuse or abuse by others, isolation and bullying. It can be a very powerful experience for the young person, working with someone who is not paid to be in their life. Referrals come from a variety of sources including the police, social services, and health and youth workers.
- Residential and off-site programmes operate at all Youth Zones. Young people who have not previously stayed away from home or have never left their town, are the target attendees. The

trips also provide members with an opportunity to take part in challenging activities they would not normally have the chance to do such as abseiling, canoeing and ghyll scrambling.

- Health related projects include body image, nutrition as part of gym-based fitness programme, chlamydia screening, drugs and alcohol awareness, sexual health and contraception, and weight loss programmes.

### **Inclusion**

- Youth Zones actively promote true inclusion of young disabled people with their able bodied peers. At one Youth Zone in particular 95% of inclusion members feel confident enough to attend the mainstream sessions.
- With over 500 members reporting a registered disability, the OnSide Youth Zone network is the only youth organisation operating a 7-night a week service to young people with disabilities, with evening and all weekend specialist support for the young people, and respite care for families when they need it.
- Recently OnSide successfully secured a co-funded project from the Big Lottery Fund/St. James Place Foundation. Utilising this grant, with a value of £1.3m, OnSide Youth Zones will undertake a ground-breaking activity programme with young disabled people. This will extend our innovative approach in delivering sports and arts based activities daily, to young people with moderate to severe disabilities, held right at the centre of a mainstream environment.

## **8. Capital Delivery**

### **The Choice of Development Site**

OnSide Youth Zones provide flagship facilities for young people in prominent positions in the heart of town and city centres. They are landmark buildings which make strong visual statements and are finished to a high internal specification, with the best equipment, and a clear focus on the quality of the environment and facilities. The Youth Zone buildings offer a wide range of sporting, artistic, cultural, physical and recreational activities for young people. They are accessible for all and open long hours every day of the year. Based on the successful operation of OnSide's existing Youth Zones (and the unsuccessful operation of badly sited facilities elsewhere), we apply the following three major criteria in terms of location:

#### **1. Neutrality**

A significant feature of the success of the OnSide Youth Zones is their location in town or city centres. This is considered 'neutral ground' by the large numbers of young people using the facilities every week. Locating a Youth Zone outside the town or city centre risks it being viewed as 'on someone else's patch', making it potentially popular with young people in the locality but completely inaccessible to others. By contrast a central location does not bring any of the territorial issues that can hinder positive engagement in less central locations.

#### **2. Accessibility**

Youth Zones are for all children and young people of the town and surrounding areas. There will however be a focus on engaging disadvantaged young people and it is vital that young people should be able to get there very easily by foot and/or by public transport. A substantial majority of participants, either walk to the Youth Zones or take the bus. A good site has safe pedestrian access and proximity to central public transport stations and/or multiple destination stops.

#### **3. Prominence**

The ambition is to build a world-class facility for children and young people. The prominence of the site not only affects participation; by everyone knowing where it is but it also makes an important statement to young people that they are valuable members of the community. This



also goes some way in redressing the historic imbalance in investment in facilities for adults and young people.

In short, the search is always for an available, safe, affordable site which meets these above criteria and which will, with the right building, facilities and staff, support the participation of the largest possible number of young people, especially those from disadvantaged areas. A detailed site options appraisal and scoring matrix is likely to form one of the documents accompanying the future application for planning consent but in short, the Exmouth Street site in Birkenhead represents an excellent location for a youth facility of the type envisaged.

### **Extent of the Development Site**

There are currently two options for the area of land on which Wirral Youth Zone will be built, with both being dependent on the support of Merseyside Fire & Rescue Authority and the availability of its land.

1. Ideally the Youth Zone would be designed to make best use of the 'L-shaped' plot of land (measuring approximately 4,600m<sup>2</sup>) fronting Exmouth Street and close to its junction with Claughton Road in the heart of Birkenhead's town centre. That site is currently owned in part (approximately 2,800m<sup>2</sup>) by Merseyside Fire & Rescue Authority ("the MF&RA plot") and in the remainder (approximately 1,800m<sup>2</sup>) by North West Ambulance Service NHS Trust ("the NWAS plot"). Merseyside Fire & Rescue Service has of course been significantly involved in, and supportive of, the Wirral Youth Zone project in its intended location (which would involve the area of its land which is now surplus to requirements following the construction of the new community fire station). In contrast, North West Ambulance Service has only relatively recently rationalised its operational accommodation strategy and moved into the fire station thereby throwing up the possibility of the NWAS plot being available to the Youth Zone project. Currently a definitive decision by the Ambulance Service Trust as to whether it will 'donate' the NWAS plot is awaited.
2. If the NWAS plot is not made available on affordable terms (i.e. a 125 year lease without premium and at a peppercorn rent) then it is intended to design the Youth Zone building to make optimum use of the MF&RA plot in isolation.

Option 1 (with the addition of the NWAS plot) would be preferable since it would make a total available site of about 4,600m<sup>2</sup> (roughly the size of the plot of The Factory Youth Zone in Manchester). It would also allow for the construction of two kick pitches and provide a modest external recreation area. The building could also be reduced to two storeys, something that makes the visual connectivity and accessibility of all of the activities for the young people stronger. However OnSide has developed effective Youth Zones on plots as small as 1,850m<sup>2</sup> and we are entirely confident that an exciting, linear design can be achieved on the MF&RA plot alone to support a very successful facility for the young people of the Wirral.

### **Design**

Once the extent of the available development land has been confirmed it is intended to run a design competition in line with similar processes in relation to the design of the Youth Zone buildings in Manchester, Wigan and Wolverhampton. The participants are expected to include a mix of local Wirral-based Architects, Architects who have been involved in early feasibility work on the project and Architects with prior experience of the design of youth facilities in line with the OnSide model.

Attached as Appendix B is a generic competition design brief for an OnSide Youth Zone and this will be refined and developed in close consultation with Merseyside Fire & Rescue Service (and other project partners) to ensure that the brief is entirely appropriate for the locality and reflective of the expectations of partners and funders. A representative of the Fire Authority also will be invited to participate in the judging of competition entries.

### **Accommodation and Facilities Proposed**

The proposed accommodation and facilities are described, in general terms, in the generic design brief attached. They reflect the successes (and relative failures) in the design and operation of existing Youth Zones in the OnSide network from the original nationally-recognised model, Bolton Lads & Girls Club, through to the latest facility to open, Wigan Youth Zone. In turn, those designs (and more recent modifications to the design brief) reflect the preferences and aspirations of the Young People's Development Groups and other stakeholders involved in each project.

The accommodation proposed will support a universal service with a very wide range of sporting, artistic and cultural activities alongside the ancillary support and targeted information advice and guidance projects, which are described elsewhere in this document.

### **Extent of the Building Works to be Undertaken**

The extent of works will only be defined as the design is developed but it is anticipated that the building will have a gross internal floor area of between 2,000m<sup>2</sup> and 2,500m<sup>2</sup> on two floors (possibly with limited administrative accommodation on a third floor). External development will include one floodlit multi-use games area (or two such areas if the NWAS plot is made available) together with imaginative and attractive treatment of any remaining land for external 'play'. There will also be some nearby provision (acceptable to the Highway Authority) for a lay-by or drop-off zone to accommodate the limited vehicle movements associated with the Youth Zone's operation.

The nature and method of construction will of course be determined by the professional team's recommendation but typically an appropriate foundation solution will support a steel superstructure with an attractive envelope (sympathetic to nearby buildings) being comprised of a mix of masonry, rainscreen cladding and fenestration. A mixture of floor finishes will be employed to suit the needs of different activities in different areas. Internal wall and ceiling finishes will reflect a balance between practicality and economy to ensure robustness and application of funds to the best advantage of the young people. The building will be served by a variety of mechanical and electrical installations designed to combine (subject to budget constraints) maximum performance and ongoing maintainability with environmental sustainability.

### **Cost Information**

The total costs will of course depend on design but will be limited to the project budget which has yet to be definitively determined but which is likely to fall between £5 million and £6 million.

It is expected, in order to maximise benefit from the fixed project budget, to apply to HMRC for approval of the issue of a certificate to the appointed contractor for zero VAT rating of the construction services under Group 5 of Schedule 8 of the Value Added Tax Act 1994 on the basis that the building is intended for use solely for "a relevant charitable purpose".

### **Terms of Land Ownership**

The current landowners are asked to lease the land to the new operating charity, Wirral Youth Zone without premium for a term of 125 years at a peppercorn rent. There have been early discussions to agree this in principle but the parties' respective legal advisors will need to negotiate terms which are considered appropriate to make the land available without cost whilst protecting the landowner's interests in the unlikely event of inappropriate use or project failure. Such terms are likely to include:

- A term of 125 years
- No premium and a peppercorn rent
- No break clauses



- Suitably strict and limited user clauses (linked to forfeiture provisions) to ensure there is no material deviation from the original intended charitable use
- Possibly step-in rights for major funders including Wirral Council and The OnSide Foundation.

### **Programme**

Detailed project development and construction programmes will of course be prepared as soon as the first critical path milestones (i.e. confirmation of the extent of land available and the project budget) are reached. It is hoped that confirmation of availability of the MF&RA plot will be received by 30<sup>th</sup> May 2014. Following that a maximum period of another month is suggested for assessment of the likelihood of availability of the NWAS plot after which a design brief will be prepared based on the development land then confirmed as available.

Based on these triggers, no extraordinary complications in the planning process or extreme abnormalities in ground conditions or design requirements, and an expected construction period between 50 and 58 weeks, Wirral Youth Zone would be 'open for business' in early 2016.

### **Project Team**

A suitably strong multi-disciplinary project design team will be appointed to ensure the successful delivery of the capital project. Appointments will follow a competitive selection process based on a combination of fee level and experience/suitability.

### **Contractor Procurement**

Although the precise method of procurement will be determined (in consultation with project partners) in due course there are currently the following expectations.

OnSide has experience managing and/or supporting the management of a wide range of contracts from those let after full compliance with the OJEU (Official Journal of the European Community) process through to those let after negotiated tenders. Current capital funding proposals make it unlikely that the contract need be governed by UK or European Public Procurement Rules so the most likely method of procurement of the contractor will be two-stage competitive tender by a carefully selected list (probably not exceeding six in number) of invited contractors.

It is expected that the form of contract will be the standard JCT Design & Build contract with suitable amendments incorporating contractor compliance with detailed technical requirements and advanced design information whilst passing design risk to the contractor. This form of procurement, coupled with strict change control procedures has proved highly effective in achieving the expected quality within the fixed budget.

### **Project Management Strategy & Procedure**

A suitably experienced and qualified Construction Consultant or Project Management Surveyor will be employed to lead, coordinate and manage the design team. An additional high-level layer of project management will also be provided by OnSide's Deputy Chief Executive, acting in a 'developer role' and/or 'informed client'. This will provide an additional layer of protection of the project aims and aspirations and will not replace or override the professional team's roles or the Project Manager's responsibility to ensure full coordination of the team to realise the Client Brief.

The Project Manager (supported by OnSide's Deputy Chief Executive) will:-

- Be the single point of responsibility for delivery
- Provide specialist market knowledge

- Provide management expertise backed by sound commercial awareness
- Provide an informed approach to team selection and management
- Execute robust systems and processes which achieve desired results
- Focus on managing risk and delivering value
- Pro-actively respond to problem solving
- Provide expertise based on experience
- Provide regular reports and feedback
- Provide monitoring of quality, time and cost
- Make it happen!

Reporting structures, responsibilities and design team coordination will be in line with a **Project Execution Plan** which will be tailored for the project at the appropriate stage.

### **Risk Management**

The Project Manager (supported by OnSide) will prepare, monitor and regularly update a comprehensive risk register. A specimen register (combining risks from both capital delivery and business planning) is attached as appendix D.

## **9. Project Delivery**

### **The Delivery Vehicle**

In common with all Youth Zones in the OnSide network, Wirral Youth Zone will be owned and operated by an independent charitable company which is currently being incorporated and registered. This local ownership is an important principle and it makes an invaluable contribution to the community's sense of belonging and responsibility leading, in turn to stronger sustainability. Local 'ownership' strengthens the involvement of local businesses and delivery partners whilst affiliation to the OnSide network of Youth Zones opens opportunities for regional funding bids and provides substantial benefits in relation to sharing best practice.

When people in Bolton are asked, at random, what they know of Bolton Lads & Girls Club very few, if any, will report being unaware of the Club and its work. This is the sort of local awareness and pride being cultivated in relation to all Youth Zones in the OnSide network.

The objects of Wirral Youth Zone (taken from its draft Memorandum of Association) are:

“to help and educate children and young people resident in Wirral and Merseyside through their leisure time activities by promoting their full physical and spiritual potential in order that they may grow to full maturity as individuals and members of society and that their conditions of life may improve”

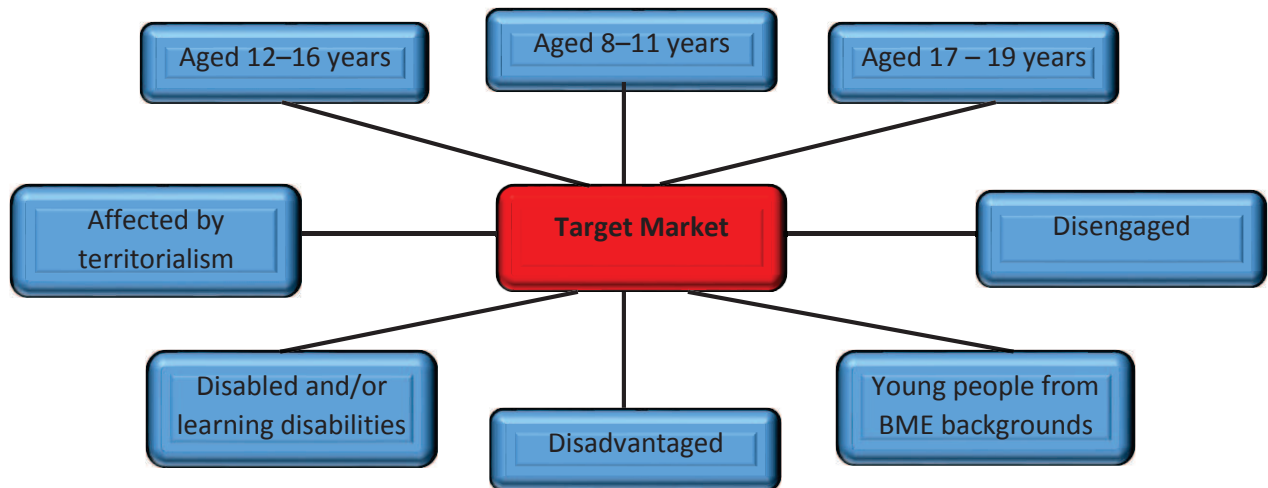
These objects mirror those of the other Youth Zones in the OnSide network and have been agreed with the Charity Commission as a concise statement of the over-arching aspiration and satisfying the 'public benefit' requirement. A copy of the Memorandum and Articles of Association for Wirral Youth Zone is attached as Appendix A. The subscribers to the Memorandum are John Syvret CBE, Councillor Phil Davies and Peter Bibby. Additional trustees will be recruited and appointed (to undertake defined roles and responsibilities) as the development of the project continues and the operational phase approaches. A representative of Merseyside Fire and Rescue Service will always be invited to attend.

The local steering group/shadow board in Wirral have been instrumental in providing strategic direction to the development phase of the project. In order to capitalise on the expertise available

within the group, there will be an opportunity for individuals to become members of Wirral Youth Zone Board.

### Principles of Delivery

Wirral Youth Zone will provide a universal service, coupled with a responsive series of targeted information, advice and guidance projects and programmes, to a wide range of children and young people, including the following categories:



All activities and services provided by the Youth Zone will be delivered by a wide range of expert, experienced and highly qualified staff. In addition the Youth Zone will also utilise the expertise and specialist knowledge and support offered by external partners/providers to ensure a coordinated approach to delivering the extensive universal service and targeted programme offer.

In line with the principles of best practice, equality and diversity will be at the heart of the Youth Zone and embedded within all activities and services delivered within the facility.



### Youth Zone Development and Young Peoples Involvement

Young people choose to come to the Youth Zone; it is their place. In order for a Youth Zone to succeed and flourish it must be owned by them and represent what they want.

We are committed to involving young people in as much of the development of a new Youth Zone as possible. At the earliest stages of the project OnSide works with the local team to create a Young People's Development Group, bringing together as wide a range of young people as possible. Over time and with the support of the OnSide Young People's Participation Manager, the group is able to help the project be the best it can be, for all the young people of that town or city. They have input into, or in some cases total control over, some key aspects of the project.

These include:

- The name of the Youth Zone
- The brand identity of the Youth Zone including the logo
- The needs of young people in terms of transportation to and from the Youth Zone
- Fundraising for the Youth Zone
- The interior design of the main recreation area
- The activities they wish to see taking place in the Youth Zone
- How the new Youth Zone communicates with young people of the town or city in the run up to the opening

### **Getting to the Youth Zone**

In considering the location of all our Youth Zones we ensure that all barriers to accessing the facilities are removed, which includes transportation. The majority of our Youth Zone members are able to access the facilities by foot, bicycle or public transport, however some of our Youth Zone members have experienced logistical issues, which has meant that they are unable to travel to and access the facilities. In response to this our Youth Zones in Blackburn and Carlisle negotiated deals with local bus companies, which means that transportation is no longer a barrier for young people.

### **Fundraising**

Prior to opening, OnSide raises the first three years private sector revenue for the Youth Zone. Young people play an important part in this campaign; explaining what having a Youth Zone means to them, getting involved in hosting tours of other Youth Zones, and preparing meals with local chefs as part of an evening visit by potential private sector patrons to Youth Zones ahead of that all-important 'ask'.

### **Interior Design**

Young people are asked to make suggestions as to what the interior of the main recreation area should look like. For example, in the Preston design they have requested the cafe to be near the entrance of the Youth Zone and have a 'Starbucks' feel to it with booths, giving the area a more adult atmosphere.

### **The Programme**

The activities in the Youth Zone need to reflect what the young people want. Through the Young People's Development Group and culture of ongoing consultation, locally popular activities are designed into the programme. For example, at Wigan they have wrestling sessions as it is a popular local sport.

## **10. Partnership Delivery**

All Youth Zones in the OnSide network represent strong four-way partnerships between:

- a) The Council;
- b) The local business community;
- c) Young people; and
- d) OnSide Youth Zones

The contributions of these project partners are supplemented by a wide range of local delivery partners and stakeholders. These vary from one project to another and are responsive to need, availability and opportunity. They include:

- i. NHS Trusts and providers of primary care;
- ii. Providers of social housing;
- iii. Social Services;
- iv. Child and adolescent mental health services;
- v. Youth Offending Teams;
- vi. Police;
- vii. Specialist sports and arts organisations;
- viii. Contributors to the existing local 'youth offer'; and
- ix. A range of local third sector organisations already providing targeted support to young people.

Wirral Youth Zone offers an opportunity, which would be unique in the current OnSide network, of working closely with the Merseyside Fire & Rescue Service.

### **The Partnership with Merseyside Fire and Rescue Service ("MF&RS").**

We are aware of the lead role played by MF&RS in the Toxteth Firefit Hub, a state of the art centre that provides world class facilities for young people across the city of Liverpool and believe that Wirral Youth Zone will provide an opportunity for MF&RS to build on its community work, especially that with local young people, in furtherance of its mission: Safer Stronger Communities – Safe Effective Firefighters.

Wirral Youth Zone will necessarily be quite different from Toxteth Firefit Hub in that the adjoining Community Fire Station is structurally complete and already operating, physical links with it are impractical and the Youth Zone must meet the criteria and requirements of the other project partners. Similarly, whilst designers in the architectural competition will be encouraged to suggest external treatment to the Youth Zone building which is sympathetic to the Fire Station, it is crucial that the Youth Zone is very clearly distinguishable in appearance, very attractive to young people and that it 'shouts' the brand and brand values produced and identified by the young people. Notwithstanding these essential differences, the Youth Zone will offer unrivalled opportunities for joint working with MF&RS. These will include:

- Branding opportunities for MF&RS, such as the fitness suite or other sports facilities being 'Firefit' zones.
- Some targeted joint use of facilities, perhaps:
  - Older Youth Zone members with a particular interest in fitness training being encouraged in their development by enjoying pre-arranged sessions in the Fire Station fitness suite under the coaching of MF&RS staff; or
  - MF&RS staff enjoying use of some of the Youth Zone facilities (e.g. training or sporting facilities) when not in use by the Youth Zone members.
- Involvement of firefighters and other MF&RS staff in employability and enterprise projects in the Youth Zone.
- Volunteering opportunities for firefighters and other colleagues in the Youth Zone; they will of course make fantastic role models for the members.
- Opportunities to work closely with the MF&RS Youth Engagement Team and for its 'Beacon' project to be rolled out to Wirral Youth Zone members.
- The chance for Wirral Youth Zone staff and members to enjoy the benefits of involvement in,

the hugely successful Prince's Trust scheme.

- Joint delivery with Wirral Fire Cadets, based at Wallasey Fire Station and opportunities for the opportunities for membership of Wirral Fire Cadets to be 'advertised' to a wider audience in the Youth Zone.
- The chance for MF&RS staff to improve young people's knowledge and practice in relation to fire safety and their personal wellbeing; and improve the image of MF&RS amongst young people across Wirral.
- The chance to meet large numbers of young people, build positive relationships with them and educate them in;
  - the negative effects on community safety arising from abuse of and attacks on fire service staff and equipment and making false emergency calls; and
  - the dangers associated with inappropriate behaviour around Bonfire and Mischief Nights.
- Opportunities for Youth Zone members to have guided tours of the fire station (possibly even work experience there) to get a better understanding of the work of the fire service and to meet its future recruitment requirements.

Whilst it is perhaps unlikely that other future OnSide Youth Zones will be developed on redundant Fire Authority land, it is hoped that many aspects of the Wirral model, in terms of effective joint working between a Youth Zone and Fire Service can be replicated across the growing OnSide network.

## **11. Financial Planning**

The financial plan below is displayed in detail in Appendix C, supported by an organisational chart in Appendix H. The costs are based on evidenced data gleaned from existing operations, using staffing structures which are most effective in delivery.

We have already secured over 50% of the capital funding required, through contributions from Wirral Council who have committed £2m, the OnSide Foundation, £1m and Bibby Line Group who have committed £300k to the project.

Given that we expect the capital elements of the building will be fully resourced at launch date, this provides a secure and sustainable environment in which to operate. The most significant element of the revenue costs (around 77%) are attributed to the staffing resource required to offer the highest quality offering, worthy of the world class facility.

### **Highlights**

- A sensitivity analysis is provided in the attached financial plan, demonstrating the effects of a drop (or increase) in membership fees and participation levels.
- Grants & Trusts income reflects a zero base – generally grants secured in the early stages of the Youth Zone life cycle are likely to be for additional services (therefore also attracting the a similar level of expense). However, this is a prudent budget and we would hope that the Youth Zone would secure external income to support core services too.
- Staffing costs open at £822k, this include all core and holiday teams but excludes 'additional' roles such as Outreach and Mentoring Co-ordinator would only be recruited following a successful grant award.
- Private sector income assumes that any initial patrons (who choose not to renew their 3 year initial commitment) are replaced by new patrons on a roll-on, roll off basis.

Business Plan: Wirral Youth Zone					KEY DATA
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Membership Fees	15,000	15,000	15,450	15,914	16,232
Senior Club Session	45,500	45,500	46,865	48,271	49,236
Junior Club Session	13,000	13,000	13,390	13,792	14,068
Holiday Sessions	52,080	65,100	67,053	69,065	70,446
Secondary Spend	72,878	85,739	90,026	92,727	94,581
Private Sector Income	516,750	530,000	545,900	556,818	567,954
Trusts, Grants & Foundations*	0	0	0	0	0
Public Sector Contribution	400,000	400,000	400,000	400,000	400,000
Fundraising Events (Shown as Net Income)	40,000	40,000	40,800	41,616	42,448
Facility Hire	6,000	6,000	6,180	6,304	6,430
Off Site Activities Contributions	10,000	10,000	10,300	10,506	10,716
Trips & Residentials Contributions	8,000	8,000	8,240	8,405	8,573
<b>TOTAL INCOME</b>	<b>1,179,208</b>	<b>1,218,339</b>	<b>1,244,204</b>	<b>1,263,416</b>	<b>1,280,684</b>
Staffing Costs	822,995	822,995	839,455	856,244	873,369
Premises Costs	99,600	124,350	128,370	132,557	136,919
Management Costs	63,958	60,958	62,277	63,636	65,035
Delivery Costs	106,017	106,017	108,138	110,300	112,506
Contingency	10,926	11,143	11,382	11,627	11,878
<b>TOTAL EXPENDITURE</b>	<b>1,103,496</b>	<b>1,125,464</b>	<b>1,149,622</b>	<b>1,174,364</b>	<b>1,199,708</b>
<b>SURPLUS/(DEFICIT)</b>	<b>75,712</b>	<b>92,875</b>	<b>94,582</b>	<b>89,051</b>	<b>80,977</b>

## 12. Risk Analysis

There are two main risks to the successful implementation of the project:

- Confirmation of the availability of the land; and
- The capital funding gap

We are optimistic that the availability of the land will be confirmed shortly as we have developed a strong partnership with Merseyside Fire and Rescue Service, and we hope the authority will approve the proposal to make the land available to the Wirral Youth Zone project.

We require confirmation of the availability of the land by 31 May 2014 to meet the project timeline in accordance with funding requirements.

In terms of the capital funding gap, we have already secured over 50% of the total funding required and currently have applications pending with Sport England and the FA & Premier League; and we are also in discussion with a number of key local companies, which together if successful will close the funding gap.

As mentioned in section 8 above, a specimen risk register for this type of project is included as Appendix D.



### 13. Marketing & Communications Strategy

Important to the Youth Zone's success will be the ability to fully communicate its offer and the benefits to all target audiences. The aim will be to inform, engage, converse and collaborate with audiences to:

- Support the ongoing successful fundraising/development strategy so that Wirral Youth Zone is best placed to reach its funding targets, both now and in the future
- Support the dissemination of positive messages about Wirral Youth Zone to other external stakeholders in the local community with a view to creating a positive reputation for Wirral Youth Zone and informing development of its service provision
- Engage the local community and stakeholders (including young people) in a structured approach to manage expectations for the Youth Zone
- Develop relationships with young people from the city and surrounding areas to build involvement and influence for the wider community of young people

As we move towards the opening phase in Year Zero, communications activity should also then be focused on the development of a communications platform/infrastructure ready to pass over ownership to Wirral Youth Zone staff of all day-to-day communications activity.

A copy of the Tactical Communications Plan for Wirral Youth Zone is enclosed in Appendix I. An extract from the Wirral Youth Zone Logo Presentation can be found in Appendix G.

We have also enclosed a copy of the OnSide Manifesto, which outlines our organisation's commitment to extend the Youth Zone network across the UK in order to reach more young people. A copy of the manifesto can be found in Appendix F.

#### **Promoting Wirral as a region which invests in its young people**

There are many PR opportunities for Wirral Youth Zone as it moves towards a live project. From the pre-build phase through to the opening; announcing the project, identifying the site, the building design being unveiled, young people submitting the planning application, young people designing the brands and deciding the name of the Youth Zone, the building work commencing, the partnerships with the Council and Fire Service, the business community coming together to support the young people of the town or city, 100 day countdown to opening, and perhaps a VIP opening;



# Prime Minister opens Youth Zone

## Cameron tours £6.3m centre

**By GREG FARRIMOND**  
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**WIGAN Youth Zone has been officially opened by the Prime Minister, David Cameron.**

The £6.3m facility has been up and running for more than two months now and has already trebled its annual membership target in that time.

The project was the brainchild of local businessmen Dave Whelan, Martin Ainscough and Bill Ainscough, who all played a huge part in the funding.

A grant of £118,290 from the Premier League/PFA Community Fund over the next three years has been awarded to allow the appointment of a new football officer and coaches from Wigan Athletic Community Trust to organise football activities for 8-21-year-olds in the evening during the week, monthly football competitions, football camps during school holidays and weekend football and sports festivals.

The Prime Minister was given a guided tour of the Youth Zone and told the young people, youth workers and sponsors present: "I have to say that visiting this extraordinary club is one of the proudest days I've had as Prime Minister."

"To be here to actually see this facility open gives me a tremendous amount of pride. It is a great day for Wigan who can now say they have the biggest youth club in the country."

One of the main sources of income which will keep Wigan Youth Zone open is the funding it gets from the general public.

As a registered charity, it will rely hugely on public donations. Anyone who has an idea for a fund-raising event, or would like to volunteer in supporting these, is asked to get in touch with Simon Baker by emailing [simon.baker@wiganyouthzone.org](mailto:simon.baker@wiganyouthzone.org).

**Right: Cameron on his tour**

### Branding - Wirral Youth Zone - "The Hive"

A core group of 10 young people from across the Wirral took on the challenge of working with Wirral based Ice Creatives to name and brand the Youth Zone. As part of the process the Wirral Youth Zone Young People's Development Group wanted to make sure that all young people from across the Wirral had the opportunity to have their say about the final name and branding of the Youth Zone. During the process sessions took place in schools and colleges across the peninsula to get ideas and inspiration from a wide cross section of young people.

The final name "The Hive" was chosen as it was the most popular name put forward but also because it represents the values that young people feel the Youth Zone should stand for, which are: that it will be an **active**, **safe** and **supportive** place for young people, where they **belong**, as well as being a place of **opportunity**, **development** and **self-expression** where young people work together as a **collective** and **support each other**.





## **Wirral Youth Zone**

### **Appendices to Business Plan**

**April 2014**

## **Appendices**

- A. Memorandum of Association of the New Charitable Company**
- B. Generic Competition Design Brief**
- C. Financial Plan**
- D. Specimen Risk Register**
- E. Job Descriptions for the main roles**
- F. OnSide Manifesto**
- G. Extract from Wirral YZ Logo Presentation**
- H. Wirral YZ Organisational Chart April 2014**
- I. Wirral YZ Tactical Communications Plan**
- J. Youth Zone Network Opening Hours**
- K. Youth Zone Network Session Programme**

Company Number

Memorandum of Association for a Charitable Company

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE

**Memorandum of Association of WIRRAL YOUTH ZONE**

Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agree to become a member of the company.

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Name of each  
Subscriber

Authentication by  
each subscriber

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Dated       -----

ARTICLES OF ASSOCIATION FOR A CHARITABLE COMPANY

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE

**Articles of Association of WIRRAL YOUTH ZONE**

**1. The company's name is WIRRAL YOUTH ZONE**

(and in this document is called the "charity")

**Interpretation**

**2. In the articles:**

"address" means a postal address or, for the purposes of electronic communication, a fax number, an e-mail or postal address or a telephone number for receiving text messages in each case registered with the charity;

"the articles" means the charity's articles of association;

"the charity" means the company intended to be regulated by the articles;

"clear days" in relation to the period of a notice means a period excluding:

- the day when the notice is given or deemed to be given; and
- the day for which it is given or on which it is to take effect;

"the Commission" means the Charity Commission for England Wales;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006) insofar as they apply to the charity;

"the directors" means the directors of the charity. The directors are charity trustees as defined by section 177 of the Charities Act 2011;

"documents" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic forms" has the meaning given in section 1168 of the Companies Act 2006;

"the memorandum" means the charity's memorandum of association;

"officers" includes the director and secretary (if any);

“the seal” means the common seal of the charity if it has one;

“secretary” means any person appointed to perform the duties of the secretary of the charity;

“the United Kingdom” means Great Britain and Northern Ireland; and

Words importing one gender shall include all genders, and the singular includes the plural and vice versa.

Unless the context otherwise requires words or expressions contained in the articles have the same meaning as in the Companies Acts but excluding any statutory modification not in force when the constitution becomes binding on the charity..

Apart from the exception mentioned in the previous paragraph a reference to an Act of Parliament includes any statutory modification or re-enactment of it for the time being in force.

### **Liability of members**

3. The liability of the members is limited to a sum not exceeding £10, being the amount that each member undertakes to contribute to the assets of the charity in the event of it being wound up while he, she or it is a member or within one year after he, she or it ceases to be a member, for:

- (1) payment of the charity's debts and liabilities incurred before he, she or it ceases to be a member;

- (2) payment of costs, charges and expenses of winding up; and

- (3) adjustment of the rights of contributories amongst themselves.

### **Objects**

4. The charity's objects (“Objects”) are specifically restricted to the following:-

The charity's objects are to help and educate children and young people resident in Wirral and Merseyside through their leisure time activities by promoting their full physical and spiritual potential in order that they may grow to full maturity as individuals and members of society and that their conditions of life may improve

### **Powers**

5. The charity has power to do anything which is calculated to further its Object(s) or is conducive or incidental to doing so. In particular, the charity has power:

- (1) To promote an interest in youth work by maintaining contact with other bodies statutory and voluntary interested in the welfare of young people
- (2) To arouse public interest and recruit and arrange for the training of staff and volunteers
- (3) To cause to be written and printed or otherwise produced and circulated gratuitously or otherwise periodicals magazines books leaflets or other documents or films or record tapes.
- (4) To hold exhibitions meetings lectures classes seminars and courses either alone or with others.
- (5) To work with the parents /carers of children and young people.
- (6) To foster and undertake research into any aspect of the Objects of the Charity and its work and to disseminate the results of any such research;
- (7) To raise funds. In doing so, the charity must not undertake any substantial permanent trading activity and must comply with any relevant statutory regulations.
- (8) To buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use;
- (9) To sell, lease or otherwise dispose of all or any part of the property belonging to the charity. In exercising this power, the charity must comply as appropriate with sections 117 to 123 of the Charities Act 2011.
- (10) To borrow money and to charge the whole or any part of the property belonging to the charity as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation. The charity must comply as appropriate with sections 124 to 129 of the Charities Act 2011
- (11) To co-operate with other charities, voluntary bodies and statutory authorities and to exchange information and advice with them;
- (12) To establish or support any charitable trusts, associations or institutions formed for any of the charitable purposes included in the Objects;
- (13) To acquire, merge with or to enter into any partnership or joint venture arrangement with any other charity;
- (14) Subject to articles 6 and 7 to employ and remunerate any such architects, surveyors, solicitors, and other professional persons, workmen, clerks and other staff as are necessary for the furtherance of the objects of the charity.

- (15) To set aside income as a reserve against future expenditure but only in accordance with a written policy about reserves;
- (16) To employ and remunerate such staff as are necessary for carrying out the work of the charity. The charity may employ or remunerate a director only to the extent it is permitted to do so by article 7 and provided it complies with the conditions in that article;
- (17) To:
  - (a) deposit or invest funds;
  - (b) employ a professional fund-manager; and
  - (c) arrange for the investments or other property of the charity to be held in the name of the nominee:

in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trust Act 2000;
- (18) To provide indemnity insurance for the directors in accordance with, and subject to the conditions, in section 189 of the Charities Act 2011.
- (19) To pay out of the funds of the charity the costs of forming and registering the charity both as a company and as a charity;

### **Application of income and property**

- 6. (1) The income and property of the charity shall be applied solely towards the promotion of the Objects.
- (2) (a) A director is entitled to be reimbursed from the property of the charity or may pay out of such property reasonable expenses properly incurred by him or her when acting on behalf of the charity.
- (b) A director may benefit from trustee indemnity insurance cover purchased at the charity's expense in accordance with and subject to the conditions in, section 189 of the Charities Act 2011.
- (c) A director may receive an indemnity from the charity in the circumstances specified in article 57.
- (d) A director may not receive any other benefit or payment unless it is authorised by article 7.



- (3) Subject to article 7, none of the income or property of the charity may be paid or transferred directly or indirectly by way of dividend bonus or otherwise by way of profit to any member of the charity. This does not prevent a member who is not also a director receiving:
- (a) a benefit from the charity in the capacity of a beneficiary of the charity;
  - (b) reasonable and proper remuneration for any goods or services supplied to the charity.

**Benefits and payments to charity directors and connected persons.**

7 (1) No director or connected person may

- (a) buy goods or services from the charity on terms preferential to those applicable to other members of the public;
- (b) sell goods, services or any interest in land to the charity;
- (c) be employed by or receive any remuneration from the charity;
- (d) receive any financial benefit from the charity;

unless the payment is permitted by sub-clause (2) of this article, or authorised by the Court or the Charity Commission.

In this article a ‘financial benefit’ means a benefit, direct or indirect, which is either in money or has a monetary value.

**Scope and powers permitting directors/connected persons’ benefits**

- (2)
  - (a) A director or connected person may receive a benefit from the charity in the capacity of a beneficiary of the charity provided that a majority of the directors do not benefit in this way.
  - (b) A director or connected person may enter into a contract for the supply of services, or of goods that are supplied in connection with the provision of services to the charity where that is permitted in accordance with, and subject to the conditions in sections 185 to 186 of the Charities Act 2011
  - (c) Subject to sub-clause (3) of this article a director or connected person may provide the charity with goods that are not supplied

in connection with services provided to the charity by the director or connected person.

- (d) A director or connected person may receive interest on money lent to the charity at a reasonable and proper rate which must not be more than the Bank of England bank rate (known as the base rate).
- (e) A director or connected person may receive rent for premises let by the director or connected person to the charity. The amount of the rent and the other terms of the lease must be reasonable and proper. The director concerned must withdraw from any meeting at which such a proposal or the rent or other terms of the lease are under discussion.
- (f) A director or connected person may take part in the normal trading and fundraising activities of the charity on the same terms as members of the public.

#### **Payment for the supply of goods only – controls**

- (3) The charity and its directors may only rely upon the authority provided by sub-clause (2) (c) of this article if each of the following conditions is satisfied:
  - (a) The amount or maximum amount of the payment for the goods is set out in an agreement in writing between the charity or its directors (as the case may be) and the director or connected person supplying the goods (“the supplier”) under which the supplier is to supply the goods in question to or on behalf of the charity.
  - (b) The amount or maximum amount of the payment for the goods does not exceed what is reasonable in the circumstances for the supply of the goods in question.
  - (c) The other directors are satisfied that it is in the best interests of the charity to contract with the supplier rather than with someone who is not a director or connected person. In reaching that decision the directors must balance the advantage of contracting with a director or connected person against the disadvantages of doing so.
  - (d) The supplier is absent from the part of any meeting at which there is a discussion of the proposal to enter into a contract or arrangement with him her or it with regard to the supply of goods to the charity.

- (e) The supplier does not vote on any such matter and is not to be counted when calculating whether a quorum of directors is present at the meeting.
  - (f) The reason for their decision is recorded by the directors in the minute book.
  - (g) A majority of the directors then in office are not in receipt of remuneration or payments authorised by article 7.
- (4) In sub-clauses (2) and (3) of this article;
- (a) “charity” shall include any company in which the charity:
    - (i) holds more than 50% of the shares, or
    - (ii) controls more than 50% of the voting rights attached to the shares, or
    - (iii) has the right to appoint one or more directors to the board of the company;
  - (b) “connected person” includes any person within the definition in article 61 ‘Interpretation’.

### **Declaration of directors’ interests**

- 8 A director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the charity or in any transaction or arrangement entered into by the charity which has not previously been declared. A director must absent himself or herself from any discussions of the charity directors in which it is possible that a conflict will arise between his or her duty to act solely in the interests of the charity and any personal interest (including but not limited to any personal financial interest).

### **Conflicts of interests and conflicts of loyalties**

9. (1) If a conflict of interest arises for a director because of a duty of loyalty owed to another organisation or person and the conflict is not authorised by virtue of any other provision in the articles, the unconflicted directors may authorise such a conflict of interest where the following conditions apply:
- (a) the conflicted director is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other organisation or person;
  - (b) the conflicted director does not vote on any such matter and is not to be counted when considering whether a quorum of directors is present at the meeting; and

- (c) the unconflicted directors consider it is in the interests of the charity to authorise the conflict of interests in the circumstances applying.
- (2) In this article a conflict of interests arising because of a duty of loyalty owed to another organisation or person only refers to such a conflict which does not involve a direct or indirect benefit of any nature to a director or connected person.

## **Members**

- 10. (1) The subscribers to the memorandum are the first members of the charity.
- (2) Membership is open to other individuals or organisations who:
  - (a) apply to the charity in the form required by the directors; and
  - (b) are approved by the directors.
- (3) (a) The directors may only refuse an application for membership if, acting reasonably and properly, they consider it to be in the best interests of the charity to refuse the application.
- (b) The directors must inform the applicant in writing of the reasons for the refusal within twenty-one days of the decision.
- (c) The directors must consider any written representations the applicant may make about the decision. The directors' decision following any written representations must be notified to the applicant in writing but shall be final.
- (4) Membership is not transferable.
- (5) The directors must keep a register of names and addresses of the members.

## **Class of membership**

- 11 (1) The directors may establish classes of membership with different rights and obligations and shall record the rights and obligations in the register of members.
- (2) The directors may not directly or indirectly alter the rights or obligations attached to a class of membership.
- (3) The rights attached to a class of membership may only be varied if:

- (a) three-quarters of the members of that class consent in writing to the variation; or
  - (b) a special resolution is passed at a separate general meeting of the members of that class agreeing to the variation.
- (4) The provisions in the articles about general meetings shall apply to any meeting relating to the variation of the rights of any class of membership.

### **Termination of membership**

12. Membership is terminated if:

- (1) the member dies or, if it is an organisation, ceases to exist;
- (2) the member resigns by written notice to the charity unless, after the resignation, there would be less than two members;
- (3) any sum due from the member to the charity is not paid in full within six months of it falling due;
- (4) the member is removed from membership by a resolution of the directors that it is in the best interests of the charity that his or her or its membership is terminated. A resolution to remove a member from membership may only be passed if:
  - (a) the member has been given at least twenty-one days' notice in writing of the meeting of the directors at which the resolution will be proposed and the reasons why it is to be proposed;
  - (b) the member or, at the option of the member, the member's representative (who need not be a member of the charity) has been allowed to make representations to the meeting.

### **General meetings**

13. (1) The charity must hold its first annual general meeting with eighteen months after the date of its incorporation.
- (2) An annual general meeting must be held in each subsequent year and not more than fifteen months may elapse between successive annual general meetings.
14. The directors may call a general meeting at any time.

**Notice of general meetings**

15. (1) The minimum periods of notice required to hold a general meeting of the charity are:
    - (a) twenty-one clear days for an annual general meeting or a general meeting called for the passing of a special resolution;
    - (b) fourteen clear days for all other general meetings.
  - (2) A general meeting may be called by shorter notice if it is so agreed by a majority in number of members having a right to attend and vote at the meeting, being a majority who together hold not less than 90 percent of the total voting rights.
  - (3) The notice must specify the date time and place of the meeting and the general nature of the business to be transacted. If the meeting is to be an annual general meeting, the notice must say so. The notice must also contain a statement setting out the rights of members to appoint a proxy under section 324 of the Companies Act 2006 and article 22.
  - (4) The notice must be given to all the members and to the directors and auditors.
16. The proceedings at a meeting shall not be invalidated because a person who was entitled to receive notice of the meeting did not receive it because of an accidental omission by the charity.

**Proceedings at general meetings**

17. (1) No business shall be transacted at any general meeting unless a quorum is present.
- (2) A quorum is:
  - (a) 3 members present in person or by proxy and entitled to vote upon the business to be conducted at the meeting; or
  - (b) one tenth of the total membership at the time
 whichever is the greater.
- (3) The authorised representative of a member organisation shall be counted in the quorum.

18. (1) If:
  - (a) a quorum is not present within half an hour from the time appointed for the meeting: or
  - (b) during a meeting a quorum ceases to be present;

the meeting shall be adjourned to such time and place as the directors shall determine.
- (2) The directors must reconvene the meeting and must give at least seven clear days' notice of the reconvened meeting stating the date, time and place of the meeting.
- (3) If no quorum is present at the reconvened meeting with fifteen minutes of the time specified for the start of the meeting the members present in person or by proxy at that time shall constitute the quorum for that meeting.
19. (1) General meetings shall be chaired by the person who has been appointed to the chair meetings of the directors.
- (2) If there is no such person or he or she is not present within fifteen minutes of the time appointed for the meeting a director nominated by the directors shall chair the meeting.
- (3) If there is only one director present and willing to act, he or she shall chair the meeting.
- (4) If no director is present and willing to chair the meeting within fifteen minutes after the time appointed for holding it, the members present in person or by proxy and entitled to vote must choose one of their number to chair the meeting.
20. (1) The members present in person or by proxy at a meeting may resolve by ordinary resolution that the meeting shall be adjourned.
- (2) The person who is chairing the meeting must decide the date, time and place at which the meeting is to be reconvened unless those details are specified in the resolution.
- (3) No business shall be conducted at a reconvened meeting unless it could properly have been conducted at the meeting had the adjournment not taken place.

- (4) If a meeting is adjourned by a resolution of the members for more than seven days, at least seven clear days' notice shall be given of the reconvened meeting stating the date, time and place of the meeting.
21. (1) Any vote at a meeting shall be decided by a show of hands unless before, or on the declaration of the result of, the show of hands a poll is demanded:
- (a) by the person chairing the meeting; or
  - (b) by at least two members present in person or by proxy and having the right to vote at the meeting; or
  - (c) by a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.
- (2) (a) The declaration by the person who is chairing the meeting of the result of a vote shall be conclusive unless a poll is demanded.
- (b) The result of the vote must be recorded in the minutes of the charity but the number or proportion of votes cast need not be recorded.
- (3) (a) A demand for a poll may be withdrawn, before the poll is taken, but only with the consent of the person who is chairing the meeting.
- (b) If the demand for a poll is withdrawn the demand shall not invalidate the result of a show of hands declared before the demand was made.
- (4) (a) A poll must be taken as the person who is chairing the meeting directs, who may appoint scrutineers (who need not be members) and who may fix a time and place for declaring the results of the poll.
- (b) The result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
- (5) (a) A poll demanded on the election of a person to chair a meeting or on a question of adjournment must be taken immediately.
- (b) A poll demanded on any other question must be taken either immediately or at such time and place as the person who is chairing the meeting directs.



- (c) The poll must be taken within thirty days after it has been demanded.
- (d) If the poll is not taken immediately at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- (e) If a poll is demanded the meeting may continue to deal with any other business that may be conducted at the meeting:-

### **Content of proxy notices**

22. (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which –
  - (a) states the name and address of the member appointing the proxy;
  - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed.
  - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - (d) is delivered to the charity in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The charity may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as:-
  - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
  - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

**Delivery of proxy notices**

- 22A (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the charity by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the charity a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

**Written resolutions**

23. (1) A resolution in writing agreed by a simple majority (or in the case of a special resolution by a majority of not less than 75%) of members who would have been entitled to vote upon it had it been proposed at a general meeting shall be effective provided that:
- (a) a copy of the proposed resolution has been sent to every eligible member;
  - (b) a simple majority (or in the case of a special resolution a majority of not less than 75%) of the members has signified its agreement to the resolution; and
  - (c) it is contained in an authenticated document which has been received at the registered office within the period of 28 days beginning with the circulation date.
- (2) A resolution in writing may comprise several copies to which one or more members have signified their agreement.
- (3) In the case of a member that is an organisation, its authorised representative may signify its agreement.

**Votes by members**

24. Subject to article 11, every member, whether an individual or an organisation, shall have one vote.

25. Any objection to the qualification of any voter must be raised at the meeting at which the vote is tendered and the decision of the person who is chairing the meeting shall be final.
26. (1) Any organisation that is a member of the charity may nominate any person to act as its representative at any meeting of the charity.
- (2) The organisation must give written notice to the charity of the name of its representative. The representative shall not be entitled to represent the organisation at any meeting unless the notice has been received by the charity. The representative may continue to represent the organisation until written notice to the contrary is received by the charity.
- (3) Any notice given to the charity will be conclusive evidence that the representative is entitled to represent the organisation or that his or her authority has been revoked. The charity shall not be required to consider whether the representative has been properly appointed by the organisation.

### **Directors**

27. (1) A director must be a natural person aged 16 years or older.
- (2) No one may be appointed a director if he or she would be disqualified from acting under the provisions of article 39.
28. The number of directors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
29. The first directors shall be those persons notified to Companies House as the first directors of the charity.
30. A director may not appoint an alternate director or anyone to act on his or her behalf at meetings of the directors.

### **Power of directors**

31. (1) The directors shall manage the business of the charity and may exercise all the powers of the charity unless they are subject to any restrictions imposed by the Companies Acts, the articles or any special resolution.
- (2) No alteration of the articles or any special resolution shall have retrospective effect to invalidate any prior act of the directors.
- (3) Any meeting of directors at which a quorum is present at the time of the relevant decision is made may exercise all the powers exercisable by the directors.

### **Retirement of the directors**

32. At the first annual general meeting all the directors must retire from office unless by the close of the meeting the members have failed to elect sufficient directors to hold a quorate meeting of the directors. At each subsequent annual general meeting one-third of the directors or, if their number is not three or a multiple of three, the number nearest to one-third, must retire from office. If there is only one director he or she must retire.
- 33 (1) The directors to retire by rotation shall be those who have been longest in office since their last appointment. If any directors became or were appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- (2) If a director is required to retire at an annual general meeting by a provision of the articles the retirement shall take effect upon the conclusion of the meeting.

### **Appointment of directors**

34. The charity may by ordinary resolution:
- (1) appoint a person who is willing to act to be a director; and
- (2) determine the rotation in which any additional directors are to retire.
35. No person other than a director retiring by rotation may be appointed a director at any general meeting unless:
- (1) he or she is recommended for re-election by the directors; or
- (2) not less than fourteen nor more than thirty-five clear days before the date of the meeting, the charity is given a notice that:
- (a) is signed by a member entitled to vote at the meeting;
- (b) states the member's intention to propose the appointment of a person as a director;
- (c) contains the details that, if the person were to be appointed, the charity would have to file at Companies House; and
- (d) is signed by the person who is to be proposed to show his or her willingness to be appointed.
36. All members who are entitled to receive notice of a general meeting must be given not less than seven nor more than twenty-eight clear days' notice of any

resolution to be put to the meeting to appoint a director other than a director who is to retire by rotation.

37. (1) The directors may appoint a person who is willing to act to be a director.
- (2) A director appointed by a resolution of the other directors must retire at the next annual general meeting and must not be taken into account in determining the directors who are to retire by rotation.
38. The appointment of a director, whether by the charity in general meeting or by the other directors, must not cause the number of directors to exceed any number fixed as the maximum number of directors.

### **Disqualification and removal of directors**

39. A director shall cease to hold office if he or she:
  - (1) ceases to be a director by virtue of any provision in the Companies Acts or is prohibited by law from being a director;
  - (2) is disqualified from acting as a trustee by virtue of sections 80 and 178 and 179 of the Charities Act 2011 (or any statutory re-enactment or modification of those provisions);
  - (3) ceases to be a member of the charity;
  - (4) becomes incapable by reason of mental disorder, illness or injury of managing and administering his or her own affairs;
  - (5) resigns as a director by notice to the charity (but only if at least two directors will remain in office when the notice of resignation is to take effect); or
  - (6) is absent without the permission of the directors from all their meetings held within a period of six consecutive months and the directors resolve that his or her office be vacated.

### **Remuneration of directors**

40. The directors must not be paid any remuneration unless it is authorised by article 7.

### **Proceedings of directors**

41. (1) The directors may regulate their proceedings as they think fit, subject to the provisions of the articles.

- (2) Any director may call a meeting of the directors.
  - (3) The secretary (if any) must call a meeting of the directors if requested to do so by a director.
  - (4) Questions arising at a meeting shall be decided by a majority of votes.
  - (5) In the case of equality of votes, the person who is chairing the meeting shall have a second or casting vote
  - (6) A meeting may be held by suitable electronic means agreed by the directors in which each participant may communicate with all the other participants
42. (1) No decision may be made by a meeting of the directors unless a quorum is present at the time the decision is purported to be made [“present” includes being present by suitable electronic means agreed by the directors in which a participant or participants may communicate with all the other participants.]
- (2) The quorum shall be two or the number nearest to one-third of the total number of directors whichever is the greater, or such larger number as may be decided from time to time by the directors.
- (3) A director shall not be counted in the quorum present when any decision is made about a matter upon which that director is not entitled to vote.
43. If the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
44. (1) The directors shall appoint a director to chair their meetings and may at any time revoke such appointment.
- (2) If no-one has been appointed to chair meetings of the directors or if the person appointed is unwilling to preside or is not present within ten minutes after the time appointed for the meeting, the directors present may appoint one of their number to chair that meeting.
- (3) The person appointed to chair meetings of the directors shall have no function or powers except those conferred by the articles or delegated to him or her by the directors.
45. (1) A resolution in writing or in electronic form agreed by all the directors entitled to receive notice of a meeting of directors and to vote upon the resolution shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

- (2) The resolution in writing may comprise several documents containing the text of the resolution in like form to each of which one or more directors has signified their agreement.

### **Delegation**

- 46. (1) The directors may delegate any of their powers or functions to a committee of two or more directors but the terms of any delegation must be recorded in the minute book.
- (2) The directors may impose conditions when delegating, including the conditions that:
  - (a) the relevant powers are to be exercised exclusively by the committee to whom they delegate;
  - (b) no expenditure may be incurred on behalf of the charity except in accordance with a budget previously agreed with the directors.
- (3) The directors may revoke or alter a delegation.
- (4) All acts and proceedings of any committees must be fully and promptly reported to the directors.

### **Declaration of directors' interests**

- 47. (1) Subject to article 47(2), all acts done by a meeting of directors, or of a committee of directors, shall be valid notwithstanding the participation in any vote of a director;
  - (a) who was disqualified from holding office;
  - (b) who had previously retired or who had been obliged by the articles to vacate office;
  - (c) who was not entitled to vote in the matter, whether by reason of conflict of interest or otherwise;
 if without;
  - (d) the vote of that director; and
  - (e) that director being counted in the quorum

the decision has been made by a majority of the directors at a quorate meeting.

- (2) Article 47 (1) does not permit a director or a connected person to keep any benefit that may be conferred on him or her by a resolution of the directors or of a committee of directors if, but for article 47 (1), the resolution would have been void, or of the director has not complied with article 8

### **Seal**

- 48 If the charity has a seal it must only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary (if any) or by a second director.

### **Minutes**

49. The directors must keep minutes of all:
- (1) appointments of officers made by the directors;
  - (2) proceedings at meetings of the charity;
  - (3) meetings of the directors and committees of directors including;
    - (a) the names of the directors present at the meeting;
    - (b) the decisions made at the meetings; and
    - (c) where appropriate the reasons for the decisions.

### **Accounts**

- 50 (1) The directors must prepare for each financial year accounts as required by the Companies Acts. The accounts must be prepared to show a true and fair view and follow accounting standards issued or adopted by the Accounting Standards Board or its successors and adhere to the recommendations of applicable Statements of Recommended Practice.
- (2) The directors must keep accounting records as required by the Companies Acts.

### **Annual Report and Return and Register of Charities**



- 51 (1) The directors must comply with the requirements of the Charities Act 2011 with regard to the:
- (a) transmission of a copy of the statements of account to the Commission;
  - (b) preparation of an Annual Report and its transmission to the Commission;
  - (c) preparation of an Annual Return and its transmission to the Commission.
- (2) The directors must notify the Commission promptly of any changes to the charity's entry on the Central Register of Charities.

**Means of communication to be used**

- 52 (1) Subject to the articles, anything sent or supplied by or to the charity under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for the documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the charity.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
53. Any notice to be given to or by any person pursuant to the articles:
- (1) must be in writing; or
  - (2) must be given in electronic form.
54. (1) The charity may give any notice to a member either:
- (a) personally; or
  - (b) by sending it by post in a prepaid envelope addressed to the member at his or her address; or
  - (c) by leaving it at the address of the member; or
  - (d) by giving it in electronic form to the member's address.
  - (e) by placing the notice on a website and providing the person with notification in writing or in electronic form of the presence of the

notice on the website. The notification must state that it concerns a notice of a company meeting and must specify the place date and time of the meeting

- (2) A member who does not register an address with the charity or who registers only a postal address that is not within the United Kingdom shall not be entitled to receive any notice from the charity.
55. A member present in person at any meeting of the charity shall be deemed to have received notice of the meeting and of the purposes for which it was called.
56. (1) Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given.
- (2) Proof that an electronic form of notice was given shall be conclusive where the company can demonstrate that it was properly addressed and sent, in accordance with section 1147 of the Companies Act 2006.
- (3) In accordance with section 1147 of the Companies Act 2006 notice shall be deemed to be given:
- (a) 48 hours after the envelope containing it was posted; or
  - (b) in the case of an electronic form of communication, 48 hours after it was sent.

### **Indemnity**

- 57 (1) The charity shall indemnify a relevant director against any liability incurred by him or her in that capacity, to the extent permitted by section 232 to 234 of the Companies Act 2006.
- (2) In this article a “relevant director” means any director or former director of the charity.

### **Rules**

- 58 (1) The directors may from time to time make such reasonable and proper rules or bye laws as they may deem necessary or expedient for the proper conduct and management of the charity.
- (2) The bye laws may regulate the following matters but are not restricted to them:
- (a) the admission of members of the charity (including the admission of organisations to membership) and the rights and privileges of such members, and the entrance fees, subscriptions and other fees or payments to be

made by members;

- (b) the conduct of members of the charity in relation to one another, and to the charity's employees and volunteers;
  - (c) the setting aside of the whole or any part or parts of the charity's premises at any particular time or times or for any particular purpose or purposes;
  - (d) the procedure at general meetings and meetings of the directors in so far as such procedure is not regulated by the Companies Acts or by the articles;
  - (e) generally, all such matters as are commonly the subject matter of company rules.
- (3) The charity in general meeting has the power to alter, add to or repeal the rules or bye laws.
  - (4) The directors must adopt such means as they think sufficient to bring the rules and bye laws to the notice of members of the charity.
  - (5) The rules or bye laws shall be binding on all members of the charity. No rule or bye law shall be inconsistent with, or shall affect or repeal anything contained in, the articles.

### **Disputes**

- 59. If a dispute arises between the members of the charity about the validity or propriety of anything done by the members of the charity under these articles, and the dispute cannot be resolved by agreement, the parties to the dispute must first try in good faith to settle the dispute by mediation before resorting to litigation

### **Dissolution**

- 60. (1) The members of the charity may at any time before, and in expectation of, its dissolution resolve that any net assets of the charity after all its debts and liabilities have been paid, or provision has been made for them, shall on or before the dissolution of the charity be applied or transferred in any of the following ways;
  - (a) directly for the Objects; or
  - (b) by transfer to any charity or charities for purposes similar to the Objects; or
  - (c) to any charity or charities for use for particular purposes

that fall within the Objects.

- (2) Subject to any such resolution of the members of the charity, the directors of the charity may at any time before and in expectation of its dissolution resolve that any net assets of the charity after all its debts and liabilities have been paid, or provision made for them, shall on or before dissolution of the charity be applied or transferred:
  - (a) directly for the Objects; or
  - (b) by transfer to any charity or charities for purposes similar to the Objects; or
  - (c) to any charity or charities for use for particular purposes that fall within the Objects.
- (3) In no circumstances shall the net assets of the charity be paid to or distributed among the members of the charity (except to a member that is itself a charity) and if no resolution in accordance with article 60(1) is passed by the members or the directors the net assets of the charity shall be applied for charitable purposes as directed by the Court or the Commission.

### **Interpretation**

61. In article 7, sub-clause (2) of article 9 and sub-clause (2) of article 47 ‘connected person means:

- (1) a child, parent, grandchild, grandparent, brother or sister of the director;
- (2) the spouse or civil partner of the director or of any person falling within sub-clause (1) above;
- (3) a person carrying on business in partnership with the director or with any person falling within sub-clause (1) or (2) above;
- (4) an institution which is controlled –
  - (a) by the director or any connected person falling within sub-clause (1), (2), or (3) above; or
  - (b) by two or more persons falling within sub-clause 4 (a) when taken together
- (5) a body corporate in which
  - (a) the director or any connected person falling within sub-clauses (1) to (3) has a substantial interest; or

- (b) two or more persons falling within sub-clause 5 (a) who, when taken together have a substantial interest.
- (c) Sections 350 -352 of the Charities Act 2011 apply for the purposes of interpreting the terms used in this article.



# **[INSERT LOCATION] YOUTH ZONE**



# **DESIGN COMPETITION DEVELOPMENT BRIEF**

**[Insert Date]**

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## 1. Introduction

### OnSide

OnSide was established as a regional charity in 2008 with a vision of creating a network of 21<sup>st</sup> Century Youth Zones which give young people top quality, safe and affordable places to go in their leisure time.

OnSide Youth Zones provide opportunities and challenges that inspire young people to lead healthier and more positive lives, raising their aspirations so they grow up to become happy, caring and responsible citizens, with more to offer themselves, their families, the community and employers. Having opportunities to try new things and face challenges in a safe environment, supported by staff and volunteers who care, gives young people the chance to build career skills, life skills and confidence.

There are now five OnSide Youth Zones (in Blackburn, Carlisle, Manchester, Oldham and Wigan) with several more in various stages of development and OnSide is committed to extending its vision and network of Youth Zones beyond the North West. Further information on OnSide and its projects can be found at [www.onsidenorthwest.org](http://www.onsidenorthwest.org)

OnSide has its roots in Bolton Lads & Girls Club which was the first youth facility on this scale in the country and has repeatedly been cited as a model of best practice, now working, on a weekly basis, with more than 3,000 children and young people. Further information on the Club and its activities can be found at [www.blgc.co.uk](http://www.blgc.co.uk)

### **[Insert Location] Youth Zone**

In common with all Youth Zones in the OnSide network, **[insert location]** Youth Zone will be a separate Registered Charity, a stand-alone organisation receiving support and encouragement from OnSide and others but independent, self-sufficient and sustainable. The project will be a shining example of a true public/private sector partnership with funding leadership, management and drive coming from the local business community and funding and key strategic support provided by **[insert name of Local Authority]**.

**[Insert brief details of the individual Youth Zone charity including, as appropriate:**

- The project champion and other private sector supporters; and
- The Council's contribution to the project]

**[Insert name of current site owner]** has agreed to 'gift' the site described in sections 4 and 5 below for the construction and delivery of a new world class youth facility serving the young people of **[insert location]** and surrounding areas.

**[Insert location]** Youth Zone will be the client for the project and this brief sets out its criteria for the successful design submission.



## 2. The Facility - Vision and Purpose

If you talk to any group of young people and ask them what they need in their communities, you will get a consistent, realistic and simple answer. They will ask for:

- Somewhere to go;
- Something to do; and
- Someone to talk to.

When they ask for 'somewhere to go', it is so important that we provide somewhere which is perceived by young people as bright, modern, safe and affordable. Over the past 20 -30 years there has been enormous investment in an infrastructure of leisure, sporting and recreational opportunities for adults. Yet in the same period, we have spent next to nothing on facilities and opportunities for young people. Anything dark, dirty, inadequate, only open a couple of nights a week and rooted in the 1970's will not be popular with today's young people and they deserve better. Any new facilities we provide have to be fit for purpose and comparable with the offer adults enjoy.

[Insert location] Youth Zone will continue the latest generation of flagship facilities for young people, being built in prominent positions in the heart of town and city centres. Indeed the supporters of the project have ambitions for the facility in [insert name of town/city] to be the best of its kind. This is an exciting opportunity to be involved in the design of a landmark building which will make a strong visual statement and will be finished to a high internal specification, with the best equipment, and a clear focus on the quality of the environment and facilities.

The new building will offer a wide range of sporting, artistic, cultural, physical and recreational activities for young people aged 8 to 19 years (up to 25 years for those with disabilities and/or learning difficulties). It will be accessible and affordable by all and will be open long hours (approximately 8am to 10pm) every day of the year. It is important that the Club is open to all children and young people of the area and especially those from disadvantaged families, whose lives already lack discipline and structure, because what young people do in their leisure time has a huge impact on their personal health and well-being and on their future prospects.

In addition to providing facilities for this universal service of leisure-time activities, the building will also include areas suitable for more targeted work with young people including training, mentoring, group work and project areas to accommodate information, advice, guidance and general support services.

More details of the requirements for the building are given later in this brief but some of the main operational facilities at [insert location] Youth Zone will be:

- A bright attractive reception area
- A large open recreation area, incorporating café facilities and informal activity space

- 
- Catering facilities
  - A four court sports hall
  - A fitness suite
  - A climbing wall and separate bouldering wall (if space permits)
  - A boxing and martial arts gym
  - A dance and performing arts studio
  - Arts & crafts areas (both in an informal space within the recreation area and a separate project room)
  - Music and multi-media rooms
  - Training facilities (which can be incorporated within the Board room)
  - Facilities for enterprise and employability projects
  - Focused areas specialising in health, beauty and wellbeing
  - A range of other rooms/spaces (with associated storage) suitable for flexible use and a variety of activities.
  - Some smaller rooms/spaces which are suitable for one-to-one engagements or work with small groups of young people.
  - Outdoor multi-use games areas
  - Outdoor informal recreation areas

Attractive circulation spaces should link the activity areas and central open plan spaces at ground floor (particularly the recreation area) and should be able to offer visitors the opportunity for informal activity or simply the chance to socialise with friends in a bright, airy and attractive environment. Moving around the building, the design should provide opportunities for young people to view the activities on offer. This will both encourage participation and offer an environment in which young people feel safe.

It is expected that between 1,500 and 2,000 children and young people will visit the Youth Zone each week and there could be up to 300 attending at any one time.

The facility is expected to have a full time workforce of approximately 15 (perhaps rising to 20) and approximately 50 part-time positions. This will be supplemented by up to 100 active community volunteers. However, the members of staff and volunteers will work very different shift patterns and the vast majority will be involved exclusively in face to face work with young people. There are unlikely to be more than ten full-time staff (requiring workstations or access to 'hot desks') in the building during the daytime and probably in the order of 15 – 25 delivery staff and volunteers during evening and weekend sessions.

### 3. Architectural Competition - Summary of Requirements

You are invited, as one of a shortlist of [insert number], to compete for the role of Architect for [insert location] Youth Zone.

Bidders are required to present their proposals for the new [insert location] Youth Zone to a panel comprising the [insert details of panel] in a presentation lasting no longer than 30 minutes with Questions and Answers (up to 15-20 minutes) by the panel.

The presentations will take place on [insert date time and location]

There is no standard format for the presentation. However, within your presentation of the development proposal and any supporting documents, there is a requirement to set out the following information:

- **relevant experience and track record, including experience of presenting to wider groups e.g. consultation on concepts to young people and business groups / stakeholders, and of acting on behalf of public / private sector partnerships;**
- **design proposals including indicative plans, external elevations and site layouts, planning considerations and design rationale for the building and surrounding land;**
- **practice history, organisation chart, resources and CV's for key staff members;**
- **audited financial accounts;**
- **references;**
- **professional indemnity insurance;**
- **preferred professional team members (see later for definition of scope);**
- **fee proposal based on RIBA Stages and resource allocations.**

In addition to the information set out in this Development Brief, there will be an opportunity to visit and understand one or more of the established Youth Zones. This is considered an important part of the due diligence required in order to present proposals for the new [insert location] Youth Zone.

Further to confirmation of your wish to participate in this competition, please contact Rob Carter ([rob.carter@onsidenorthwest.org](mailto:rob.carter@onsidenorthwest.org) 01204 362128 or 07931 377970) to arrange your Youth Zone visit(s). To minimise disruption, you should not contact the Youth Zones direct.

The aspiration to procure a new state of the art Youth Zone in [insert location] includes a key project objective to ensure that the aesthetics and quality standards established as part of the client brief are delivered by the contractor.

Based upon experience of other similar facilities, the funding discussions have been based on a construction cost of [insert construction budget] excluding VAT, professional fees and Fixtures, Fittings & Equipment. The total project budget is [insert overall project budget] excluding VAT. [The project expects to obtain HMRC approval to avoid liability for VAT on the construction cost and directly associated fees]. It is expected that the chosen architect will bring to the project the ability to offer an innovative design that is uncompromising in quality, provision of facilities and durability whilst achieving the best possible value for money.

The Client is keen to identify a robust timescale and cost plan for the project and to ensure delivery on time, on budget and without issue. It is open for the Bidder to propose its preferred method of achieving these objectives.

To help achieve these objectives the Architect may wish to propose an appropriate design team to include the following members:

- i. Civil and structural engineer;
- ii. Mechanical and electrical consultant;
- iii. Landscape architect (if required);
- iv. CDM co-ordinator.

The preferred design team will work with the Project Manager, Employer's Agent and Quantity Surveyors appointed by [insert location] Youth Zone to ensure the delivery of the project in line with expectations of quality, timescale and budget. The Project Manager will act as Lead Consultant for the project team.

It is also envisaged that the Architect and the preferred design team will offer comments on the requirements for the following services in connection with the project:

- i. Acoustic consultancy;
- ii. Fire engineering;
- iii. Traffic and highways consultancy;
- iv. Ecology and arboricultural consultancy;
- v. Site investigations including flood risk and archaeology;
- vi. BREEAM or EPC consultancy.

The Architect will be responsible for the co-ordination of the preferred design team to design the building to an exacting detail on behalf of the client team.

A key requirement of the Architect, as lead designer within the design team, will be to ensure that the design standards are fully integrated within the design.

Other key elements of the design development should be:-

- 
- Efficiency and flexibility of the M&E;
  - Suitability of the security of the building for its intended use; and
  - The sustainability credentials of this landmark building.

We would expect representatives of the Bidder's preferred key advisors to be represented at the presentation to demonstrate their capability and understanding of the project requirements.

The intended procurement route will be a single stage competitive Design and Build approach based on a fully designed and co-ordinated design led by the Architect. For tender purposes we expect robust information at RIBA Stage E to be produced and issued. As part of your submission we require a detailed design production programme that clearly identifies milestones and the need for client review and interaction. This design programme should make allowance for the following:

- i. Interaction with key stakeholders and project supporters;
- ii. Design workshops for young people on focused areas of the design (such as envelope treatment, internal finishes and fixtures);
- iii. Coordination meetings and review periods for significant specialist FF&E (such as the climbing wall and multi-use games areas).

The Architect will remain the design principal reporting into the Project Manager who will act as Lead Consultant for the project team. To ensure that our objectives for quality and serviceability are delivered, it is also our intention that the design team, as well as other retained design consultants, maintain a "quality control audit / role" on behalf of the client under the terms of their appointments.

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#### **4. The Development Site - [insert location]**

##### **[insert site details]**

[Include information such as:

- Location in relation to the town/city centre;
- Site area;
- Any available information about historic use/existing buildings]

Also consider suitably amended versions of the following paragraphs:

This project proposes to reutilise the site to provide facilities for a Youth Zone, a new-build, state of the art facility, developed around the needs of the children and young people of [insert location]. The building itself should be designed to match the aspiration to create a world class facility and complement [insert details of any nearby buildings which might demonstrate the role good design can play in transforming perceptions of an area].

Whilst appropriate for the new Youth Zone, once publicised, the proposals for the redevelopment of the site may create significant media interest. Inevitably, as with any redevelopment of a town or city centre site, this could lead to disquiet or objection. The project partners wish to select an Architect who can work alongside the Project Manager and engage with [insert name of Local Authority] prior to any publicity. It is therefore essential that proposals are produced on an entirely confidential basis. Bidders should therefore not contact any party, other than members of the preferred design team, OnSide and [insert other as appropriate]. If you have any queries on this matter, please contact Rob Carter ([rob.carter@onsidenorthwest.org](mailto:rob.carter@onsidenorthwest.org) 01204 362128 or 07931 377970) in the first instance.

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## 5. Plan of the Proposed Site

[Insert Google map image with site identified]

Below is the red line site boundary.

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[Insert red line site plan]

Note:

The site is owned by [Insert name of land owner] and has been earmarked for the construction of the Youth Zone. The parties are currently negotiating terms for a lease (and associated legal matters) to secure the site. It is expected that a lease of 125 years, without premium and at a peppercorn rent will be granted.



## 6. New Building Requirements

The table of requirements, below, is intentionally not too prescriptive. There are certain 'minimum offer' facilities and some activity areas (for example, the sports hall and external multi-use games areas) must, by their nature, be of designated sizes, incorporating standard specifications. However there is considerable flexibility for the size, layout and specifications of many activity areas and ancillary spaces. This will allow bidders considerable freedom to demonstrate innovation in design and imagination in layout.

Extensive work with young people in developing Youth Zones for other areas has highlighted that, in addition to needing space for a very wide range of diverse activities, there are some common themes in what they want a building to deliver. Whilst some of these relate to physical aspects of design, others relate more to an emotional aspect and how the young people want to 'feel' when participating in activities and moving from one activity area to another. Some of these common themes are:

- An iconic building which makes a strong visual statement. It should be functional and inspirational, not institutional, with a 'WOW' factor to send a clear message that young people matter.
- A building designed and equipped to the highest standards, making young people feel 'valued' as members of their communities.
- A welcoming entrance and reception.
- Some bright airy spaces.
- A very safe environment.
- High degrees of connectivity between activity areas (except for rooms where privacy is required).
- A desire for the design to demonstrate some environmental and sustainability awareness (within budget constraints).
- Flexible spaces to accommodate quick changes in activity.
- Attractive use of materials and colour.

In relevant activity areas, a successful scheme should accommodate (but not necessarily comply completely with) the sizes, specifications and performance standards of appropriate governing bodies (e.g. Sport England for the sports hall and The Football Association for the external multi-use games areas).

The building must be fully accessible and go beyond the statutory minimum requirements for disabled access. For example, toilet and/or changing facilities must allow for full assistance.

The table of requirements details only principal circulation and activity areas, with some offices. Bidders will be expected to include appropriate additional provision for essential and ancillary space, such as storage, reception areas, food server, toilet and changing facilities.

plant rooms and general circulation areas. Further guidance on some of these requirements is given below the table and elsewhere in this brief.

With the exception of the multi-use games areas (which are included in the table), the external requirements are summarised in the separate section below.

Brief description of facility	Approximate area (m <sup>2</sup> )
Sports Hall (broadly in accordance with Sport England specifications)	700
Fitness Suite	150 – 180
Boxing/Martial Arts Gym	100 – 140
Performing Arts Studio	120 – 150
Open Recreation & Association Area comprising:	
General Recreation Area	150 – 200
Café Area	75 – 100
‘Chill-out’ Zone	20 – 40
Informal Arts & Crafts Area	30 – 50
Radio ‘booth’ (this is to be an enclosed space but with good connectivity to the Recreation Area)	8 – 12
Kitchen and Servery	40 – 60
Music & Multi-Media Room(s) (Either separate or one incorporating the other)	100 – 140
Changing facilities and Hygiene Room	60 – 80
Male and Female WC’s including DDA Facilities	60 – 80
Separate locker facilities	5
Two flexible activity rooms	30 – 50 (each)
Two group work rooms	15 – 25 (each)
Enterprise Zone	40 – 60
Arts and Crafts / Fashion Room	40 – 60
Health, Beauty and Wellbeing Activity Room	40 - 60
Two one-to-one or small group work rooms	10 – 15 (each)
Board/Training Room	35 – 50

Chief Executive/General Manager's Room	20 – 30
I.T Server Room	5 – 8
General office (approximately 10 – 12 workstations and 8 'hot-desk' areas)	110 - 140
Three staff meeting rooms/areas	10 – 20 (each)
Staff Room (incorporating a domestic-scale kitchen facility)	20 - 25
Two External Multi-Use Games Areas	600 – 700 (each)

Other information relevant to Building Requirements: -

- Innovative and comprehensive storage facilities, ancillary to the activity areas, will be a significant feature of a successful scheme. As well as providing the obvious need for easy access to activity equipment, such storage solutions will allow the more flexible activity rooms/areas to be multi-use, i.e. capable of being changed quickly from one activity to another in response to the changing needs and preferences of the young people.
- Club sessions for the higher age-groups (say 13+ years) will be 'open' in that the participants will be free to come and go as they choose. However for juniors (aged say 8 – 12 years), there will be closed sessions. Therefore, the entrance and reception areas will need to accommodate a controlled entry system.
- The design should incorporate a climbing wall giving a minimum of 100m<sup>2</sup> of climbing surface and with a preferred minimum height (for some routes at least) of eight metres. Bidders may consider locating the climbing wall in a separate room/area within the Youth Zone building as an alternative to the sports hall.
- An area for banks of storage lockers (not within the changing facilities) should be provided. Those lockers will typically be required for storage of bags and valuables and should be located in a readily accessible area of the building.
- The table of suggested facilities should be considered only as a guide to minimum requirements. Any extra activity or ancillary areas, which can be accommodated by your chosen design, may be advantageous.
- The design of any successful scheme would be subject to further refinement following the involvement of relevant stakeholders and representative groups of young people.
- The ability to accommodate occasional large-scale events (such as award/celebration or fund-raising events) is a requirement. This might be achieved by temporary conversion of the sports hall or other large area of the Club and the design should incorporate features to facilitate such use.

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See the later section titled 'Other Requirements' for further information relevant to building design.

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## 7. External Space Requirements

Development proposals should include the following external areas and ancillary facilities:

- Two multi-use games areas (with viewing facilities) of at least 35 x 18m in dimensions.
- Limited car parking facilities for staff and occasional visitors (no more than six at most and only if space permits; in general terms on site parking is not a requirement)
- A garage or secure yard capable of accommodating at least two 17-seater minibuses (if space permits).
- A secure workshop area for the building's maintenance team.
- A sports store for equipment associated with the external activity areas.
- A store (with drying facility) for equipment associated with outdoor adventurous activities delivered off-site.

Bidders might also like to consider innovative and attractive treatment of any ancillary external space to provide additional, secure, external areas for relaxation, and other outdoor activity.

## 8. Other Requirements

The design of [insert location] Youth Zone and its ancillary facilities should also take account of the following issues.

- The safety of children and young people using the Youth Zone is of paramount importance and the design should demonstrate an appropriate awareness of that.
- External areas in which young people will be circulating should be separated from areas of vehicle movements.
- There will be limited times at which large numbers of young people are waiting to access the Club's facilities and it will be important that they will be able to wait/queue off the highway.
- During sessions involving the younger age groups, there will be increased vehicle movements associated with parents and carers dropping off and collecting children. There will therefore need to be a well designed lay-by or similar area to pull off the highway.
- On-site provision for car parking (if possible) should be limited to staff, the disabled and occasional visitors' vehicles along with space for temporary accommodation of the minibuses when not garaged.
- In addition to the controlled entry system, the building should incorporate an access control system allowing unused areas to be locked down for ease of management.
- Club sessions involving younger children will be closed sessions so that once through an access control system a child will only be able to leave the Youth Zone when staff consider it appropriate. To achieve that, both the internal and external spaces need to be secure.
- The design of both internal and external circulation areas should, as far as possible, avoid 'hiding places' or other 'blind spots' which might encourage young people to assemble and prove difficult to manage.
- Extensive consultation with young people across the country has revealed that they are increasingly aware of and concerned about environmental issues. Therefore proposals are expected to address issues of sustainable development in their broadest terms.

## 9. Competition Rules and Timetable

### Architectural Competition Timetable

Bidders selected	[insert date]
Development brief & competition instructions delivered	[insert date]
Return Date for submissions	[insert date]
Presentation to Panel of Judges	[insert date]
Winning Entry Confirmed	[insert date]

### Submissions should be delivered to reach:

**Mr. Rob Carter, Facilities Development & Deputy Chief Executive, OnSide Northwest Ltd, Atria, Spa Road, Bolton, BL1 4AG** no later than [insert deadline here]

Bidders are required to provide six paper copies and two electronic copies of their submissions  
[rob.carter@onsidenorthwest.org](mailto:rob.carter@onsidenorthwest.org)

### Commitment to Build

The project partners are committed to seeing this new build project commence in [insert guideline date]. The winning architectural practice will be responsible for a full design service across the RIBA design stages of work.

### Outline Timetable

Appoint successful Architect and design team	[insert date]
Outline design	[insert date]
Submit Planning Application	[insert date]
Production of Design information	[insert date]
Prepare tender documentation and issue	[insert date]
Tender period and Award	[insert date]
Commence Works	[insert date]
Construction duration	[insert date]
Occupation	[insert date]

## Competition Fees

In accepting the opportunity to be part of this design competition the bidders accept that all expense incurred in the preparation and submission of their proposals are at their cost.

## Interview Presentation

The project partners would like to invite all the bidders to present their proposals in support of the submitted documentation. The presentation will be to the panel of judges and will be an opportunity to present and discuss the submissions formally and in more detail.

The presentations will take place on [insert date time and location] and should last no longer than 30 minutes followed by an opportunity for questions and answers (up to 15-20 minutes).

## Panel of Judges

The panel of judges will be made up of [insert location] Youth Zone Board members along with external consultants and other appropriate stakeholders.

The decision of the panel will be final.

## Appointment and copyright of material submitted

Copyright of all submission material will rest with the designers. Once appointed OnSide North West will require the use of all material for marketing purposes for the chosen scheme.

## Planning and Cost

All submissions should ensure that the proposed scheme:-

- i. has a realistic expectation of obtaining planning consent; and
- ii. will fit within the project budget.

## Use of Consultants

Designers can choose to involve further consultants in order to further their design aspirations as they see fit, however, the client reserves the right to select the design team in its entirety and shall not be committed to using the designer's preferred consultants.

## Minimum Information (to be returned with the submission)

- Colour brochure containing commentary on proposals – five copies
- Sketch Scheme proposals including floor plans/ sections/ elevations
- Visual and/or 3D Model to demonstrate proposals to judges
- Professional experience relating to public/ community/ education projects
- Any other relevant supporting information



# **Wirral Youth Zone**

## **Indicative 5 Year Financial Plan**

**Apr 2014**



Wirral Zone Zone  
ADVANCE EXPENDITURE BUDGET: LAUNCH -2 YEARS



EXPENDITURE											Year Zero - Pre Soft openings														Pre soft openings total		
Date	Head count	16.8% on costs				Period (Mths)				Pre Year Zero																	
Staffing Costs	FTE / positions	Hours / wk	Annual Salary	Hourly rate	Net Annual Cost	Annual On costs	Total Annual	Mthly cost	Yr-1	Yr 0	Pro rata	-12 months+ 1	-12 months 1	-11 months 1	-10 months 1	-9 months 1	-8 months 1	-7 months 1	-6 months 6	-5 months 6	-4 months 9	-3 months 10	-2 months 10	-1 month 22			
OPERATIONS STAFF																											
Chief Executive / General Manager	1.0		£ 50,000		£ 50,000	£ 8,400	£ 58,400	£ 4,867	4	12	£ 77,867	£ 19,467	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 4,867	£ 77,867	
Finance Manager	0.2		£ 36,000		£ 7,200	£ 1,210	£ 8,410	£ 701		1	£ 701														£ 701	£ 701	
Business & Administration Manager	1.0		£ 28,000		£ 28,000	£ 4,704	£ 32,704	£ 2,725		6	£ 16,352								£ 2,725	£ 2,725	£ 2,725	£ 2,725	£ 2,725	£ 2,725	£ 2,725	£ 16,352	
Administration Assistant (including H.R.)	1.0		£ 18,000		£ 18,000	£ 3,024	£ 21,024	£ 1,752		6	£ 10,512								£ 1,752	£ 1,752	£ 1,752	£ 1,752	£ 1,752	£ 1,752	£ 1,752	£ 10,512	
Business Development Manager (Private Sector De	1.0		£ 38,000		£ 38,000	£ 6,384	£ 44,384	£ 3,699		6	£ 22,192								£ 3,699	£ 3,699	£ 3,699	£ 3,699	£ 3,699	£ 3,699	£ 3,699	£ 22,192	
Events Co-ordinator	0.5		£ 24,000		£ 12,000	£ 2,016	£ 14,016	£ 1,168		3	£ 3,504											£ 1,168	£ 1,168	£ 1,168	£ 3,504		
Trusts & Grants Fundraising Officer	1.0		£ 28,000		£ 28,000	£ 4,704	£ 32,704	£ 2,725		0.5	£ 1,363													£ 1,363	£ 1,363		
REC AREA TEAM																											
Youth Zone Manager (incl covering shifts)	1.0		£ 35,000		£ 35,000	£ 5,880	£ 40,880	£ 3,407		6	£ 20,440								£ 3,407	£ 3,407	£ 3,407	£ 3,407	£ 3,407	£ 3,407	£ 3,407	£ 20,440	
Senior Club Co-ordinator	1.0		£ 26,000		£ 26,000	£ 4,368	£ 30,368	£ 2,531		4	£ 10,123									£ 2,531	£ 2,531	£ 2,531	£ 2,531	£ 2,531	£ 2,531	£ 10,123	
Junior/Holiday Club Co-ordinator	1.0		£ 26,000		£ 26,000	£ 4,368	£ 30,368	£ 2,531		4	£ 10,123										£ 2,531	£ 2,531	£ 2,531	£ 2,531	£ 2,531	£ 10,123	
Rec Area Leader	1.0		£ 21,000		£ 21,000	£ 3,528	£ 24,528	£ 2,044		0.5	£ 1,022														£ 1,022	£ 1,022	
Health & Participation Leader	0.5		£ 21,000		£ 10,500	£ 1,764	£ 12,264	£ 1,022		0.5	£ 511														£ 511	£ 511	
Independence Group Leader	1.0		£ 21,000		£ 21,000	£ 3,528	£ 24,528	£ 2,044		1	£ 2,044														£ 2,044	£ 2,044	
Youth Worker	5.0	71		£ 9.50	£ 35,074	£ 4,840	£ 39,914	£ 3,326		0	£ -																
Youth Work/Activity Assistant	2.0	24		£ 7.50	£ 9,360	£ 1,292	£ 10,652	£ 888		0	£ -																
SPORTS TEAM																											
Sports Hall Leader	1.0		£ 21,000		£ 21,000	£ 3,528	£ 24,528	£ 2,044		0.5	£ 1,022														£ 1,022	£ 1,022	
Outdoor Adventure & Climbing Leader	1.0		£ 21,000		£ 21,000	£ 3,528	£ 24,528	£ 2,044		0.5	£ 1,022														£ 1,022	£ 1,022	
Health & Fitness Leader	1.0		£ 21,000		£ 21,000	£ 3,528	£ 24,528	£ 2,044		0.5	£ 1,022														£ 1,022	£ 1,022	
Youth Instructor	6.0	96		£ 9.50	£ 47,424	£ 6,545	£ 53,969	£ 4,497		0	£ -																
Youth Work/Activity Assistant	3.0	40		£ 7.50	£ 15,600	£ 2,153	£ 17,753	£ 1,479		0	£ -																
CREATIVE TEAM																											
Dance & Performing Arts Leader	1.0		£ 21,000		£ 21,000	£ 3,528	£ 24,528	£ 2,044		0.5	£ 1,022														£ 1,022	£ 1,022	
Music & Media Leader	1.0		£ 21,000		£ 21,000	£ 3,528	£ 24,528	£ 2,044		0.5	£ 1,022														£ 1,022	£ 1,022	
Fashion, Art & Design Leader	0.5		£ 21,000		£ 10,500	£ 1,764	£ 12,264	£ 1,022		0.5	£ 511														£ 511	£ 511	
Youth Instructor	3.0	48		£ 9.50	£ 23,712	£ 3,272	£ 26,984	£ 2,249		0	£ -																
SUPPORT TEAM																											
Volunteer Recruitment & Training Manager	1.0		£ 24,000		£ 24,000	£ 4,032	£ 28,032	£ 2,336		4	£ 9,344									£ 2,336	£ 2,336	£ 2,336	£ 2,336	£ 2,336	£ 2,336	£ 9,344	
Communications Manager	0.5		£ 22,000		£ 11,000	£ 1,848	£ 12,848	£ 1,071		6	£ 6,424								£ 1,071	£ 1,071	£ 1,071	£ 1,071	£ 1,071	£ 1,071	£ 1,071	£ 6,424	
Maintenance Officer	1.0		£ 18,000		£ 18,000	£ 3,024	£ 21,024	£ 1,752		0.5	£ 876														£ 876	£ 876	
Catering Leader	1.0		£ 19,000		£ 19,000	£ 3,192	£ 22,192	£ 1,849		0	£ -															£ -	
Reception	2.0	60		£ 7.25	£ 22,620	£ 3,122	£ 25,742	£ 2,145		0	£ -																
Catering (Cook)	2.0	26		£ 7.50	£ 10,140	£ 1,399	£ 11,539	£ 962		0	£ -																
Cleaner & Supervisor	2.0	35		£ 6.75	£ 12,285	£ 1,695	£ 13,980	£ 1,165		0	£ -																
Outreach Co-ordinator	0.0		£ 21,000		£ -	£ -	£ -	£ -		0	£ -															£ -	
Mentoring Co-ordinator	0.0		£ 22,000		£ -	£ -	£ -	£ -		0	£ -															£ -	
Enterprise Co-ordinator	0.0		£ 21,000		£ -	£ -	£ -	£ -		0	£ -															£ -	
POSITIONS	45.2		13.8% on costs				£ 794,110	£ 66,176			£ 199,017																
NB: Operations staff as a % of overall staff cost											27%															£ 199,017	
Premises Costs																											
Utilities						£ 51,744	£ 4,312		1	£ 4,312															£ 4,312	£ 4,312	
Waste Management						£ 1,860	£ 155		1	£ 155															£ 155	£ 155	
Security						£ 1,020	£ 85		1	£ 85															£ 85	£ 85	
Repairs & Maintenance & Materials						£ 29,604	£ 2,467		1	£ 2,467															£ 2,467	£ 2,467	
Cleaning materials/equipment						£ 10,440	£ 870		1	£ 870															£ 870	£ 870	
Insurances						£ 10,000	£ 833		1	£ 833															£ 833	£ 833	
NNDR rates - 80% discounted						£ 10,200	£ 850		2	£ 1,700														£ 850	£ 1,700		
						£ 104,668	£ 8,722			£ 10,422																£ 10,422	
Management Costs																											
Staff Recruitment (Pre launch cost only)						£ 14,000	£ 1,167		7	£ 14,000						£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000					£ 14,000	
Volunteer Recruitment (Pre launch costs only)						£ 3,500	£ 292		5	£ 3,500									£ 700	£ 700	£ 700	£ 700	£ 700	£ 700	£ 700	£ 3,500	
Telephone - Landlines & Mobiles						£ 8,868	£ 739		3	£ 2,217															£ 739	£ 2,217	
IT & Website Maintenance/Software						£ 8,432	£ 703		3	£ 2,108										£ 703	£ 703	£ 703	£ 703	£ 703	£ 703	£ 2,108	
Membership system (installation - all prelaunch)						£ 10,000			1	£ 10,000																£ 10,000	
Other supplies & sundry items						£ 20,000	£ 1,667		3	£ 5,000											£ 10,000					£ 10,000	
Finance & Bank Charges						£ 500	£ 42		3	£ 125															£ 5,000		
Marketing & Comms (Pre launch cost only)						£ 15,000	£ 1,250		3	£ 15,000															£ 42	£ 125	
Charity Trustees Insurance						£ 750	£ 63		1	£ 750															£ 5,000	£ 15,000	
Administration						£ 10,000	£ 833		3	£ 2,500															£ 833	£ 2,500	
							£ 6,754			£ 55,200																£ 833	£ 55,200
Delivery Costs																											
Sports Activity Consumables						£ 5,000	£ 417		1	£ 5,000															£ 5,000	£ 5,000	
Arts & Crafts Consumables						£ 3,000	£  <																				

Business Plan: Wirral Youth Zone  
Young People & Income

File: WirYZ - Financial Plan Revised Format Apr14

insert data in coloured cells only

Annual Membership Fees					income (£)		sub-totals (£)	
Total Members	3000							
Annual Membership fee	£5.00						15,000	15,000
Senior Club Session	09:00-12:00 morning	13:00-16:00 afternoon	16:00-18:00 twilight	16:00-22:00 evening	total young people	weeks	young people/ year	income
Income per young person	£0.50	£0.50	£0.50	£0.50				
Monday				250	250	52	13,000	6,500
Tuesday				250	250	52	13,000	6,500
Wednesday				250	250	52	13,000	6,500
Thursday				250	250	52	13,000	6,500
Friday				250	250	52	13,000	6,500
Saturday				250	250	52	13,000	6,500
Sunday				250	250	52	13,000	6,500
Total	0	0	0	1750	1750		91,000	45,500
Junior Club Session	09:00-12:00 morning	13:00-16:00 afternoon	16:00-18:00 twilight	18:15-20:30 evening	total young people	weeks	young people/ year	income
Income per young person	£0.50	£0.50	£0.50	£0.50				
Monday					0	52	0	0
Tuesday					0	52	0	0
Wednesday					0	52	0	0
Thursday					0	52	0	0
Friday					0	52	0	0
Saturday [Juniors 10:00-14:00]	250				250	52	13,000	6,500
Sunday [Juniors 10:00-14:00]	250				250	52	13,000	6,500
Total	500	0	0	0	500		26,000	13,000
Individual Project Sessions	09:00-12:00 morning	13:00-16:00 afternoon	16:00-18:00 twilight	18:00-22:00 evening	total young people		young people/ year	
Income per young person	£0.50	£0.50	£0.50	£0.50				
Monday					0	39	0	0
Tuesday					0	39	0	0
Wednesday					0	39	0	0
Thursday					0	39	0	0
Friday					0	39	0	0
Saturday					0	39	0	0
Sunday					0	39	0	0
Total	0	0	0	0	0		0	0
Holiday Sessions	08:00-13:00 morning	13:00-18:00 afternoon			total young people		young people/ year	income (£)
Income per young person	£3.50	£3.50						
Monday	1860	1860	0	0	3720		3,720	13,020
Tuesday	1860	1860	0	0	3720		3,720	13,020
Wednesday	1860	1860	0	0	3720		3,720	13,020
Thursday	1860	1860	0	0	3720		3,720	13,020
Friday	1860	1860	0	0	3720		3,720	13,020
Saturday	0	0	0	0	0		0	0
Sunday	0	0	0	0	0		0	0
Total	9300	9300	0	0	18600		18,600	65,100
Secondary Spend	catering & retail combined						income (£)	
		%takeup	sum (£)					
Senior Club Session	91,000 visits	65%	0.70	41,405			41,405	
Junior Club Session	26,000 visits	75%	0.90	17,550			17,550	
Individual Project Sessions	0 visits	50%	1.00	0			0	
Holiday Sessions	18,600 visits	80%	1.80	26,784			26,784	
sub total	135,600			85,739			85,739	85,739
Other Income							income (£)	
Private Sector Income					530,000		530,000	
Trusts, Grants & Foundations*					0		0	
Local Authority Revenue Grant					400,000		400,000	
Fundraising Events (Shown as Net Income)					40,000		40,000	
Facility Hire					6,000		6,000	
Off Site Activities Contributions					10,000		10,000	
Trips & Residentials Contributions					8,000		8,000	
sub total							994,000	994,000
TOTAL INCOME:								1,218,339

\*Trusts, Grants & Foundations shown as £0 since any income here will fund additional areas of work beyond the core activity offer

Business Plan: Wirral Youth Zone  
STAFFING - FULL TIME & SUMMARY

File: WirYZ - Financial Plan Revised Format Apr14						
insert data in coloured cells only						
16.8%on costs						
Position	Hours/wk	FTE	Salary (£)	Pro rata (£)	On costs (£)	Total (£)
OPERATIONS STAFF						
General Manager	40.00	1.0	50,000	50,000	8,400	58,400
Finance Manager	8.00	0.2	36,000	7,200	1,210	8,410
Business & Administration Manager	40.00	1.0	28,000	28,000	4,704	32,704
Administration Assistant (including H.R.)	40.00	1.0	18,000	18,000	3,024	21,024
Business Development Manager (Private Sector Dev)	40.00	1.0	38,000	38,000	6,384	44,384
Events Coordinator	20.00	0.5	24,000	12,000	2,016	14,016
Trusts & Grants Fundraising Officer	40.00	1.0	28,000	28,000	4,704	32,704
	228.00	5.7		181,200	30,442	211,642
SUPPORT TEAM - INDIRECT DELIVERY						
Volunteer Recruitment and Training Manager	40.00	1.0	24,000	24,000	4,032	28,032
Communications Manager	20.00	0.5	22,000	11,000	1,848	12,848
Maintenance Officer (Building)	40.00	1.0	18,000	18,000	3,024	21,024
Cleaning Supervisor	15.00	6.75	5,265	5,265	885	6,150
Cleaner	20.00	6.75	7,020	7,020	1,179	8,199
	135.00	3.4		65,285	10,968	76,253
REC AREA TEAM - DELIVERY						
Head of Youth Work/Youth Zone Manager (incl covering shift	40.00	1.0	35,000	35,000	5,880	40,880
Senior Club Coordinator	40.00	1.0	26,000	26,000	4,368	30,368
Junior/Holiday Club Coordinator	40.00	1.0	26,000	26,000	4,368	30,368
Recreation Area Leader	40.00	1.0	21,000	21,000	3,528	24,528
Independence Group Leader	40.00	1.0	21,000	21,000	3,528	24,528
Health & Participation Leader	20.00	0.5	21,000	10,500	1,764	12,264
Youth Worker/Instructor (Rec Area, Internal)	18.00	9.50	8,892	8,892	1,494	10,386
Youth Work/Activity Assistant (Rec Area, Internal)	12.00	7.50	4,680	4,680	786	5,466
Youth Worker/Instructor (Rec Area, External)	16.00	9.50	7,904	7,904	1,328	9,232
Youth Work/Activity Assistant (Rec Area, External)	12.00	7.50	4,680	4,680	786	5,466
Youth Worker/Instructor (Participation incl. Young Leaders)	13.00	9.50	6,422	6,422	1,079	7,501
Youth Worker/Instructor (Participation incl. Young Leaders)	12.00	9.50	5,928	5,928	996	6,924
Youth Worker/Instructor (Girls Work incl. Health & Beauty)	16.00	9.50	7,904	7,904	1,328	9,232
Youth Worker/Instructor (Girls Work incl. Health & Beauty)	12.00	9.50	5,928	5,928	996	6,924
Youth Work/Activity Assistant (Girls Work incl. Health & Beauty)	12.00	7.50	4,680	4,680	786	5,466
	343.00					
REC AREA TEAM - HOLIDAY CLUB						
Leader in Charge (Holiday Club)	50.00	11.00	7,150	7,150	1,201	8,351
Youth Worker/Instructor (Holiday Club)	15.00	9.50	1,853	1,853	311	2,164
Playworker (Holiday Club)	20.00	6.50	1,690	1,690	284	1,974
Playworker (Holiday Club)	15.00	6.50	1,268	1,268	213	1,480
Playworker (Holiday Club)	15.00	6.50	1,268	1,268	213	1,480
	115.00					
SPORTS TEAM - DELIVERY						
Sports Hall Leader	40.00	1.0	21,000	21,000	3,528	24,528
Outdoor Adventure & Climbing Leader	40.00	1.0	21,000	21,000	3,528	24,528
Health & Fitness Leader	40.00	1.0	21,000	21,000	3,528	24,528
Youth Worker/Instructor (Sports Hall)	16.00	9.50	7,904	7,904	1,328	9,232
Youth Work/Activity Assisstant (Sports Hall)	16.00	7.50	6,240	6,240	1,048	7,288
Youth Worker/Instructor (Health & Fitness Suite)	16.00	9.50	7,904	7,904	1,328	9,232
Youth Worker/Instructor (Outdoor & Climbing)	16.00	9.50	7,904	7,904	1,328	9,232
Youth Worker/Instructor (Boxing & Martial Arts)	20.00	9.50	9,880	9,880	1,660	11,540
Youth Worker/Instructor (Boxing & Martial Arts)	12.00	9.50	5,928	5,928	996	6,924
Youth Work/Activity Assistant (Boxing & Martial Arts)	12.00	7.50	4,680	4,680	786	5,466
	228.00					
CREATIVE TEAM - DELIVERY						
Dance & Performing Arts Leader	40.00	1.0	21,000	21,000	3,528	24,528
Music & Media Leader	40.00	1.0	21,000	21,000	3,528	24,528
Fashion, Art & Design Leader	20.00	0.5	21,000	10,500	1,764	12,264
Youth Worker/Instructor (Dance & Performing Arts)	16.00	9.50	7,904	7,904	1,328	9,232
Youth Worker/Instructor (Music & Multi-Media)	16.00	9.50	7,904	7,904	1,328	9,232
Youth Worker/Instructor (Fashion, Art & Design)	16.00	9.50	7,904	7,904	1,328	9,232
	148.00					
SUPPORT TEAM - DELIVERY						
Catering Leader	40.00	1.0	19,000	19,000	3,192	22,192
Receptionist (1)	30.00	7.25	11,310	11,310	1,900	13,210
Receptionist (2)	30.00	7.25	11,310	11,310	1,900	13,210
Cook/Assistant Caterer (1)	13.00	7.50	5,070	5,070	852	5,922
Cook/Assistant Caterer (2)	13.00	7.50	5,070	5,070	852	5,922
Outreach Coordinator	0.00	0.0	21,000	0	0	0
Mentoring Co-ordinator	0.00	0.0	22,000	0	0	0
Enterprise Coordinator	0.00	0.0	21,000	0	0	0
	126.00	21.8		451,158	75,794	526,952
Total	1323.00	30.9		697,643	117,204	814,846

TOTAL STAFF COSTS	Total Salary cost	FTE
OPERATIONS STAFF	211,642	5.7
SUPPORT TEAM - INDIRECT DELIVERY	76,253	3.4
FULL TIME DELIVERY STAFF	295,504	11.0
PART TIME STAFF FOR ACTIVITY AREAS	231,448	10.8
	814,846	30.9



**Delivery Hours Analysis**

Open/delivery hours per week **38**

	Hours/wk	Per open hr	Cost/annum
<b>Overheads</b>			
Operations staff	228		£ 211,642
Premises Costs			£ 124,350
Management Costs			£ 69,107
Delivery Costs			£ 106,017
<b>Indirect</b>			
Support team - indirect delivery	135		£ 76,253
<b>Direct staff</b>			
Youth Work Manager	40		£ 40,880
REC	303	8.0	£ 188,653
Sports	228	6.0	£ 132,498
Creative	148	3.9	£ 89,016
Support team - delivery	126	3.3	£ 60,456
		<u>21.2</u>	
<b>Total staffing hours per week</b>	<b>1208</b>		
<b>Total cost per annum</b>			<b>£ 1,098,871</b>
<b>Per delivery hour</b>			
Total number of staff hours per delivery hr	32		
Cost per delivery hour			£ 556
<b>Holiday Club Days</b>			
	<b>62</b>		
	Hours/wk		Cost/annum
Holiday Club - additional staffing for 13 weeks	115		£ 15,450
<b><u>Total Annual Organisation cost</u></b>			
Total core staff and delivery costs			£ 1,098,871
Holiday club			£ 15,450
			<u><b>£ 1,114,321</b></u>

## Business Plan: Wirral Youth Zone

### EXPENDITURE

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#### Staffing Costs

OPERATIONS STAFF	211,642	
SUPPORT TEAM - INDIRECT DELIVERY	76,253	
FULL TIME DELIVERY STAFF	295,504	
PART TIME STAFF FOR ACTIVITY AREAS	231,448	
		<b>814,846</b>

Build cost 5,000,000 for area of 3,000 m<sup>2</sup>

#### Premises Costs

	rate/square metre (£)	fixed sum (£)	
Utilities	15.00		45,000
Repairs & Maintenance	5.00		<b>15,000</b>
Life-cycle costs	0.5%		<b>25,000</b>
Plant Maintenance Contracts	2.50		7,500
Alarm Costs	1.50		4,500
Waste Management Charges	0.30		900
Cleaning Materials/Equipment	1.25		3,750
National Non Domestic Rates (non discount)	17.00	51,000	
NNDR (discount)	80%		
NNDR rates			10,200
	% of capital cost	fixed sum (£)	
Insurances	0.25%		12,500
			<b>124,350</b>

#### Management Costs

	% of total income	fixed sum (£)	
Telephone - Landlines & Mobiles	0.9%		10,965
IT & Website Maintenance & Software	0.8%		9,747
Audit and Legal Costs	0.7%		8,528
Licences	0.1%		1,218
Monitoring & Evaluation Costs			0
Photocopier/Printer Costs		2,500	2,500
Printing, Postage & Stationery		7,000	7,000
Staff Uniforms		3,000	3,000
Hospitality		1,000	1,000
OnSide Network Donation		17,000	17,000
Other Supplies & Sundry Items	0.0%		0
Recruitment and travel			8,148
			<b>69,107</b>

#### Delivery Costs

	fixed sum (£)	
Sports Activity Consumables	5,000	5,000
Arts, Crafts & Fashion Consumables	4,000	4,000
Music & Media Projects Consumables	3,000	3,000
Miscellaneous Project Consumables	4,500	4,500
Transport Running Costs (Single Minibus)	3,500	3,500
Celebration & Promotion Events	2,000	2,000
Marketing & Communication	2,000	2,000
Training Expenses	5,000	5,000
Volunteer Expenses	3,000	3,000
Staff Expenses	6,000	6,000
Offsite Activities Costs	3,000	3,000
Trips & Residentials Costs	5,000	5,000
	% of secondary spend	
Catering & Retail Supplies	70%	60,017
		<b>106,017</b>
<b>TOTAL EXPENDITURE</b>		<b>1,114,321</b>

Note: "Other Personnel Costs" includes travel expenses and recruitment costs

Business Plan: Wirral Youth Zone  
Holiday Sessions

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February half term	08:00- 13:00	13:00- 18:00			total young people	weeks	young people/ year
	morning	afternoon	twilight	evening			
Monday	150	150			300	1	300
Tuesday	150	150			300	1	300
Wednesday	150	150			300	1	300
Thursday	150	150			300	1	300
Friday	150	150			300	1	300
Saturday					0	1	0
Sunday					0	0	0
Total	750	750	0	0	1500		1,500

Easter	08:00- 13:00	13:00- 18:00			total young people	weeks	young people/ year
	morning	afternoon	twilight	evening			
Monday	150	150			300	2	600
Tuesday	150	150			300	2	600
Wednesday	150	150			300	2	600
Thursday	150	150			300	2	600
Friday	150	150			300	2	600
Saturday					0	0	0
Sunday					0	0	0
Total	750	750	0	0	1500		3,000

May half term	08:00- 13:00	13:00- 18:00			total young people	weeks	young people/ year
	morning	afternoon	twilight	evening			
Monday	150	150			300	1	300
Tuesday	150	150			300	1	300
Wednesday	150	150			300	1	300
Thursday	150	150			300	1	300
Friday	150	150			300	1	300
Saturday					0	0	0
Sunday					0	0	0
Total	750	750	0	0	1500		1,500

Summer	08:00- 13:00	13:00- 18:00			total young people	weeks	young people/ year
	morning	afternoon	twilight	evening			
Monday	150	150			300	6	1800
Tuesday	150	150			300	6	1800
Wednesday	150	150			300	6	1800
Thursday	150	150			300	6	1800
Friday	150	150			300	6	1800
Saturday					0	0	0
Sunday					0	0	0
Total	750	750	0	0	1500		9,000

October half term	08:00- 13:00	13:00- 18:00			total young people	weeks	young people/ year
	morning	afternoon	twilight	evening			
Monday	150	150			300	1	300
Tuesday	150	150			300	1	300
Wednesday	150	150			300	1	300
Thursday	150	150			300	1	300
Friday	150	150			300	1	300
Saturday					0	0	0
Sunday					0	0	0
Total	750	750	0	0	1500		1,500

Christmas & New Year	08:00- 13:00	13:00- 18:00			total young people	weeks	young people/ year
	morning	afternoon	twilight	evening			
Monday	150	150			300	1.4	420
Tuesday	150	150			300	1.4	420
Wednesday	150	150			300	1.4	420
Thursday	150	150			300	1.4	420
Friday	150	150			300	1.4	420
Saturday					0	0	0
Sunday					0	0	0
Total	750	750	0	0	1500		2,100

TOTAL	08:00- 13:00	13:00- 18:00	15:30- 18:30	18:30- 22:00	young people/ year
	morning	afternoon	twilight	evening	
Monday	1860	1860	0	0	3720
Tuesday	1860	1860	0	0	3720
Wednesday	1860	1860	0	0	3720
Thursday	1860	1860	0	0	3720
Friday	1860	1860	0	0	3720
Saturday	0	0	0	0	0
Sunday	0	0	0	0	0
Total	9300	9300	0	0	18600

## Business Plan: Wirral Youth Zone

### Y1 - Y5 SUMMARY

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INCOME	Year 1		Year 2		Year 3		Year 4		Year 5	
<b>Fees</b>										
Annual Membership Fees	15,000	0%	15,000	3%	15,450	3%	15,914	2%	16,232	
Senior Club Session	45,500	0%	45,500	3%	46,865	3%	48,271	2%	49,236	
Junior Club Session	13,000	0%	13,000	3%	13,390	3%	13,792	2%	14,068	
Individual Project Sessions	0	0%	0	3%	0	3%	0	2%	0	
Holiday Sessions	52,080	-20%	65,100	3%	67,053	3%	69,065	2%	70,446	
	125,580		138,600		142,758		147,041		149,982	
<b>Secondary Spend</b>										
Secondary Spend	72,878	-15%	85,739	5%	90,026	3%	92,727	2%	94,581	
	72,878		85,739		90,026		92,727		94,581	
<b>Other Income</b>										
Private Sector Income	516,750	-2.5%	530,000	3%	545,900	2%	556,818	2%	567,954	
Trusts, Grants & Foundations*	0	0%	0	2%	0	2%	0	2%	0	
Local Authority Revenue Grant	400,000	0%	400,000	0%	400,000	0%	400,000	0%	400,000	
Fundraising Events (Shown as Net Income)	40,000	0%	40,000	2%	40,800	2%	41,616	2%	42,448	
Facility Hire	6,000	0%	6,000	3%	6,180	2%	6,304	2%	6,430	
Off Site Activities Contributions	10,000	0%	10,000	3%	10,300	2%	10,506	2%	10,716	
Trips & Residentials Contributions	8,000	0%	8,000	3%	8,240	2%	8,405	2%	8,573	
	980,750		994,000		1,011,420		1,023,648		1,036,121	
TOTAL INCOME	1,179,208		1,218,339		1,244,204		1,263,416		1,280,684	
Allowance for Discounts	0%	0	0		0		0		0	
<b>NET INCOME</b>	<b>1,179,208</b>		<b>1,218,339</b>		<b>1,244,204</b>		<b>1,263,416</b>		<b>1,280,684</b>	
<b>EXPENDITURE</b>										
<b>Staffing Costs</b>										
OPERATIONS STAFF	211,642	0%	211,642	2%	215,874	2%	220,192	2%	224,596	
SUPPORT TEAM - INDIRECT DELIVERY	76,253	0%	76,253	2%	77,778	2%	79,333	2%	80,920	
FULL TIME DELIVERY STAFF	295,504	0%	295,504	2%	301,414	2%	307,442	2%	313,591	
PART TIME STAFF FOR ACTIVITY AREAS	231,448	0%	231,448	2%	236,077	2%	240,798	2%	245,614	
Recruitment and travel	8,148	0%	8,148	2%	8,311	2%	8,478	2%	8,647	
	822,995		822,995		839,455		856,244		873,369	
<b>Premises Costs</b>										
Utilities	40,500	-10%	45,000	5%	47,250	5%	49,613	5%	52,093	
Repairs & Maintenance	1,500	-90%	15,000	2%	15,300	2%	15,606	2%	15,918	
Life-cycle costs	25,000	0%	25,000	2%	25,500	2%	26,010	2%	26,530	
Plant Maintenance Contracts	750	-90%	7,500	5%	7,875	5%	8,269	5%	8,682	
Alarm Costs	4,500	0%	4,500	5%	4,725	5%	4,961	5%	5,209	
Waste Management Charges	900	0%	900	5%	945	5%	992	5%	1,042	
Cleaning Materials/Equipment	3,750	0%	3,750	2%	3,825	2%	3,902	2%	3,980	
NNDR rates	10,200	0%	10,200	0%	10,200	0%	10,200	0%	10,200	
Insurances	12,500	0%	12,500	2%	12,750	2%	13,005	2%	13,265	
	99,600		124,350		128,370		132,557		136,919	
<b>Management Costs</b>										
Telephone - Landlines & Mobiles	10,965	0%	10,965	3%	11,294	3%	11,633	3%	11,982	
IT & Website Maintenance & Software	9,747	0%	9,747	3%	10,039	3%	10,340	3%	10,650	
Audit and Legal Costs	8,528	0%	8,528	3%	8,784	3%	9,048	3%	9,319	
Licences	1,218	0%	1,218	3%	1,255	3%	1,293	3%	1,331	
Monitoring & Evaluation Costs	0	0%	0	3%	0	3%	0	3%	0	
Photocopier/Printer Costs	2,500	0%	2,500	3%	2,575	3%	2,652	3%	2,732	
Printing, Postage & Stationery	7,000	0%	7,000	3%	7,210	3%	7,426	3%	7,649	
Staff Uniforms	6,000	100%	3,000	3%	3,090	3%	3,183	3%	3,278	
Hospitality	1,000	0%	1,000	3%	1,030	3%	1,061	3%	1,093	
OnSide Network Donation	17,000	0%	17,000	0%	17,000	0%	17,000	0%	17,000	
Other Supplies & Sundry Items	0	0%	0	3%	0	3%	0	3%	0	
	63,958		60,958		62,277		63,636		65,035	
<b>Delivery Costs</b>										
Sports Activity Consumables	5,000	0%	5,000	2%	5,100	2%	5,202	2%	5,306	
Arts, Crafts & Fashion Consumables	4,000	0%	4,000	2%	4,080	2%	4,162	2%	4,245	
Music & Media Projects Consumables	3,000	0%	3,000	2%	3,060	2%	3,121	2%	3,184	
Miscellaneous Project Consumables	4,500	0%	4,500	2%	4,590	2%	4,682	2%	4,775	
Transport Running Costs (Single Minibus)	3,500	0%	3,500	2%	3,570	2%	3,641	2%	3,714	
Celebration & Promotion Events	2,000	0%	2,000	2%	2,040	2%	2,081	2%	2,122	
Marketing & Communication	2,000	0%	2,000	2%	2,040	2%	2,081	2%	2,122	
Training Expenses	5,000	0%	5,000	2%	5,100	2%	5,202	2%	5,306	
Volunteer Expenses	3,000	0%	3,000	2%	3,060	2%	3,121	2%	3,184	
Staff Expenses	6,000	0%	6,000	2%	6,120	2%	6,242	2%	6,367	
Offsite Activities Costs	3,000	0%	3,000	2%	3,060	2%	3,121	2%	3,184	
Trips & Residentials Costs	5,000	0%	5,000	2%	5,100	2%	5,202	2%	5,306	
Catering & Retail Supplies	60,017	0%	60,017	2%	61,218	2%	62,442	2%	63,691	
	106,017		106,017		108,138		110,300		112,506	
TOTAL EXPENDITURE	1,092,571		1,114,321		1,138,240		1,162,737		1,187,829	
Allowance for Contingency	1.0%	10,926	11,143		11,382		11,627		11,878	
<b>NET EXPENDITURE</b>	<b>1,103,496</b>		<b>1,125,464</b>		<b>1,149,622</b>		<b>1,174,364</b>		<b>1,199,708</b>	
<b>SURPLUS/(DEFICIT)</b>	<b>75,712</b>		<b>92,875</b>		<b>94,582</b>		<b>89,051</b>		<b>80,977</b>	



Business Plan: Wirral Youth Zone  
Year 1 MONTHLY

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INCOME		Year 1												year 1 total
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	1	9%	9%	9%	9%	9%	8%	5%	6%	9%	9%	9%	9%	100%
	2	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	100%
	3	0.0%	7.7%	0.0%	15.4%	7.7%	0.0%	7.7%	30.8%	0.0%	7.7%	0.0%	15.4%	92%
	4	25.0%	0.0%	0.0%	25.0%	0.0%	0.0%	25.0%	0.0%	0.0%	25.0%	0.0%	0.0%	100%
Fees														
Annual Membership Fees	1	1,350	1,350	1,350	1,350	1,350	1,200	750	900	1,350	1,350	1,350	1,350	15,000
Senior Club Session	1	4,095	4,095	4,095	4,095	4,095	3,640	2,275	2,730	4,095	4,095	4,095	4,095	45,500
Junior Club Session	1	1,170	1,170	1,170	1,170	1,170	1,040	650	780	1,170	1,170	1,170	1,170	13,000
Individual Project Sessions	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Holiday Sessions	3	0	4,005	0	8,010	4,005	0	4,005	16,020	0	4,005	0	8,010	52,080
														125,580
Secondary Spend														
Secondary Spend	1	6,559	6,559	6,559	6,559	6,559	5,830	3,644	4,373	6,559	6,559	6,559	6,559	72,878
														72,878
Other Income														
Private Sector Income	2	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	43,062	516,750
Trusts, Grants & Foundations*	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Authority Revenue Grant	4	100,000	0	0	100,000	0	0	100,000	0	0	100,000	0	0	400,000
Fundraising Events (Shown as Net Income)	4	10,000	0	0	10,000	0	0	10,000	0	0	10,000	0	0	40,000
Facility Hire	2	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Off Site Activities Contributions	2	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Trips & Residentials Contributions	1	720	720	720	720	720	640	400	480	720	720	720	720	8,000
														980,750
TOTAL INCOME		168,290	62,295	58,290	176,300	62,295	56,746	166,120	69,678	58,290	172,295	58,290	66,300	1,179,208
Allowance for Discounts	0%													0
NET INCOME														1,179,208
EXPENDITURE														
		8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	
Staffing Costs														
OPERATIONS STAFF	2	17,637	17,637	17,637	17,637	17,637	17,637	17,637	17,637	17,637	17,637	17,637	17,637	211,642
SUPPORT TEAM - INDIRECT DELIVERY	2	6,354	6,354	6,354	6,354	6,354	6,354	6,354	6,354	6,354	6,354	6,354	6,354	76,253
FULL TIME DELIVERY STAFF	2	24,625	24,625	24,625	24,625	24,625	24,625	24,625	24,625	24,625	24,625	24,625	24,625	295,504
PART TIME STAFF FOR ACTIVITY AREA	2	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	19,287	231,448
Recruitment and travel	2	679	679	679	679	679	679	679	679	679	679	679	679	8,148
														822,995
Premises Costs														
Utilities	2	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	40,500
Repairs & Maintenance	2	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Plant Maintenance Contracts	2	62	62	62	62	62	62	62	62	62	62	62	62	750
Alarm Costs	2	375	375	375	375	375	375	375	375	375	375	375	375	4,500
Waste Management Charges	2	75	75	75	75	75	75	75	75	75	75	75	75	900
Cleaning Materials/Equipment	2	312	312	312	312	312	312	312	312	312	312	312	312	3,750
NNDR rates	2	850	850	850	850	850	850	850	850	850	850	850	850	10,200
Insurances	2	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	12,500
														74,600
Management Costs														
Telephone - Landlines & Mobiles	2	914	914	914	914	914	914	914	914	914	914	914	914	10,965
IT & Website Maintenance & Software	2	812	812	812	812	812	812	812	812	812	812	812	812	9,747
Audit and Legal Costs	2	711	711	711	711	711	711	711	711	711	711	711	711	8,528
Licences	2	102	102	102	102	102	102	102	102	102	102	102	102	1,218
Monitoring & Evaluation Costs	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Photocopier/Printer Costs	2	208	208	208	208	208	208	208	208	208	208	208	208	2,500
Printing, Postage & Stationery	2	583	583	583	583	583	583	583	583	583	583	583	583	7,000
Staff Uniforms	2	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Hospitality	2	83	83	83	83	83	83	83	83	83	83	83	83	1,000
OnSide Network Donation	2	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	17,000
Other Supplies & Sundry Items	2	0	0	0	0	0	0	0	0	0	0	0	0	0
														63,958
Delivery Costs														
Sports Activity Consumables	2	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Arts, Crafts & Fashion Consumables	2	333	333	333	333	333	333	333	333	333	333	333	333	4,000
Music & Media Projects Consumables	2	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Miscellaneous Project Consumables	2	375	375	375	375	375	375	375	375	375	375	375	375	4,500
Transport Running Costs (Single Minibus)	2	292	292	292	292	292	292	292	292	292	292	292	292	3,500
Celebration & Promotion Events	2	167	167	167	167	167	167	167	167	167	167	167	167	2,000
Marketing & Communication	2	167	167	167	167	167	167	167	167	167	167	167	167	2,000
Training Expenses	2	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Volunteer Expenses	2	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Offsite Activities Costs	2	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Trips & Residentials Costs	2	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Catering & Retail Supplies	2	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	60,017
														100,017
TOTAL EXPENDITURE		82,796	82,796	82,796	82,796	82,796	82,796	82,796	82,796	82,796	82,796	82,796	82,796	1,092,571
Allowance for Contingency	1.0%													10,926
NET EXPENDITURE														1,103,496
SURPLUS/(DEFICIT)														75,712

Business Plan: Wirral Youth Zone  
Years 2-5 Quarterly

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INCOME

Seasonal variance in attendance  
Straight line in expenditure

Fees

Annual Membership Fees  
Senior Club Session  
Junior Club Session  
Individual Project Sessions  
Holiday Sessions

Secondary Spend

Secondary Spend

Other Income

Private Sector Income  
Trusts, Grants & Foundations\*  
Local Authority Revenue Grant  
Fundraising Events (Shown as Net Income)  
Facility Hire  
Off Site Activities Contributions  
Trips & Residential Contributions

TOTAL INCOME

Allowance for Discounts

NET INCOME

EXPENDITURE

Staffing Costs

OPERATIONS STAFF  
SUPPORT TEAM - INDIRECT DELIVERY  
FULL TIME DELIVERY STAFF  
PART TIME STAFF FOR ACTIVITY AREAS  
Recruitment and travel

Premises Costs

Utilities  
Repairs & Maintenance  
Plant Maintenance Contracts  
Alarm Costs  
Waste Management Charges  
Cleaning Materials/Equipment  
NNDR rates  
Insurances

Management Costs

Telephone - Landlines & Mobiles  
IT & Website Maintenance & Software  
Audit and Legal Costs  
Licences  
Monitoring & Evaluation Costs  
Photocopier/Printer Costs  
Printing, Postage & Stationery  
Staff Uniforms  
Hospitality  
OnSide Network Donation  
Other Supplies & Sundry Items

Delivery Costs

Sports Activity Consumables  
Arts, Crafts & Fashion Consumables  
Music & Media Projects Consumables  
Miscellaneous Project Consumables  
Transport Running Costs (Single Minibus)  
Celebration & Promotion Events  
Marketing & Communication  
Training Expenses  
Volunteer Expenses  
Offsite Activities Costs  
Trips & Residential Costs  
Catering & Retail Supplies

TOTAL EXPENDITURE

Allowance for Contingency

NET EXPENDITURE

SURPLUS/(DEFICIT)

	Year 2				total
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
	27% 25%	27% 25%	19% 25%	27% 25%	
Seasonal variance in attendance					
Straight line in expenditure					
Fees					
Annual Membership Fees	4,050	4,050	2,850	4,050	15,000
Senior Club Session	12,285	12,285	8,645	12,285	45,500
Junior Club Session	3,510	3,510	2,470	3,510	13,000
Individual Project Sessions	0	0	0	0	0
Holiday Sessions	17,577	17,577	12,369	17,577	65,100
					138,600
Secondary Spend					
Secondary Spend	23,150	23,150	16,290	23,150	85,739
					85,739
Other Income					
Private Sector Income	143,100	143,100	100,700	143,100	530,000
Trusts, Grants & Foundations*	0	0	0	0	0
Local Authority Revenue Grant	108,000	108,000	76,000	108,000	400,000
Fundraising Events (Shown as Net Income)	10,000	10,000	10,000	10,000	40,000
Facility Hire	1,500	1,500	1,500	1,500	6,000
Off Site Activities Contributions	2,700	2,700	1,900	2,700	10,000
Trips & Residential Contributions	2,160	2,160	1,520	2,160	8,000
					994,000
TOTAL INCOME	328,032	328,032	234,244	328,032	1,218,339
Allowance for Discounts					0
NET INCOME					1,218,339
EXPENDITURE					
Staffing Costs					
OPERATIONS STAFF	52,910	52,910	52,910	52,910	211,642
SUPPORT TEAM - INDIRECT DELIVERY	19,063	19,063	19,063	19,063	76,253
FULL TIME DELIVERY STAFF	73,876	73,876	73,876	73,876	295,504
PART TIME STAFF FOR ACTIVITY AREAS	57,862	57,862	57,862	57,862	231,448
Recruitment and travel	2,037	2,037	2,037	2,037	8,148
					822,995
Premises Costs					
Utilities	11,250	11,250	11,250	11,250	45,000
Repairs & Maintenance	3,750	3,750	3,750	3,750	15,000
Plant Maintenance Contracts	1,875	2,025	1,425	2,025	7,500
Alarm Costs	1,125	1,125	1,125	1,125	4,500
Waste Management Charges	225	225	225	225	900
Cleaning Materials/Equipment	938	938	938	938	3,750
NNDR rates	2,550	2,550	2,550	2,550	10,200
Insurances	3,125	3,125	3,125	3,125	12,500
					124,350
Management Costs					
Telephone - Landlines & Mobiles	2,741	2,741	2,741	2,741	10,965
IT & Website Maintenance & Software	2,437	2,437	2,437	2,437	9,747
Audit and Legal Costs	2,132	2,132	2,132	2,132	8,528
Licences	305	305	305	305	1,218
Monitoring & Evaluation Costs	0	0	0	0	0
Photocopier/Printer Costs	625	625	625	625	2,500
Printing, Postage & Stationery	1,750	1,750	1,750	1,750	7,000
Staff Uniforms	750	750	750	750	3,000
Hospitality	250	250	250	250	1,000
OnSide Network Donation	4,250	4,250	4,250	4,250	17,000
Other Supplies & Sundry Items	0	0	0	0	0
					60,958
Delivery Costs					
Sports Activity Consumables	1,250	1,250	1,250	1,250	5,000
Arts, Crafts & Fashion Consumables	1,000	1,000	1,000	1,000	4,000
Music & Media Projects Consumables	750	750	750	750	3,000
Miscellaneous Project Consumables	1,125	1,125	1,125	1,125	4,500
Transport Running Costs (Single Minibus)	875	875	875	875	3,500
Celebration & Promotion Events	500	500	500	500	2,000
Marketing & Communication	500	500	500	500	2,000
Training Expenses	1,250	1,250	1,250	1,250	5,000
Volunteer Expenses	750	750	750	750	3,000
Offsite Activities Costs	750	750	750	750	3,000
Trips & Residential Costs	1,250	1,250	1,250	1,250	5,000
Catering & Retail Supplies	15,004	15,004	15,004	15,004	60,017
					106,017
TOTAL EXPENDITURE	253,826	253,976	253,376	253,976	1,114,321
Allowance for Contingency	2,786	2,786	2,786	2,786	11,143
NET EXPENDITURE					1,125,464
SURPLUS/(DEFICIT)					92,875

	Year 3				total
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
	27% 25%	27% 25%	19% 25%	27% 25%	
Seasonal variance in attendance					
Straight line in expenditure					
Fees					
Annual Membership Fees	4,172	4,172	2,936	4,172	15,450
Senior Club Session	12,654	12,654	8,904	12,654	46,865
Junior Club Session	3,615	3,615	2,544	3,615	13,390
Individual Project Sessions	0	0	0	0	0
Holiday Sessions	18,104	18,104	12,740	18,104	67,053
					142,758
Secondary Spend					
Secondary Spend	24,307	24,307	17,105	24,307	90,026
					90,026
Other Income					
Private Sector Income	147,393	147,393	103,721	147,393	545,900
Trusts, Grants & Foundations*	0	0	0	0	0
Local Authority Revenue Grant	108,000	108,000	76,000	108,000	400,000
Fundraising Events (Shown as Net Income)	10,200	10,200	10,200	10,200	40,800
Facility Hire	1,545	1,545	1,545	1,545	6,180
Off Site Activities Contributions	2,781	2,781	1,957	2,781	10,300
Trips & Residential Contributions	2,225	2,225	1,566	2,225	8,240
					1,011,420
TOTAL INCOME	334,995	334,995	239,218	334,995	1,244,204
Allowance for Discounts					0
NET INCOME					1,244,204
EXPENDITURE					
Staffing Costs					
OPERATIONS STAFF	53,969	53,969	53,969	53,969	215,874
SUPPORT TEAM - INDIRECT DELIVERY	19,444	19,444	19,444	19,444	77,778
FULL TIME DELIVERY STAFF	75,354	75,354	75,354	75,354	301,414
PART TIME STAFF FOR ACTIVITY AREAS	59,019	59,019	59,019	59,019	236,077
Recruitment and travel	2,078	2,078	2,078	2,078	8,311
					839,455
Premises Costs					
Utilities	11,813	11,250	11,250	11,250	47,250
Repairs & Maintenance	3,825	3,825	3,825	3,825	15,300
Plant Maintenance Contracts	1,969	1,969	1,969	1,969	7,875
Alarm Costs	1,181	1,181	1,181	1,181	4,725
Waste Management Charges	236	236	236	236	945
Cleaning Materials/Equipment	956	956	956	956	3,825
NNDR rates	2,550	2,550	2,550	2,550	10,200
Insurances	3,188	3,188	3,188	3,188	12,750
					128,370
Management Costs					
Telephone - Landlines & Mobiles	2,824	2,824	2,824	2,824	11,294
IT & Website Maintenance & Software	2,510	2,510	2,510	2,510	10,039
Audit and Legal Costs	2,196	2,196	2,196	2,196	8,784
Licences	314	314	314	314	1,255
Monitoring & Evaluation Costs	0	0	0	0	0
Photocopier/Printer Costs	644	644	644	644	2,575
Printing, Postage & Stationery	1,803	1,803	1,803	1,803	7,210
Staff Uniforms	773	773	773	773	3,090
Hospitality	258	258	258	258	1,030
OnSide Network Donation	4,250	4,250	4,250	4,250	17,000
Other Supplies & Sundry Items	0	0	0	0	0
					62,277
Delivery Costs					
Sports Activity Consumables	1,275	1,275	1,275	1,275	5,100
Arts, Crafts & Fashion Consumables	1,020	1,020	1,020	1,020	4,080
Music & Media Projects Consumables	765	765	765	765	3,060
Miscellaneous Project Consumables	1,148	1,148	1,148	1,148	4,590
Transport Running Costs (Single Minibus)	893	893	893	893	3,570
Celebration & Promotion Events	510	510	510	510	2,040
Marketing & Communication	510	510	510	510	2,040
Training Expenses	1,275	1,275	1,275	1,275	5,100
Volunteer Expenses	765	765	765	765	3,060
Offsite Activities Costs	765	765	765	765	3,060
Trips & Residential Costs	1,275	1,275	1,275	1,275	5,100
Catering & Retail Supplies	15,304	15,304	15,304	15,304	61,218
					108,138
TOTAL EXPENDITURE	259,311	258,748	258,748	258,748	1,138,240
Allowance for Contingency	2,846	2,846	2,846	2,846	11,382
NET EXPENDITURE					1,149,622
SURPLUS/(DEFICIT)					94,582

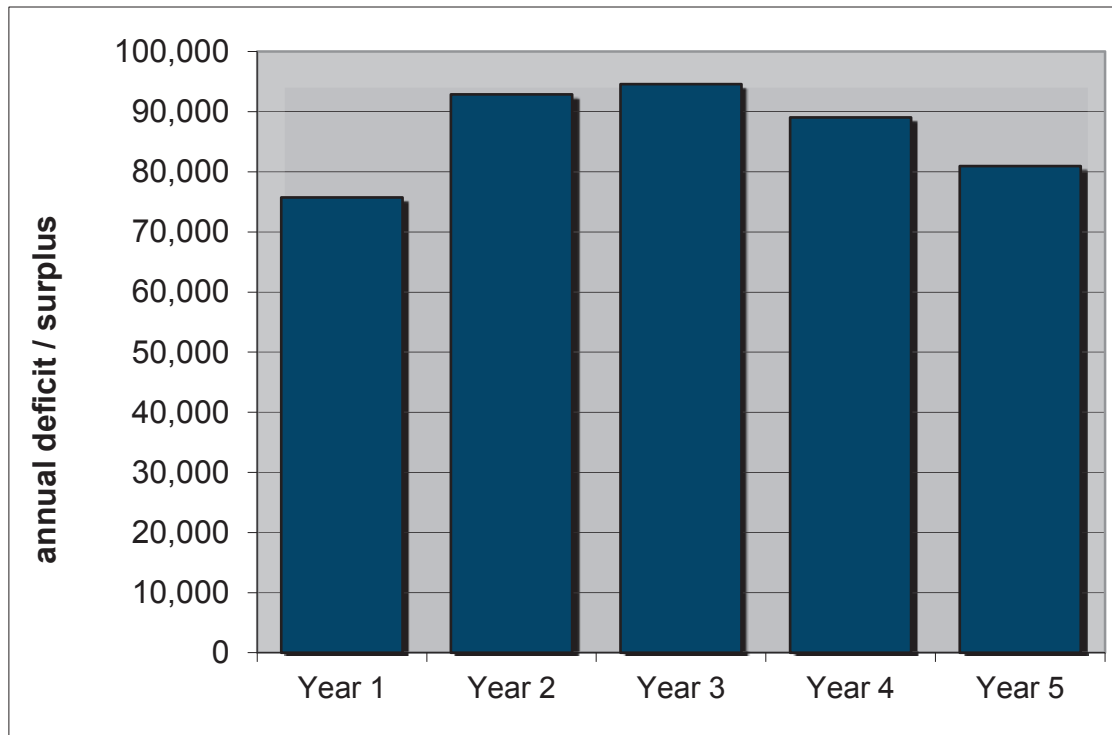
	Year 4				total
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
	27% 25%	27% 25%	19% 25%	27% 25%	
Seasonal variance in attendance					
Straight line in expenditure					
Fees					
Annual Membership Fees	4,297	4,297	3,024	4,297	15,914
Senior Club Session	13,033	13,033	9,171	13,033	48,271
Junior Club Session	3,724	3,724	2,620	3,724	13,792
Individual Project Sessions	0	0	0	0	0
Holiday Sessions	18,647	18,647	13,122	18,647	69,065
					147,041
Secondary Spend					
Secondary Spend	25,036	25,036	17,618	25,036	92,727
					92,727
Other Income					
Private Sector Income	150,341	150,341	105,795	150,341	556,818
Trusts, Grants & Foundations*	0	0	0	0	0
Local Authority Revenue Grant	108,000	108,000	76,000	108,000	400,000
Fundraising Events (Shown as Net Income)	10,404	10,404	10,404	10,404	41,616
Facility Hire	1,576	1,576	1,576	1,576	6,304
Off Site Activities Contributions	2,837	2,837	1,996	2,837	10,506
Trips & Residential Contributions	2,269	2,269	1,597	2,269	8,405
					1,023,648
TOTAL INCOME	340,164	340,164	242,924	340,164	1,263,416
Allowance for Discounts					0
NET INCOME					1,263,416
EXPENDITURE					
Staffing Costs					
OPERATIONS STAFF	55,048	55,048	55,048	55,048	220,192
SUPPORT TEAM - INDIRECT DELIVERY	19,833	19,833	19,833	19,833	79,333
FULL TIME DELIVERY STAFF	76,861	76,861	76,861	76,861	307,442
PART TIME STAFF FOR ACTIVITY AREAS	60,200	60,200	60,200	60,200	240,798
Recruitment and travel	2,119	2,119	2,119	2,119	8,478
					856,244
Premises Costs					
Utilities	12,403	12,403	11,250	11,250	49,613
Repairs & Maintenance	3,825	3,825	3,825	3,825	15,606
Plant Maintenance Contracts	2,067	2,067	2,067	2,067	8,269
Alarm Costs	1,240	1,240	1,240	1,240	4,961
Waste Management Charges	248	248	248	248	992
Cleaning Materials/Equipment	975	975	975	975	3,902
NNDR rates	2,550	2,550	2,550	2,550	10,200
Insurances	3,251	3,251	3,251	3,251	13,005
					132,567
Management Costs					
Telephone - Landlines & Mobiles	2,908	2,908	2,908	2,908	11,63

## Business Plan: Wirral Youth Zone

### NET DEFICIT/SURPLUS

File: WirYZ - Financial Plan Revised Format Apr14

	Year 1	Year 2	Year 3	Year 4	Year 5
Net position	<i>surplus of</i> 75,712	<i>surplus of</i> 92,875	<i>surplus of</i> 94,582	<i>surplus of</i> 89,051	<i>surplus of</i> 80,977



Business Plan: Wirral Youth Zone  
SENSITIVITIES

File: WirYZ - Financial Plan Revised Format Apr14

insert data in coloured cells only

		Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
		10% increase in total costs	10% decrease in income	50% decrease in volunteer recruitment	10% increase in income	10% increase in income and 10% decrease in costs
Base (Year 2)						
INCOME						
Annual Membership Fees		0%	-10%	0%	10%	10%
	15,000	15,000	13,500	15,000	16,500	16,500
Senior Club Session		0%	-10%	0%	10%	10%
	45,500	45,500	40,950	45,500	50,050	50,050
Junior Club Session		0%	-10%	0%	10%	10%
	13,000	13,000	11,700	13,000	14,300	14,300
Individual Project Sessions	0	0	0	0	0	0
Holiday Sessions		0%	-10%	0%	10%	10%
	65,100	65,100	58,590	65,100	71,610	71,610
Secondary Spend		0%	-10%	0%	10%	10%
	85,739	85,739	77,165	85,739	94,313	94,313
Private Sector Income		0%	-10%	0%	10%	10%
	530,000	530,000	477,000	530,000	583,000	583,000
Trusts, Grants & Foundations*	0	0	0	0	0	0
Local Authority Revenue Grant		0%	-10%	0%	10%	10%
	400,000	400,000	360,000	400,000	440,000	440,000
Fundraising Events (Shown as Net)		0%	-10%	0%	10%	10%
	40,000	40,000	36,000	40,000	44,000	44,000
Facility Hire		0%	-10%	0%	10%	10%
	6,000	6,000	5,400	6,000	6,600	6,600
Off Site Activities Contributions		0%	-10%	0%	10%	10%
	10,000	10,000	9,000	10,000	11,000	11,000
Trips & Residential Contributions		0%	-10%	0%	10%	10%
	8,000	8,000	7,200	8,000	8,800	8,800
Subtotal	1,218,339	1,218,339	1,096,505	1,218,339	1,340,173	1,340,173
Discounts	0%	0	0	0	0	0
Total Income		1,218,339	1,096,505	1,218,339	1,340,173	1,340,173
EXPENDITURE						
Staffing Costs		10%	0%	7%	0%	-10%
	822,995	905,294	822,995	880,605	822,995	740,695
Premises Costs		10%	0%	0%	0%	-10%
	124,350	136,785	124,350	124,350	124,350	111,915
Management Costs		10%	0%	0%	0%	-10%
	60,958	67,054	60,958	60,958	60,958	54,863
Delivery Costs		10%	0%	0%	0%	-10%
	106,017	116,619	106,017	106,017	106,017	95,416
Subtotal	1,114,321	1,225,753	1,114,321	1,171,930	1,114,321	1,002,889
Contingency	1.0%	11,143	12,258	11,719	11,143	10,029
Total Expenditure		1,125,464	1,238,010	1,125,464	1,125,464	1,012,917
Net Surplus/Deficit		92,875	-19,671	-28,959	214,709	327,255

	Scenario	Surplus / deficit
	Base (Year 2)	92,875
1	10% increase in total costs	-19,671
2	10% decrease in income	-28,959
3	50% decrease in volunteer recruitment	34,689
4	10% increase in income	214,709
5	10% increase in income and 10% decrease in costs	327,255

Business Plan: Wirral Youth Zone  
KEY DATA

File: WirYZ - Financial Plan Revised Format Apr14

Business Plan: Wirral Youth Zone					KEY DATA
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Membership Fees	15,000	15,000	15,450	15,914	16,232
Senior Club Session	45,500	45,500	46,865	48,271	49,236
Junior Club Session	13,000	13,000	13,390	13,792	14,068
Individual Project Sessions	0	0	0	0	0
Holiday Sessions	52,080	65,100	67,053	69,065	70,446
Secondary Spend	72,878	85,739	90,026	92,727	94,581
Private Sector Income	516,750	530,000	545,900	556,818	567,954
Trusts, Grants & Foundations*	0	0	0	0	0
Local Authority Revenue Grant	400,000	400,000	400,000	400,000	400,000
Fundraising Events (Shown as Net Income)	40,000	40,000	40,800	41,616	42,448
Facility Hire	6,000	6,000	6,180	6,304	6,430
Off Site Activities Contributions	10,000	10,000	10,300	10,506	10,716
Trips & Residentials Contributions	8,000	8,000	8,240	8,405	8,573
Discounts	0	0	0	0	0
TOTAL INCOME	1,179,208	1,218,339	1,244,204	1,263,416	1,280,684
Staffing Costs	822,995	822,995	839,455	856,244	873,369
Premises Costs	99,600	124,350	128,370	132,557	136,919
Management Costs	63,958	60,958	62,277	63,636	65,035
Delivery Costs	106,017	106,017	108,138	110,300	112,506
Contingency	10,926	11,143	11,382	11,627	11,878
TOTAL EXPENDITURE	1,103,496	1,125,464	1,149,622	1,174,364	1,199,708
SURPLUS/(DEFICIT)	75,712	92,875	94,582	89,051	80,977





Risk ID	Risk Category	Author	Date Identified	Description	Time (T) 1-5	Cost (C) 1-5	Quality (Q) 1-5	Impact (I) T+C+Q	Probability (P) 1-5	Severity I x P	Countermeasures	Owner	Date of last update	Current Status	Comments on Current Status
1	Planning	Project Manager		There is a risk of delays/failure to obtain Full Planning Permission. Lack of compliance with Council policy and national guidance in regards to reserved matters results in delays/refusal of planning permission. Impact will be direct to the viability of the project.	3	2	2	7	4	28	Early consultation with planners, conservation officers and third parties.	OnSide/ Architect			Full Planning Permission granted by MCC. Contractor working to discharge conditions as part of building contract.
2	Design	Project Manager		There is a risk that the project has a weak lead designer which may produce an uninspiring design for the youth zone.	2	2	4	8	3	24	Open the scheme out to a design team of local architectural practices to ensure best possible designs are presented to teh OnSide Board.	OnSide			Design competition held to identify most competatnt design paractice to deliver the scheme.
3	Financial	Project Manager		There is a risk of VAT rates rising in the next 6-12 months which will affect project budget. OnSide are not VAT elected.	1	3	2	6	4	24	Raise budgetry concerns with BIG and seek additional funding via DCSF.	OnSide PM			Cost plan amended following confirmation of VAT Rise in Jan 2011.
4	Construction	Project Manager		There is a risk that the Utilities (Gas, Water, Electric, etc.) supplies are incapable of meeting the increased load of new facilities.	3	3	1	7	3	21	Assess results from initial utility surveys to establish local capacity and feed this into the early design of facilities and site layout.	CDMC			Services Engineers confirmed adequate capacity in networks.
5	Design	Project Manager		There is a risk that the proposed design team do not have the capacity in resource to complete more than one myplace scheme at a time.	2	2	3	7	3	21	Consider obtaining additional resourse from other practices. All eggs not in one basket.				Design team only responsible for one OnSide project.
6	Stakeholder Management	Project Manager		There is a risk that various pressure groups (neighbours, NIMBY etc) object to the scheme.	3	3	1	7	3	21	Maintain communication strategy using communications/ marketing officer.	OnSide Comms Officer			Still ongoing concern by neighbours. Communications strategy led by MCC with OnSide input.
7	Statutory	Project Manager		There is a risk that Section 278 Agreements are required.	2	3	2	7	3	21	Confirm this as a requirement due to the works and progress at early stage with local council officers/legal team.	OnSide			S278 Agreements required. Contractor risk now project on site.
8	Construction	Project Manager		There maybe a risk that the local community will make a village green application which will delay the scheme start date.	3	2	1	6	3	18	Early consultation with Council to agree strategy for communication.	OnSide PM			Still a risk but assurances from MCC received that any application (which is unlikely) will be throw out.
9	Financial	Project Manager		There is a risk that the scheme estimate will exceed approved BIG budget.	1	3	2	6	3	18	Ensure contingencies included. Finalise design, produce revised estimate.	Design Team			Scheme on budget.
10	Financial	Project Manager		There is a risk of increases in construction costs post procurement. Impact is directly upon the projects affordability. Knock on impact would be to OnSide and DCSF and ultimately the project - possible need to find additional capital funding.	1	3	2	6	3	18	Risk allocation in proposed procurement model to transfer significant cost and construction risk to the contractor. Cost consultant to keep abreast of current market conditions and advise accordingly.	myplace			Risk now with contractor post contract.
11	Financial	Project Manager		There is a risk to the project budget with greater costs expended for pre-construction fees etc prior to commencement on site. Budget exhausted due to overspends. Project scope reduced through lack of resources.	1	3	2	6	3	18	Proactively identify and monitor potential budget overspends including prioritising specification items, make a contingency available. Keep Project Board aware of the budget position.	OnSide / QS			Project pre -construction fees kept to budget.
12	Planning	Project Manager		Changes arising from consultation with planners	2	2	2	6	3	18	Carry out detailed pre-application meetings with Planners to ensure proposala are as acceptable as possible.	OnSide/ Architect			Planning permission received. No unanticipated conditions attached.
13	Statutory	Project Manager		There is a risk that the Utilities (Gas, Water, Electric, etc.) will require long lead in times to undertake diversions/provide new services.	3	2	1	6	3	18	Programme control - appoint dedicated officer for task - i.e. M&E Consultant.	OnSide/M&E Consultant			Still a risk but transfered to Contractor who is responsible for the deilivery. OnSide to confirm shipper details.
14	Financial	Project Manager		There is a risk that the approved budget may not allow for the "prefered" scheme.	1	3	4	8	2	16	Maintain effective dialogue with fund holders, prepare lower revised design	Design Team			Prefered scheme to be delivered.
15	Legal	Project Manager		There is a risk of title issues attributable to the site leading to potential legal delays etc - loss of reputation.	2	1	1	4	4	16	Ensure that all necessary title, easement and right of way searches have been produced at the earliest opportunity and assess likely impact.	OnSide PM			Lease and land legal issues completed.
16	Financial	Project Manager		There is a risk in achieving desired BREEAM - Funding is insufficient to meet BREEAM very good category.	1	2	2	5	3	15	Introduce BREEAM advisor early to give the greatest potential of achieving points for all project elements.	OnSide			BREEAM a planning condition which contractor has to deliver.
17	Government	Project Manager		There is a risk that changes in legislation will cause increased cost/delays.	2	2	1	5	3	15	Project Team members to highlight significant changes to Project Manager and hence Project Board.	Design Team			No foreseen issues to consider. Part L changes reviewed and dealt with.



Risk ID	Risk Category	Author	Date Identified	Description	Time (T) 1-5	Cost (C) 1-5	Quality (Q) 1-5	Impact (I) T+C+Q	Probability (P) 1-5	Severity I x P	Countermeasures	Owner	Date of last update	Current Status	Comments on Current Status
18	Statutory	Project Manager		There is a risk that the Utilities (Gas, Water, Electric, etc.) - will perform poorly on site.	2	2	1	5	3	15	Programme control - appoint dedicated officer for task - i.e. M&E Consultant.	Contractor			Still potential for this to happen. Team to keep reviewing. Timely placing of order by contractor necessary.
19	Construction	Project Manager		There is a risk that site contamination only discovered once construction/remodeling works commence- Increased duration and/or costs on building Youth Zone on site. All solutions involve cost & delay.	2	3	2	7	2	14	Extensive surveys to be carried out early.	Contractor			Geo-tech surveys now complete. No unexpected land issues identified.
20	Stakeholder Management	Project Manager		There is a risk of specification drift - Specification for Youth Zone altered without adequate change control considerations. Uncontrolled change subverts the success of the project and lead to intolerable increases of cost and timescales.	2	3	2	7	2	14	Project controls and sign off requirements implemented and agreed. Robust change control system in place and all changes referred to client for sign-off before any action taken or drawings amended.	OnSide PM			Change control procedures in place. Robust management system of sign of.
21	Financial	Project Manager		Expectations are not achievable with the funding which is allowed.	1	1	4	6	2	12	Design Team and QS to work closely together in presenting affordable schemes to Sponsor and highlighting any deviances for early decisions.	Design Team			No issue. Funding adequate for scheme that has been designed.
22	Financial	Project Manager		There is a risk of delayed payment of contractor invoices following agreed valuation and subsequent issue to BIG for authorisation.	2	1	1	4	3	12	Agree payment authorisation procedure with grant officers as soon as possible.	OnSide PM			Good relationship with Funder ensures timely payments are released to OnSide enabling ability to pay contractor within the agreed contract payment terms.
23	Financial	Project Manager		There is a risk that expenditure will not match funding profile (out of sync).	1	2	1	4	3	12	Discuss with fund grant officers at inception meeting and agree cash flow forecast to be drawn down during construction period. Develop robust programme	OnSide PM			Cash flow forecast reported monthly. Any significant deviation reported.
24	Government	Project Manager		There is a risk that changes in Government may have an impact in funding.	1	2	1	4	3	12	Obtain Conservative Government backing for myplace scheme progression and completion of projects.	myplace			Change in government realised. Myplace funding ringfenced.
25	Procurement	Project Manager		There may be difficulty and delays securing and acquiring specialist materials.	2	2	2	6	2	12	Identify lead in times and programme as necessary. Early contractor involvement. Avoid Client ordering materials.	Contractor			Contractor to ensure procurement schedule is issued and dates kept to in line with the construction programme.
26	Stakeholder Management	Project Manager		There is a risk of slow decision making. Delays in decision making may cause project slippage. Some delays may have irrecoverable impacts to programme schedule.	2	2	2	6	2	12	Robust project management processes. Briefings and report updates to Project Board - clear explanation and approval of material changes.	OnSide			Contractor to ensure all client decisions are identified as part of their procurement programme.
27	Construction	Project Manager		There is a risk that problems with vandalism during construction will be greater than anticipated.	1	3	1	5	2	10	Early contractor involvement.	Contractor			Ongoing. Contractor to ensure adequate security provision is in place to manage any situation that may arise.
28	Construction	Project Manager		There is a risk that construction maybe delayed leading to a failure to meet programme timescales.	2	2	1	5	2	10	Identification of critical paths, regular communication with stakeholders and pro-active project management.	Contractor			Project team to continually monitor actual progress against contract programme.
29	Design	Project Manager		There may be problems with meeting agreed design programme/ milestones.	2	2	1	5	2	10	Bring in extra resource (i.e. consultants). Regular progress meetings.	Design Team			Pre-construction timescales met.
30	Design	Project Manager		There is a risk of potential additional site measures, possible need for rainwater attenuation, assessment of water discharge from sites and waterproofing to building.	2	2	1	5	2	10	Carry out early surveys, assess results and need for additional measures. Produce details of requirements and impact on design and cost to enable decisions to be made as to need for changes to design or budget.	Design Team			Design now completed for this item. Contractor to deliver as per design recommendations.
31	Procurement	Project Manager		Procurement strategy not approved by BIG/ myplace.	1	2	2	5	2	10	Work with myplace support team to identify any concerns from BIG and justify VFM.	OnSide/myplace support team			Fund managers have approved the scheme and signed off all aspects of capital delivery plan submitted by OnSide.
32	Statutory	Project Manager		There is risk that unchartered services will be encountered during excavation.	2	2	1	5	2	10	Allow for in risk register and consider contingency sum.	Contractor			Still a potential until ground works fully completed. Early indications is that risk of this is low.





Risk ID	Risk Category	Author	Date Identified	Description	Time (T) 1-5	Cost (C) 1-5	Quality (Q) 1-5	Impact (I) T+C+Q	Probability (P) 1-5	Severity I x P	Countermeasures	Owner	Date of last update	Current Status	Comments on Current Status
33	Design	Project Manager		There is a risk that adverse weather conditions may be more severe than anticipated.	1	1	1	3	3	9	Allow for in risk register.	All			Ongoing.
34	Design	Project Manager		There is a risk that the brief for the project will change (scope creep).	2	1	1	4	2	8	Project Board to be set up and roles defined. Project Management in place.	OnSide			Design fixed and signed off.
35	Financial	Project Manager		There is a risk that unidentified BIG/myplace procedural guideline inaccuracies will cause the procurement process will take longer than anticipated.	2	1	1	4	2	8	Early contractor involvement	myplace			Scheme signed off by BIG Lottery in suitable time.
36	Procurement	Project Manager		There is a risk of the legality of procurement. Procurement does not comply with EU regulations and directives. OnSide pursued in European Courts, having contract award suspended or cancelled, facing claims for damages.	1	2	1	4	2	8	QS plus myplace advisors provide skills and experience. Assessment of procurement route reviewed against EU requirements. Audit trial open, clear and transparent. VFM varified.	OnSide/ QS			OJEU Notice issued for procurement of the scheme and procedural guidelines followed. Full audit trail held on file.
37	Resource	Project Manager		There is a risk of loss of key personnel during project causing a critical delay to project schedule.	1	1	2	4	2	8	Project core team identified and fully briefed.	All			Risk reduced now scheme on site in regard to design team. Still potential for this to happen.
38	Statutory	Project Manager		There is a risk that the works will cause more Interference with neighbours than anticipated	1	2	1	4	2	8	Works to be phased to maintain vehicular access to local businesses and domestic dwellings.	Contractor			Ongoing. Contractor managing day to day activities to alleviate as much interference as possible.
39	Statutory	Project Manager		There is a risk that Utilities (Gas, Water, Electric, etc.) - estimated costs will not be accurate	1	2	1	4	2	8	Maintain close liaison with Statutory Undertakers.	OnSide PM/ M&E Consultant			Costs now received. Contracor to deliver.
40	Statutory	Project Manager		There is a risk that the Utilities (Gas, Water, Electric, etc) will provide inaccurate estimates for diversions etc.	1	2	1	4	2	8	Programme control - appoint dedicated officer for task.	OnSide PM/ M&E Consultant			Costs now received. Contracor to deliver.
41	Construction	Project Manager		There is a risk that the Main Contractor will cease trading.	2	3	1	6	1	6	Investigate financial status of Contractor prior to appointment.	Contractor			Dunn & Bradstreet check undertaken prior to entering contracts. Review revealed good financial standing of contractor.
42	Construction	Project Manager		There is a risk that the poor performance from the Contractor will cause the construction period to over-run.	3	2	1	6	1	6	Early Contractor involvement - develop achievable program.	Contractor			Still a risk until project is completed. Client team to monitor progress and performance.
43	Planning	Project Manager		There is a risk of provision of Transport Impact Assessment for highways as part of planning submission. Survey outcomes requiring additional highways provision/ traffic calming measures requiring additional funding over that included.	1	1	1	3	2	6	Transport Assessment prepared, recommendation included for additional highways work, likely costs need to be identified through highways confirmation of actual requirements.	Architect			Planning permission received. No unanticipated conditions attached.
44	Financial	Project Manager		There is a risk that BIG budget allocation to the scheme could change.	1	2	2	5	1	5	Successful delivery of stage 2 bids and close liaison with grant officer.	myplace			Budget remains the same. No funding cuts realised.
45	Planning	Project Manager		There maybe a risk that the Council requires an archaeological/ scientific investigation of the site as part of a planning requirement. English Heritage or other body declare sites as being of Archaeological/scientific interest. (this is triggered as part of the investigations required to satisfy planning).	2	2	1	5	1	5	Local research into historical records for use of sites. Early liaison with the planners regarding requirement for archaeological survey.	Structural Engineer			Not required by MCC as part of the Planning.
1	Communication	Project Manager		There maybe a risk of lack of Community Support & negative media coverage which will at least require additional work and effort if not slow the whole schedule down.	2	1	1	4	1	4	Develop a communication plan, which seeks to ensure that the rationale for the project and its benefits are communicated to stakeholders	OnSide Comms Officer			Communication plan being led by MCC.
2	Services	Project Manager		There is a risk that topographical survey information is not accurate.	1	2	1	4	1	4	Allow for in risk register.	Structural Engineer			No unforessen issues realised.
3	Statutory	Project Manager		There is a risk that there will be road closures adjacent the site to facilitate the build.	1	2	1	4	1	4	Keep in contact with local highways officers to ensure site access strategy assumed is acceptable.	Contractor			Contractor to manage as necessary.
4	Statutory	Project Manager		There is a risk that the Ground Investigation will identify more poor ground than anticipated.	1	2	1	4	1	4	Undertake early investigations	Contractor			No unforessen issues realised.
5	Construction	Project Manager		There is a risk that Construction traffic will cause damage to the existing road surfacing.	1	1	1	3	1	3	Early Contractor Involvement, establish specific routes for construction vehicles.	Contractor			Contractor risk. Delapidations survey undertaken prior to commencement of project.
6	Construction	Project Manager		There may be unforeseen problems with site safety during construction.	1	1	1	3	1	3	All operations will be subject to a risk assessment (CDM).	Contractor			Contractor risk to manage as necessary.





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7	Construction	Project Manager		There may be unforeseen problems with public safety during construction.	1	1	1	3	1	3	Scheme design and build to mitigate against impact on public safety. Early contractor involvement.	Contractor			Contractor risk to manage as necessary.
8	Construction	Project Manager		There may be unforeseen problems with the proposed construction method	1	1	1	3	1	3	Early contractor involvement.	Contractor			No anticipated problems with the construction logic proposed.
9	Construction	Project Manager		There is risk that an Archaeological investigation will find burial sites etc	1	1	1	3	1	3	Undertake early investigations if required.	Contractor			No unforeseen issues realised.
10	Other	Project Manager		There is a risk that inadequate/ incomplete audit trail records kept. Onside subject to legal challenge, loss of reputation and future projects being subjected to challenges/restrictions if audited and found to be deficient.	1	1	1	3	1	3	Completed audit documents transparent, regular reporting to project Board recorded and accessible codified system for tracking changes.	OnSide PM			Ongoing. No foreseen issues anticipated.
11	Stakeholder Management	Project Manager		There is a risk that unclear project roles, financial and staffing budgets poorly managed. Duplication and omission of work & key activities.	1	1	1	3	1	3	Senior Lead Officer, Project Board and project team established (with terms of reference). Put in place risk management and communication strategies.	OnSide			Local board to develop.
12	Statutory	Project Manager		There may be difficulties in obtaining EA approval for proposed drainage outfalls etc.	1	1	1	3	1	3	Early consultation with EA.	Design Team			No anticipated issues foreseen.

LEGEND

Time Impact Likelyhood

1 = 0 - 24%  
2 = 24 - 50%  
3 = 50:50%  
4 = 50 - 75%  
5 = 75 - 100%

Cost Impact Likelyhood

1 = 0 - 24%  
2 = 24 - 50%  
3 = 50:50%  
4 = 50 - 75%  
5 = 75 - 100%

Quality Impact Likelyhood

1 = 0 - 24%  
2 = 24 - 50%  
3 = 50:50%  
4 = 50 - 75%  
5 = 75 - 100%

Impact:

Effect on the project/programme/OnSide if this risk were to occur

Probability:

Estimate of the likelihood of the risk occurring

Severity:

Assessment of the impact and and probabilty of event/risk



## Candidate Briefing Document

### GENERAL MANAGER

#### 1. Introduction and Background

*Introductory information about the Youth Zone and OnSide.*

#### 2. The Role

The dimensions of this role defy definition in conventional terms. It is both large and small; it is strategic, and at the same time demands very detailed and hands-on management. It demands effectiveness at a high level and, at the same time, at the lowest levels. The Youth Zone team consists of 30 full and part time employees and over 50 volunteers spread across six days and evenings. The General Manager has responsibility for a revenue budget of £600,000 per annum.

A willingness to get stuck into the detail, in an environment without corporate support structures, is therefore as important as the ability to influence effectively at the most senior levels. As one Board member put it, “not a suit”.

Key result areas for the new General Manager during the first 12 months are therefore:-

- Working with the Chairman and the Board, lead the ongoing development of the Youth Zone strategy and plan
- Ensure that structure, processes and controls are aligned with the strategy and the plan
- As part of the plan, generate and deliver a robust funding plan, which will enable the Youth Zone to operate with an appropriate level of reserves
- Paint a vision and inspire the team, help them to be effective as individuals and as a team and support them to deliver a wide range of ever changing and developing activities for young people
- Provide clear leadership for the team
- Work with other service providers locally to generate more for young people in the locality of the Youth Zone and the surrounding areas

The relationship of the new General Manager with the Chairman of the Board is clearly important. The relationship will be supportive and provide challenge, enabling the team of two to deliver ongoing success for the Youth Zone.

#### 3. The Person

Candidates will be expected to be able to demonstrate the following experience, skills, and personal qualities:-



- Any background which demonstrates sound commercial and business management skills
- General management experience
- A successful record of developing and implementing strategies and business plans
- Experience of managing a team, ideally on multiple shifts
- An effective communicator, both spoken and written, together with strong relationship building and influencing skills
- Strong relationship management skills, someone who can sell concepts and identify opportunities through discussion, a savvy and effective sales person for the organisation
- A results driven approach, focussed on solutions rather than obstacles
- Able to move comfortably from the strategic to the practical and hands-on
- Organised and systematic
- Personal authority and credibility at senior level
- Financially literate
- A believer: a genuine passion for making a difference to young people's lives
- Experience of the voluntary / charitable sector and / or working with young people is an advantage but not essential

## **Appendix 1: Duties and Responsibilities**

### **Vision and Strategy**

- Clearly articulate the mission, vision and values of the Youth Zone
- Provide clear leadership and direction
- Propose, consult on and create the Youth Zone's strategy and plan
- Act as a source of inspiration to all employees, Youth Zone members, Board members, volunteers, supporters and wider stakeholders
- Take appropriate steps to identify and effectively manage risks

### **Governance**

- Support the Chairman in maintaining the capabilities and leadership of the Board
- Work with the Board in fulfilling the charity's constitutional, regulatory and legal obligations
- Ensure the Board is supported and challenged
- Understand and clearly communicate to Board members and others the views and needs of young people

### **Management**

- Manage senior staff, supporting them to set targets and strategies and be accountable for their performance
- Allocate organisational resources, manage on-going challenges and opportunities, and support the senior staff to do likewise



- Inspire the staff and volunteers to give their best and support them to uphold the Youth Zone's sense of identity and deliver a wide range of activities for young people
- Determine staffing requirements based on agreed budgets
- Responsible for all matters concerning the recruitment and employment of staff
- Ensure all legal obligation relating to staff are observed, and set and guide the policy with regard to volunteers

### **Fundraising**

- Accountable for the Youth Zone's fundraising strategy and activities
- Work with staff, Board members and external organisations to seek new sources of income
- Work with the Commercial Manager to develop their strategy, assist with major bids and meet potential and existing funders where appropriate
- Ensure that feedback to supporters and funding bodies is appropriate and high quality

### **Finance and Assets**

- Responsible to the Board for the financial health of the Youth Zone
- Prepare annual budgets for presentation to the Board
- Ensure effective financial management including a successful annual audit
- Responsible for all the capital assets of the Youth Zone
- Ensure proper maintenance and upkeep of the buildings, premises, vehicles and equipment owned or leased by the Youth Zone

### **Delivery**

- Responsible for the operation of the Youth Zone and all its projects, working with appointed members of staff
- Establish (through consultation) and monitor agreed performance measures
- Ensure that comprehensive and appropriate policies, covering all facets of the Youth Zone's operation, are developed, maintained and observed
- Ensure that policies for Child Protection and Safeguarding are in place and are practised
- Keep 'a finger on the pulse' across all the Youth Zone's activities and deal with any serious issues that arise

### **Youth Zone in the Community**

- Protect and enhance the reputation of the Youth Zone
- Promote and lead the Youth Zone's working relationships and partnerships with the Councils, key partners and other local organisations
- Promote and develop the Youth Zone brand and ensure a high level of awareness across the community



## **Candidate Briefing Document**

### **GENERAL MANAGER**

#### **1. Introduction and background**

*Introductory information about the Youth Zone and OnSide.*

Recruiting the General Manager 15 months ahead of opening is a big investment for the charity; however, it will be instrumental in ensuring the Youth Zone gets off to a flying start.

The General Manager will start by learning the delivery and income generation model that has been successful in the existing Youth Zones. Thereafter, most of the first 12 months will be focussed on the critical task of developing private sector support, and creating a new business network with strong relationships based around the Youth Zone. In part, this will be to secure the private sector income streams, and will be achieved through working closely with the OnSide Private Sector Development Manager. During this period the Board and the OnSide project team will be working to complete the building, liaise with other groups in the community and continue the local communications campaign to support the work of the General Manager.

Six months before opening, the General Manager role will change to focus on the countdown to the opening. Recruitment and planning the post-opening activity will become the main focus, with OnSide managing the first key appointments: the Youth Work Manager, Administration Manager, Volunteer Manager and Development Manager. These key people, together with the General Manager, will then undertake responsibility for further recruitment to the team. Moving towards the opening, the General Manager will become responsible for ensuring everything needed for a successful opening is in place.

#### **2. The Role**

The role of General Manager of a Youth Zone defies definition in conventional terms. It is both large and small; it is strategic, and at the same time demands very detailed and hands-on management. It demands effectiveness at a high level and, at the same time, at the lowest levels. The Youth Zone team will consist of approximately 40 full and part time employees and up to 100 volunteers spread across seven evenings and weekends. The General Manager has responsibility for a revenue budget of £1 million per annum.

A willingness to get stuck into the detail, in an environment without significant corporate support structures, is therefore as important as the ability to influence effectively at the most senior levels. As one Board member put it, “not a suit”.



During the pre-opening period the General Manager will report to the OnSide Chief Executive. This will ensure the General Manager receives the knowledge and support required during this development phase.

What success will look like for the Youth Zone at the point of opening:

- The first three years' private sector revenue funding secured and the business community feel that this is their project.
- The team is recruited and trained, ready for the opening.
- There are 100 volunteers recruited and trained, ready for the opening.
- The systems and processes needed to run the organisation are in place (this work will be led by OnSide).
- The programme of activities for the first two months are planned and ready for delivery, including all the materials needed to deliver it.

What success will look like a year after the Youth Zone has opened:

- The team will be strong, well supported and effective at delivering a great, innovative service for the young people.
- There will be up to 200 young people attending every session, coming because they want to and inspired by the continually changing programme on offer.
- The local authority and business community will continue to feel engaged and that their money is well spent, together with enjoying the new strategic business relationships the Youth Zone has created for them.
- The financial control and understanding will be in place, with new income streams being generated to enable additional work to be done, and to ensure the long term sustainability of the Youth Zone.
- The whole community will see the Youth Zone as an asset for the city; they will understand what it does and know how they can get involved.

After opening, the General Manager will report to the Chair of the Board. The relationship will be supportive and challenging, enabling the team of two to deliver ongoing success for the Youth Zone. OnSide will remain involved, both as a member of the board and a support network for the General Manager and Youth Zone team.

### **3. The Person**

Candidates will be expected to demonstrate the following experience, skills, and personal qualities:-

- Any background which demonstrates sound commercial and business management skills;
- A self-starter, someone who lifts stones and generates new work streams;
- General management experience;
- A successful record of developing organisations and implementing strategies and business plans;



- Experience of managing a team, ideally on multiple shifts;
- An effective communicator, both spoken and written, together with strong relationship building and influencing skills;
- Strong relationship management skills, someone who can sell concepts and identify opportunities through discussion, a savvy and effective sales person for the organisation;
- A results-driven, energetic approach, resiliently focussed on solutions rather than obstacles;
- Able to move comfortably from the strategic to the practical and hands-on;
- Personal authority and credibility at senior level;
- Organised and systematic;
- Financially literate;
- A believer, with a genuine passion for making a difference to young people's lives.

### **General Manager Accountabilities (post opening)**

Management of staff and volunteers with the following direct reports:

- Youth Work Manager
- Administration Manager
- Development Manager
- Volunteer Manager
- Communications/Events Coordinator
- Building maintenance

<b>Accountabilities</b>
<ol style="list-style-type: none"> <li>1. Custodian of the OnSide Youth Zone DNA and values</li> <li>2. Sustainability: fundraising and income generation for the Youth Zone's operating costs</li> <li>3. Service delivery: ensuring the service is of a high standard and attracting a wide range of young people</li> <li>4. Leadership and management of the team including briefings, appraisals and team feedback</li> <li>5. Planning at an operational and financial level</li> <li>6. Governance and legal compliance</li> <li>7. Financial Control</li> <li>8. Human Resources</li> <li>9. Marketing and communications</li> <li>10. Networking within the local public and private sector to generate more opportunities for the city to use the platform created by the Youth Zone</li> </ol>



**Role Profile:** Youth Work Manager

**Reporting to:** General Manager

**Responsible for:** Club Co-ordinators and all aspects of Youth Work Delivery

**Context of the post**

*Introductory information about the Youth Zone and OnSide.*

**JOB PURPOSE:**

- To manage the Youth Zone's youth work provision and the team of staff and volunteers who deliver it;
- Accountable for the effective running of the core provision of the projects, currently Junior, Senior and Inclusion Clubs, Holiday Club and mentoring;
- To quality assure all youth work provision by setting and maintaining high standards;
- To ensure that the Youth Zone provides a fun, supportive, safe, inclusive and positive place which attracts and retains young people from across the City and beyond, and which motivates and raises young people's aspirations.

**MAIN DUTIES AND RESPONSIBILITIES:**

The Youth Work Manager has responsibility for the planning, delivery and development of all youth work. The position will be based at the Youth Zone. In addition to the overall management of youth work, duties will include:

- Ensure quality planning and delivery in the clubs and ensure delivery is fun, safe, challenging and developmental.
- Operate at a senior management level. Together with the members of the Senior Management team, establish links and delivery packages to the wider district/rural parts to ensure that young people can benefit and have access to the Youth Zone resources.
- Deputise for the Chief Executive as and when required.
- With the Development Manager and General Manager, ensure a robust fundraising plan for all projects and the Youth Zone overall. Take an active part in the development of fundraising strategies and applications. Develop and support Project leaders to take ownership of funding for individual projects.
- Ensure the integration of sport, drama, music, dance and arts and crafts provision into session planning and delivery, both on and off site.
- Ensure the quality delivery of youth work on off-site programmes and projects.
- Manage and develop teams of staff, including Club Co-ordinators, youth workers and volunteers, and support and coach them to achieve their full potential within their given roles within the CYZ appraisal systems.
- Ensure the participation of young people and that their ideas contribute fully in the planning and delivery of sessions, projects and activities.
- Work with young people during Youth Zone sessions.
- Develop systems to ensure that provision is of the highest quality and achieves positive outcomes for children and young people.
- Manage budgets associated with the areas of delivery in the Youth Zone.
- Manage the day-to-day operations at the Youth Zone, ensuring that policies and procedures are appropriate and adhered to.
- Work with and in the community to market the Youth Zone, inviting young people to the Youth Zone and securing community support, engagement and partnerships.



- Keep the Youth Zone looking exciting and ensure that the atmosphere is consistent with the Youth Zones' values and principles.
- Accountable for the resolution of difficulties, complaints and issues during Youth Zone sessions.
- Ensure that all the Youth Zone equipment is properly maintained and accounted for.
- Ensure that all projects and activities operate within the strategic objectives and principles of the Youth Zone ensuring due consideration is given to safeguarding, health and safety, inclusion and equal opportunities.
- Responsible for the process of feedback and review of the Youth Zone's delivery including overall responsibility for maintaining the Management Information System.
- Develop systems and procedures to measure performance in order to demonstrate the impact of the Youth Zone and ensure continuous improvement of delivery.
- Develop relations and partnerships within the city and beyond, exploring areas for joint working where appropriate.
- Network at a senior level with key partners, stakeholders and supporters, in order to maintain relations at the highest level to secure significant contribution and support.
- Deliver a focused, measurable contribution to the Youth Zone's overall strategic plan.
- Responsible for the promotion and development of best youth work practice, ensuring compliance with statutory guidance and opportunities with national policy.
- Deputise for the General Manager as required.

This is a unique role at the centre of an exciting organisation. It will be stimulating, challenging and incredibly rewarding.

#### PERSON SPECIFICATION:

	Essential	Desirable
<b>Knowledge &amp; Experience</b>		
A professional qualification in Youth Work	✓	
A passion for youth work and a minimum of 5 years' experience	✓	
A management qualification or at least three years' recent experience		✓
Effective people management, supervision and coaching skills	✓	
Experience of learning and coaching activities		✓
Experience of managing staff and volunteers	✓	
Experience of programming a diverse range of activities for young people	✓	
Experience of planning, delivery and evaluation	✓	
<b>Skills</b>		
Excellent communication, relationship building and interpersonal skills	✓	
IT literate	✓	
Good organisational skills with the ability to think strategically and the flexibility to adapt to circumstances	✓	
Ability to relate to young people from all backgrounds	✓	

Ability to work under pressure	✓	
Ability to work with initiative, enthusiasm and self-motivation	✓ ✓	
Strong negotiation skills		✓
Proven record in project management		✓
<b>Personal Qualities</b>		
Non-judgemental and inclusive approach to youth work	✓	
Ability to care about and be sensitive to both individuals and the community needs	✓	
Good interpersonal skills	✓	
Creative and solution orientated	✓	
Demonstrate a commitment to the values, principles and goals of the Youth Zone	✓	
The ability to cope with multiple demands and deadlines, the ability to work fast and to a consistently high standard	✓	

## **Job Description**

**Job Title:** Administration Manager

**Reporting to:** General Manager

**Responsible for:** Administrator

**Job Purpose:**

- To set up and run the administration and HR functions for the Youth Zone.
- To provide secretariat support for the Board of the Youth Zone.
- To have overall management of the office and line management of the Administrator.

**Context of the post:**

*Introductory information about the Youth Zone and OnSide.*

**Main duties and responsibilities**

- To establish and maintain office systems to ensure the smooth and efficient running of the Youth Zone
- To establish and maintain a database system for membership, relationship management and data collection and retrieval
- To perform the HR function and ensure compliance with all employment and safeguarding legislation
- To ensure the Youth Zone complies with its obligations under data protection legislation
- To act as Personal Assistant to the General Manager
- To promote and organise staff development and training
- To manage the Youth Zone's communications through phone, letter, email and social media
- To provide the secretariat service for the Youth Zone Board and administrative support for its members
- To ensure the required returns are made to the Charity Commission and Companies House
- To supervise the work of the Administrator
- To be responsible for the book-keeping function for the Youth Zone
- To review and update health and safety policies and ensure they are observed, in liaison with the Duty Managers
- To attend events and conferences as required

**General**

- To be alert to issues of safeguarding child protection, ensuring the welfare and safety of Youth Zone members is promoted and safeguarded, and to report any child protection concerns to the designated Child Protection Officers using safeguarding policies, procedures and practice

- To contribute towards the production and delivery of strategic and business plans for the Youth Zone
- To assist with any promotional activities and visits that take place at the Youth Zone
- To actively promote the Youth Zone and positively contribute towards increasing Youth Zone membership
- To participate in staff meetings, staff training and staff supervision and appraisal

### Person Specification

	Essential	Desirable
<b>Experience</b>		
All-round administrative and management experience	✓	
Experience of developing office and HR systems	✓	
Experience of managing recruitment and HR functions		
Experience of basic accounts work / book-keeping	✓	
Experience of supervising staff	✓	
Experience of providing support at Board or General Manager level	✓	
<b>Skills and Abilities</b>		
Excellent administrative and organisational skills	✓	
Excellent written and verbal communication skills	✓	
High standard of ICT skills, including the use of databases	✓	
Ability to cope with multiple demands and deadlines and maintain a consistently high standard of work	✓	
Ability to establish a rapport with stakeholders at all levels and from all sectors	✓	
Ability to work on own initiative and as part of a team	✓	
Methodical approach and ability to maintain accurate and transparent data systems	✓	
Ability to remain calm and in control in pressurised situations	✓	
Ability to deal with confidential information sensitively and appropriately	✓	
<b>Knowledge and Understanding</b>		
Knowledge and understanding of HR management and relevant legislation	✓	
Knowledge of IT, spreadsheets, word processing and database packages (particularly cloud based systems such as Salesforce)	✓	
Knowledge of health and safety and data protection legislation	✓	
Knowledge and awareness of issues affecting young people		✓
<b>Qualifications</b>		
Education to degree level or equivalent experience	✓	
<b>Personal Qualities</b>		
A flexible attitude to work and a willingness to perform a variety of duties to ensure an efficient and effective service	✓	
A high degree of motivation	✓	
Attention to detail	✓	

# A NEW MANIFESTO FOR THE YOUNG PEOPLE OF GREAT BRITAIN

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## THE ONSIDE WAY



# THANK YOU TO OUR PATRONS, SPONSORS AND SUPPORTERS



Accenture  
 Alan and Kate Livesey\*  
 Alan Murtagh and Michelle Stubbs\*  
 Alison and Daniel Rees  
 Andrew and Fiona Tyrer\*  
 Anthony and Margaret Preston\*  
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 ASC Renewables  
 Big Lottery  
 Bill and Julie Holroyd\*  
 Bill and Liz Ainscough\*  
 Brian and Katherine Scowcroft\*  
 Bruntwood\*  
 Clear Marketing\*  
 Conlon Construction  
 Dave and Pat Whelan\*  
 David and Janelle Barker\*  
 DRL (AO.com)  
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\*Founder patrons

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## FROM THE CHAIRMAN

**OnSide now provides safe and inspiring  
places for over 15,000 young people  
to go to in the north west.**

Our six current Youth Zones are already transforming their communities.

The dynamic four-way partnerships between the public, private and voluntary sectors plus, of course, the young people themselves, are ensuring the success of each Youth Zone and I'm confident these will go on to deliver for the young people for many years to come.

We have now proven beyond doubt that our model is successful, sustainable and relevant. In addition we are now able to demonstrate a significant social impact in our communities. Most importantly, the young people love the facilities and vote with their feet in droves, with over 350,000 visits to our Youth Zones per year.

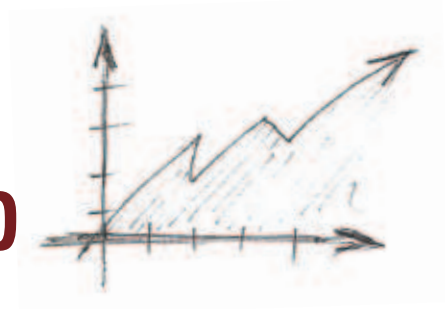
We are now faced with the opportunity (and challenge) of making OnSide a national charity, with the aim of creating Youth Zones in every town and city in the UK. In doing so we will have built a world-class platform to ensure that our young people have the best possible start in life. Just imagine.

As ever, I would like to underline my sincere thanks to our Patrons and wider support community. Without you, none of this would have happened. I also want to register my thanks and admiration to the hugely over-worked OnSide team, led by Kathryn Morley.

Finally, Jerry Glover retired as Chief Executive of OnSide in April, taking up a part-time consultancy role with us. Jerry is the inspiration for the Youth Zone movement and we all owe him a massive debt of gratitude.

Onwards and upwards!  
Bill Holroyd CBE DL - Chairman

# THE START OF SOMETHING GOOD



As Chief Executive of OnSide Youth Zones, it gives me great pleasure to introduce the new manifesto, a declaration to extend our network across the UK in order to reach more young people.

I'm fortunate to lead a dedicated and highly experienced team, able to work alongside existing Youth Zones and various stakeholders wishing to build one in their location. Highlights of a very successful 2013 include:

- Wigan Youth Zone opened in June with over 7,000 young members in the first four months
- Firm commitments for new Youth Zones in Preston, Wolverhampton and Wirral, which once open will make a total of nine OnSide Youth Zones
- The Queen's Trust, St. James's Place Foundation and Garfield Weston made significant contributions to the OnSide Foundation for the development of Preston, Wolverhampton and Wirral Youth Zones
- The Big Lottery made an award for our three-year initiative in partnership with Seashell Trust to further support young disabled people and their families across the OnSide Youth Zone network

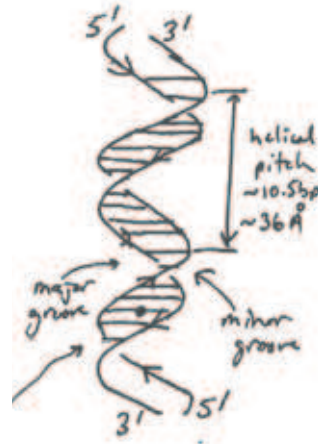
We have received support from Impetus-PEF, who use a venture philanthropy model to select charities with significant growth potential. Their support is helping to accelerate our work to achieve our vision of 20 fully-operational Youth Zones by 2020.

None of this would have been possible without the OnSide Board, Patrons, supporters, volunteers and champions, or the dedication of the OnSide team.

Thank you for your support  
Kathryn Morley – Chief Executive



# THE ONSIDE WAY



Young people need our help now more than ever before.

Whether it's a lack of ambition or qualifications, or negative behaviour and attitudes, the current childhood crisis is real and well documented. OnSide Youth Zones are designed to give young people aged 8–19 years old (25 for those with a disability) somewhere to go, something to do and someone to talk to in their leisure time; occupying their bodies and minds with fun activities, learning new skills and socialising in a safe, positive way. Youth Zones are there for young people in deprived areas, where the alternative for many is spending their evenings on the streets or isolated in their bedrooms, surfing the internet.

## What makes an OnSide Youth Zone?

- An inspiring, safe and affordable place for young people to go
- A private sector-led Board, heading up an independent local charity
- A sustainable funding model
- A four-way partnership between the private sector, the local authority, young people and the community
- The right city centre location, in 'neutral' territory that all young people from the community can share
- A functional, inspirational building design based on how young people engage, socialise and participate

# DESIGN

**AFFORDABLE**

Status

**STAFF**

**VISION & PURPOSE**

Monitoring & evaluating

**IN PARTNERSHIP**

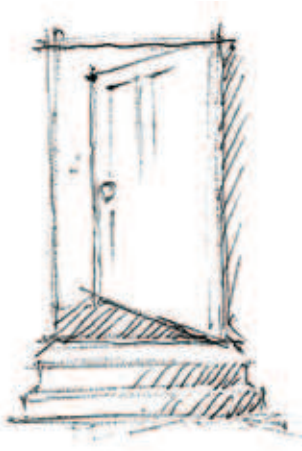
Open & accessible

A small photograph showing two individuals, a man and a woman, sitting at a table and working on laptops. The man is wearing a dark jacket and a beanie, and the woman is wearing a blue jacket. They are both looking at their screens. The background is a bright yellow wall.



## Somewhere to go

- Up to 250 young people attend each Youth Zone every evening
  - Safe places for young people to socialise with peers and adult role models
  - Neutral spaces, away from gang pressures or postcode wars
  - Buildings and activities open to all young people – it's their place
  - Iconic, inspiring buildings show the community the value of young people
  - Just 50p per visit, £1 for a nutritious hot meal, £5 annual membership



## OUR PROMISE

Our promise to Britain's young people is simple. If they live within the local area of a Youth Zone, they will have:

### Something to do

- 20 inspiring activities each session, including sports, arts and personal development
- Buildings that create interest and make it easy to get involved in activities
  - Youth Zones can host almost any activity young people want
- Paid workers are experts in their field, supported by an army of volunteers
  - 'Try, train, team' approach to sports and arts
- Regular inter-Youth Zone events where young people meet and compete
- Residentials and other trips to boost confidence and broaden horizons

### Someone to talk to

- Youth workers engage with young people on their terms
- Casual one-to-one work is a key part of youth workers' roles
- Young people are helped to develop their communication skills
  - Targeted programmes for employability, mentoring, inclusion, sexual health and more
- Philosophy of personal responsibility – 'get active, get creative, get outdoors, get sorted, get ahead and get connected'
  - Youth Zones can be a second home, away from family and school pressures

We provide inspiration and raise aspirations, pointing the most troubled young people in the right direction.







## A FOUR-WAY PARTNERSHIP

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**The whole community comes together to take pride in and ownership of the Youth Zone, to ultimately ensure its success.**

A unique partnership of the private sector, local authority, young people and the community form a dynamic four-way, inter-connecting relationship, which drives the success of an OnSide Youth Zone. The Youth Zone becomes a valuable community asset and each group plays its own vital role, breathing real life into their Youth Zone.

From conception to completion; the inaugural opening of the doors for business and the ongoing day-to-day functioning of the Youth Zone. From our champions, investors and fundraisers who bring in the money, to the committed team of paid workers and volunteers who deliver an inspiring range of activities and targeted services.

However the partnership wouldn't be complete without the support of local communities and young people's groups working together to deliver more services to more young people. And most importantly, the young people themselves – their need drives our whole reason for being.

## WORLD-CLASS BUILDINGS



Visible from miles around, these are iconic buildings we are proud of.

We believe our buildings convey a clear message to young people: “You deserve the best.” Our iconic buildings make a statement about the value each town or city places on its young people. Visible from miles around and packed with exciting, interesting and educational things to do, our Youth Zone buildings are places we can all be proud of.

Each Youth Zone is designed to become a landmark feature of a town or city, with its own entirely unique, eye-catching architecture and state-of-the-art facilities full of highly trained, experienced teams.

With fitness suites to rival the best private gyms, chill out areas on a par with many of the bars and cafés around and media and music suites that would make creative agencies jealous, our Youth Zones offer the ‘wow’ factor, sending out a clear message that young people matter.



## Sports hall

Jam-packed with high intensity activities like wall climbing, dodgeball, basketball and many more. They're challenging, exhilarating and motivating places to be.



## Skate park

From half-pipes to ramps and rails, the skate park at Wigan Youth Zone is designed by and for skaters. Somewhere to hang out, learn new tricks, share their passion, make new friends and gain confidence.



## Dance studio

Specialist dance studios offer young people plenty of room to express themselves through a variety of different dance styles, helping them get active and learn new skills.



## Fitness centre

Teaching young people how to lead a healthy, active lifestyle. From nutrition advice to fitness training, there's something for all ages and abilities.



We don't just encourage young people to lead healthier and more active lives, we ensure they're well-equipped to enjoy all kinds of sports and physical pursuits.

## BEST-IN-CLASS FACILITIES

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### Boxing & martial arts

Not just a great way to keep fit, boxing and martial arts are all about control, persistence and poise. We're talking punch bags, training equipment, a boxing ring and challenging activities like wrestling.



### Outside

A chance to explore the outdoors, trek through the wide-open, kayak and climb, sleep by a fire, team-build and learn the art of survival. Or simply get a game of football on our all-weather pitches.



Inspiring young minds to open up, be creative and feel at ease, our state-of-the-art surroundings bring everyone together in a fun and inclusive environment.



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## BEST-IN-CLASS FACILITIES

### Arts, crafts & fashion

A chance to make a statement and leave a mark on their own Youth Zone. Making murals, learning sewing skills and exploring fashion trends. All the tools, space and inspiration are here.



### Restaurant & kitchen

Nutrition plays a huge part in the development of young people. Our restaurant and kitchen serve up subsidised meals and give young people a chance to learn how to cook their own food.





## Enterprise

Giving young people the skills they need to get a job. CV writing, interview tips and teamwork skills. Young Leaders courses build character and confidence, taking charge of live projects.



## Media studio

Young people can express themselves and get inspired in our cutting-edge media studio. A film suite, a radio studio and media centre. Open to all.

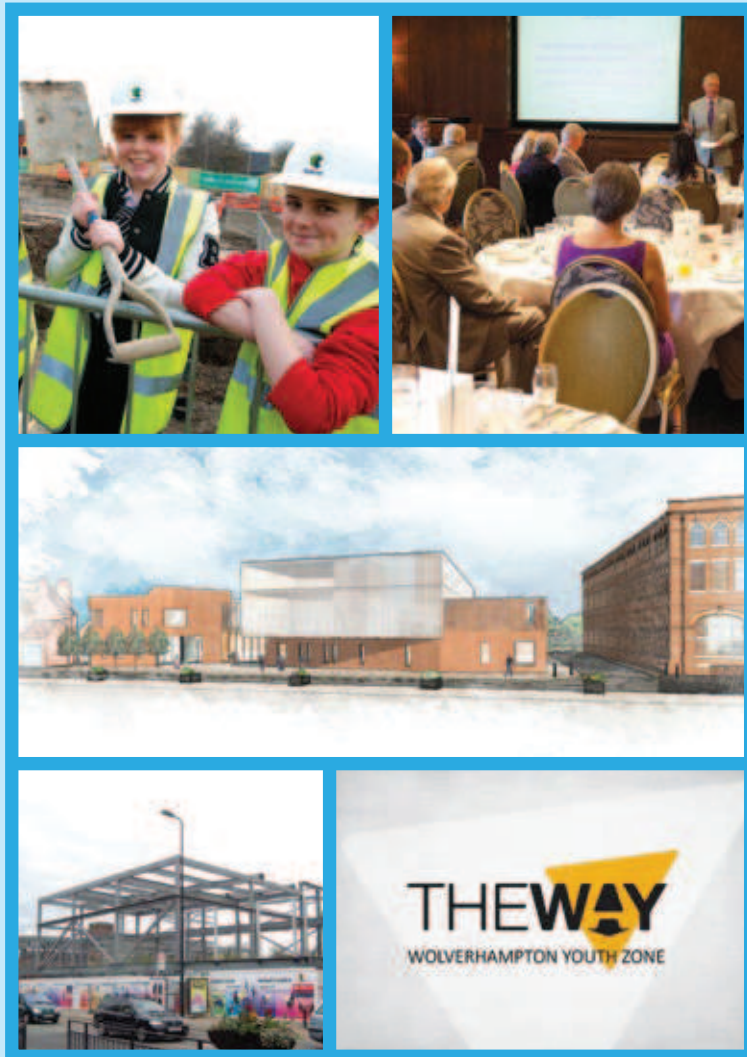


## Music room

Kitted out with instruments and equipment, members are free to make some noise and follow their dream. Writing, rapping, mixing, playing, jamming, singing and recording.

## Recreational area

Sometimes young people just need space. Somewhere to chill out, meet mates and chat. Play pool, have fun and be themselves. Somewhere like our recreational area.







## MAKING IT HAPPEN

**Our role is to support existing Youth Zones in operating effectively, as well as introducing new Youth Zones to towns and cities across the country.**

In developing new Youth Zones, OnSide adopts a total management approach, from supporting local stakeholders, identifying the need in each area for a Youth Zone, through to the completed building and its opening. This includes the initial building design using experience gained from the six Youth Zones now operating, as well as the construction and internal specifications, ensuring it's all delivered on time and on budget.

Alongside the physical building we work with the local Board, offering advice and support to raise the first three years' revenue ahead of opening, while initiating the recruitment of the team, both staff and volunteers, who will go on to run the Youth Zone.

Equally important is establishing a cohesive marketing strategy, from overall branding and internal/external communications to supporting fundraising activities and helping the local community understand how they can make the most of the soon-to-be Youth Zone. And as every business requires sound financial management, we have approved systems to manage capital, revenue, membership and attendance.

Throughout all of this we involve young people as much as possible; it's their Youth Zone. Young people's active participation and influence in areas of brand identity, transportation, fundraising and the interior design of the Youth Zone are fundamental to our approach.

## FUNDING A YOUTH ZONE



Each and every Youth Zone presents its own set of unique and intricate funding challenges.

A model of local ownership is a key success factor in ensuring financial sustainability of each Youth Zone into the future. This all-important funding approach is split into two distinct areas of Capital and Revenue:

**Capital:** The cost of building and fitting out a Youth Zone is in the order of £6million; £3m, with the site provided by the local authority and the remainder made up of grants, trusts funding and local philanthropic giving. The OnSide Foundation invests in the new Youth Zones by flowing capital grants raised by OnSide to each project.

**Revenue:** The cross-sector funding model is unique and sustainable. The annual running costs for a start-up Youth Zone are £1million; 40% met by local authority support, 50% by the local private sector and 10% through membership and entry fees from young people. OnSide works with the local team to raise the first three years of private sector funding ahead of opening.

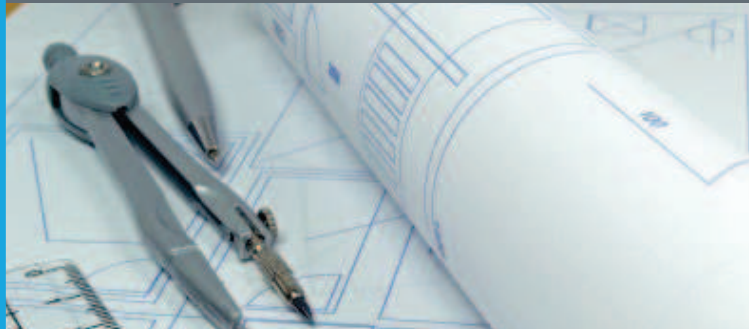


# THE TIMELINE FOR AN ON-SIDE YOUTH ZONE



## DESIGN

- Building designed
- Planning application submitted
- Young people create the Youth Zone name and brand identity



## DEVELOPMENT

- Building contract tendered
- Legals agreed
- Full capital secured



Day one

Target duration

FOUNDATIONS

- Building project underway
- Young people design interior
- Revenue campaign
- First employee recruited

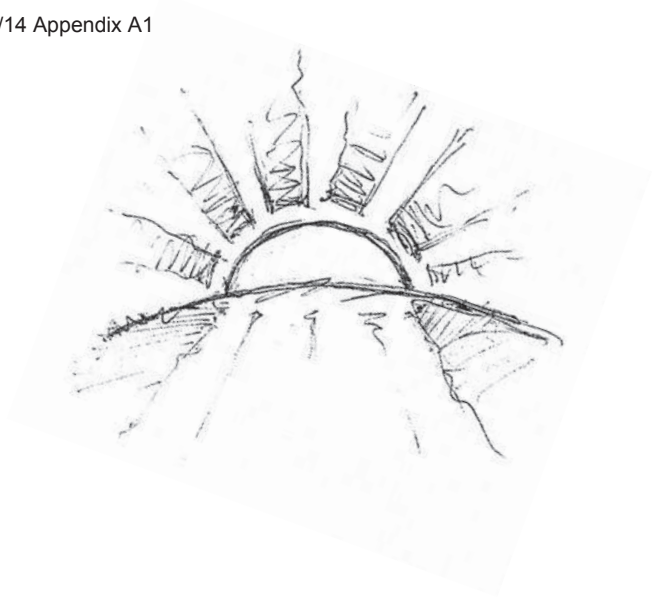
YEAR ZERO

- Website and other comms go live, media countdown to opening
- Recruitment and training of staff and volunteers
- Financial and membership systems established
- Activity Plan for Youth Zone created
- Opening day event planned and delivered



Opening  
2½ years

# OUR VISION



## 20 Youth Zones by 2020

Established by Bill Holroyd and his founding team of Board Directors in 2006, the OnSide Youth Zones charity has made hugely significant progress.

To date five new Youth Zones have been built based on the original Bolton Lads and Girls Club model, which is part the OnSide network.

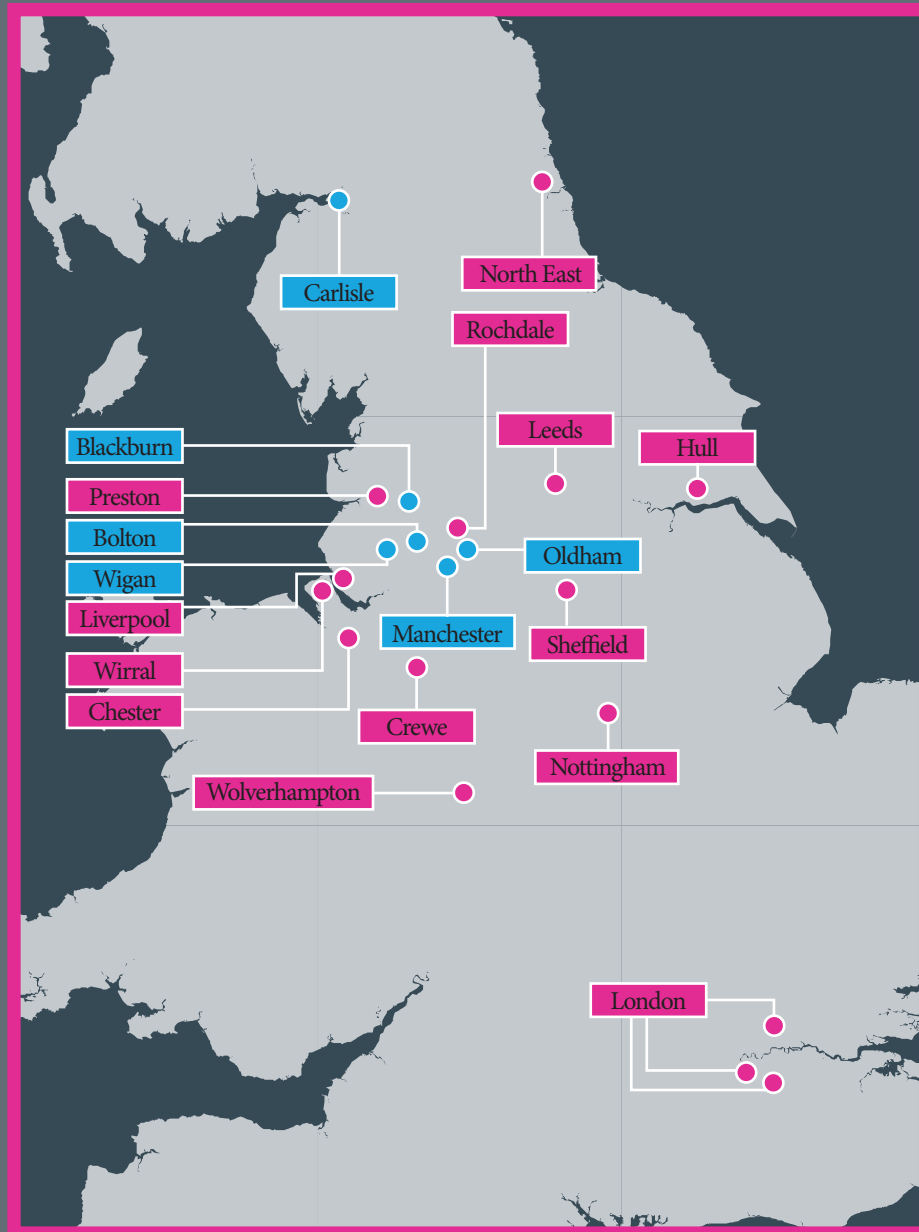
We currently have:

- Approaching 7,000 visits per week, 350,000 per year across all Youth Zones
- Created over 200 jobs within the five new Youth Zones
- Recruited over 700 volunteers
- Raised over £50 million of funds for the benefit of young people
- Leading-edge activities for young disabled people to enjoy with their able-bodied peers

Our vision is that one day every town and city throughout the UK will have its own Youth Zone. With a proven model, experience of implementation and first-hand understanding of the positive impact for young people, our aim is to replicate the model and grow our network to 20 Youth Zones by 2020. In doing so we will:

- Engage with over 50,000 disadvantaged young people nationwide
- Create more than 600 jobs
- Involve more than 3,000 volunteers

This is only the beginning. With a further three Youth Zones in the pipeline at the time of going to print, the positive impact on Britain's young people and the return on social investment for stakeholders will be unparalleled.



- EXISTING YOUTH ZONES
- NEW POTENTIAL PROJECTS

## THE ONSIDE TEAM



Dynamic, dedicated and  
highly experienced.

Chiara Mallia	Administration Manager
Claire Greenwood	Grants and Trusts Manager
David Barton	Young People's Participation Manager
Fiona Norcross	Head of Finance and Systems
Jerry Glover MBE	Senior Advisor
Jo Barber	Events and Donor Development Manager
Kathryn Morley	Chief Executive
Nick Cooper	Local Engagement Manager
Rachel McCrystal	Private Sector Development and Funding Manager
Rebecca Baron	Communications Manager
Rob Carter	Facilities Development and Deputy Chief Executive



# THE ONSIDE BOARD

	
Chris Oglesby	Jim Smith
	
Margaret Preston	Karen Griffiths
	
Ross Warburton MBE	John Marsh
	
William Lees-Jones	Bill Holroyd CBE
	
Daniel Hall	Nigel Richens

## HOW YOU CAN HELP



Help the young people in your town or city.

Step forward and become part of a team that creates a Youth Zone.  
 Help OnSide by donating financial support to help fund our work.  
 Volunteer at your local Youth Zone, from being a Board member  
 through to helping deliver activities during evenings and weekends.







“It gives me an opportunity to try new things and meet new people. It also gives me, and other young people like me, the chance to change the perceptions that others have of young people today.”

Lucy, aged 16, from Pemberton



OnSide Youth Zones, Suite GB, Atria, Spa Road, Bolton BL1 4AG  
www.onsideyouthzones.org Email: enquiries@onsideyouthzones.org Tel: 01204 362 128  
Registered Charity no. 1125893 Registered Company no. 06591785

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# Divergent Naming – session 2

## Bidston Primary School



Page 367



# Divergent Naming – sessions 3 & 4

## 11-15 and older consultation 16+



## Divergent Naming – session 5

### Children with special needs

# Hive

A community construction built by its community for its community. Active, industrious and dynamic, working community supporting each other mutually, featuring a strong structure with a range of roles which are interdependant

## LINKS:

- The diversity of membership
- Strength together
- Community strength and support
- Dynamism & industry



### Concept I: Cube Hex

Using overlaying hexagons to create three dimensional cubes, reflecting the strength together of the young people in their endeavours to build positive futures together. Bold and straightforward typography lends an air of simplicity.



### Concept G: HEXAGON

Constructing a hexagon (the fundamental shape of a hive) from a diverse range of colours which overlap reflecting the kalidescope of young people at the youth zone. The type ography reflects the freedom and joy of expression found within the mutually supportive community.



### Concept H: TRI-HEXAGON

The base of a hexagon (the fundamental shape of a hive) and strongest shape to construct from is the triangle. We use this in a diverse range of colours which overlap reflecting the kalidescope of young people at the youth zone. The strong typography provides genuinely flexible visual dimension.



CONCEPT SET **A**CONCEPT SET **B**CONCEPT SET **C**



Thank you...

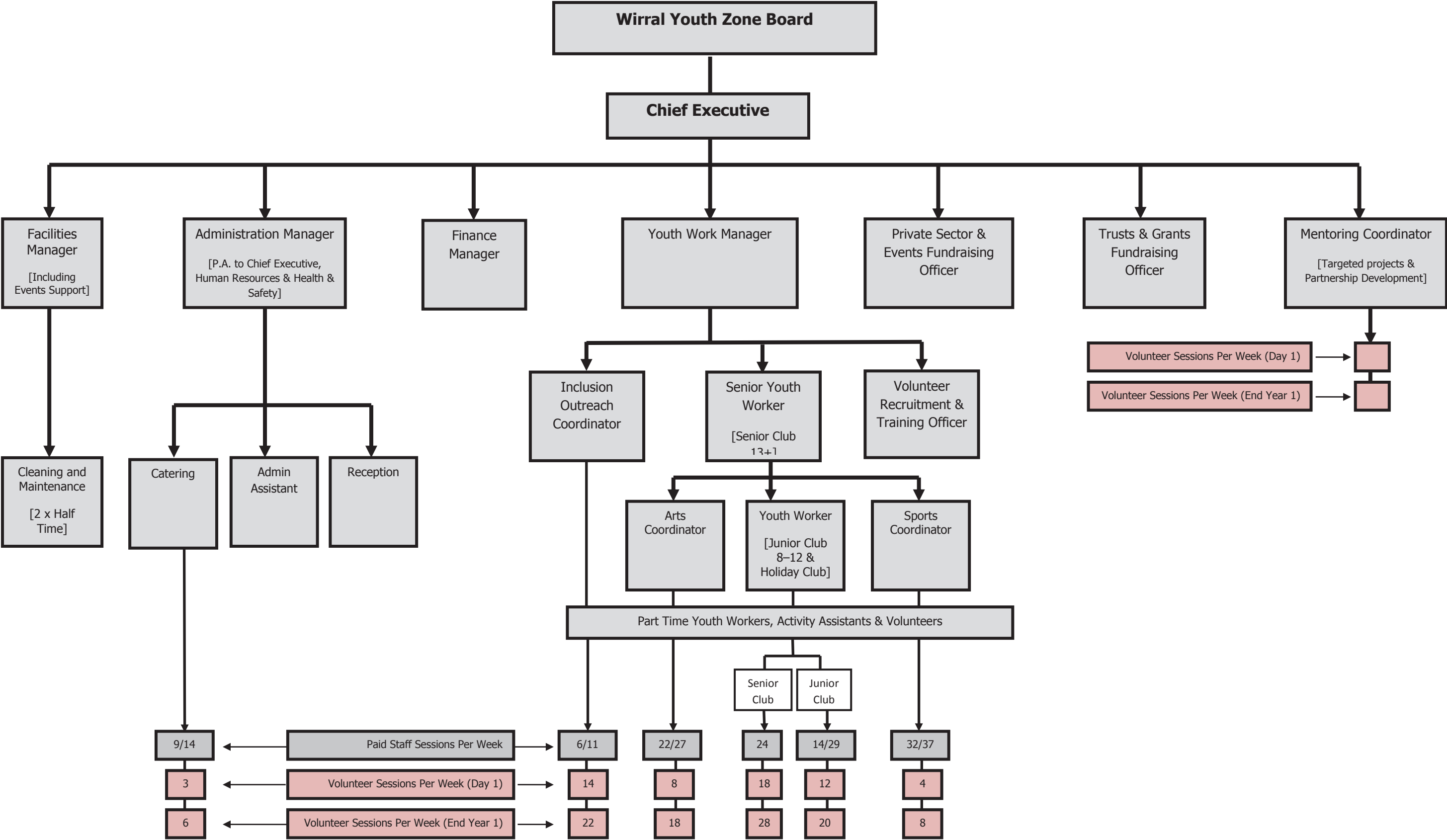


ΤΙΣΤΙΚ ΛΟΓ ΤΗ





STAFF ORGANISATION CHART



Notes: Two figures are shown against some Paid Staff Sessions to show variance during holiday periods. The position of Mentoring Coordinator could be a late appointment (say starting 6 months in).





### Youth Zone Opening Hours

	Mon	Tue	Wed	Thurs	Fri	Sat	Sun
<b>Carlisle</b>	6.30-8.30pm Junior Club	6.30-9pm Senior Club	4-9pm Senior Drop-in	6.30-8.30pm Junior Club	6.30-10pm Senior Club	10am-1pm Inclusion - 1.30-3.30pm Junior Club - 6.30-10pm Seniors 15+	N/a
<b>Mahdlo</b>	3.30-5.30pm School's Out - 6.30-10pm Seniors	3.30-5.30pm School's Out - 6.30-9pm Juniors	3.30-5.30pm School's Out - 6.30-10pm Seniors & Ability Group	3.30-5.30pm School's Out - 6.30-9pm Juniors & Ability Group	3.30-5.30pm School's Out - 6.30-10pm Seniors	10am-1pm Juniors - 1.30-4.30pm Girls Only - 6.30-10pm Seniors	10am-1pm Open Family - 1.30-4.30pm Ability Family
<b>Factory</b>	3.30-5.30 After School Club (8-15) - 6.30-10 Seniors (13-21)	3.30-5.30 After School Club (8-15) - 6.30-9.00 Juniors (8-12)	3.30-5.30 After School Club (8-15) - 6.30-10 Seniors (13-21)	3.30-5.30 After School Club (8-15) - 6.30-9.00 Juniors (8-12)	3.30-5.30 After School Club (8-15) - 6.30-10 Seniors (13-21)	10-2 Juniors (8-12) - 6.30-10 Seniors (13-21)	12.15-3.30 Family Session
<b>Blackburn</b>	4-5.30pm Dance, Musical Theatre & Junior Gym Session 6-9pm Junior Club	3.30-5.30pm Boxing, music & sewing 6-10pm Senior Club	4-5.30pm Dance & Football 6.30-8pm Blackburn Youth Choir 6-9pm Junior Club	4-5.30pm Fitness session & football 5.30-6.30pm Young Leaders 6-10pm Senior Club	4-5.30pm Climbing, drama & netball 6-9pm Junior Club	10am-2.30pm Junior Club 2.30-5.30pm Girls' climbing, football & fitness session 6-9pm Senior Club	10am-1pm Inclusion Club 1-5pm Song writing & media production, dance & inclusion football
<b>Wigan</b>	4pm-9pm Seniors	4pm-8pm Juniors	4pm-9pm Seniors	4pm-9pm Seniors	4pm-10pm Seniors	10am-3pm Juniors 4-10pm Seniors	10am-3pm Juniors 4-10pm Seniors
<b>BLGC</b>	4-10pm Senior Club	4-10pm Senior Club	4-8.30pm Junior Club	4-10pm Senior Club	4-8.30pm Junior Club	2-5pm Junior Club 6-9pm Senior Club	2-5pm Fusion Arts 6-9pm Senior Club



# STANDARD YOUTH ZONE SESSION PROGRAMME

Term-time programme

Time	8.00-9.00	9.00-10.00	10.00-11.00	11.00-12.00	12.00-1.00	1.00-2.00	2.00-3.00	3.00-4.00	4.00-5.00	5.00-6.00	6.00-7.00	7.00-8.00	8.00-9.00	9.00-10.00
Monday									Juniors (8-12 yrs) Specialist sports & arts sessions		Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Tuesday									Juniors (8-12 yrs) Specialist sports & arts sessions		Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Wednesday									Juniors (8-12 yrs) Specialist sports & arts sessions		Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Thursday									Juniors (8-12 yrs) Specialist sports & arts sessions		Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Friday									Juniors (8-12 yrs) Specialist sports & arts sessions		Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Saturday					Juniors (8-12 yrs) General open session activities			Juniors and/or Seniors Slot to accommodate locally-selected specific projects			Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Sunday					Juniors (8-12 yrs) General open session activities			Juniors and/or Seniors Slot to accommodate locally-selected specific projects			Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			

**Note:** An option might be to have an open session for Juniors one evening each week.



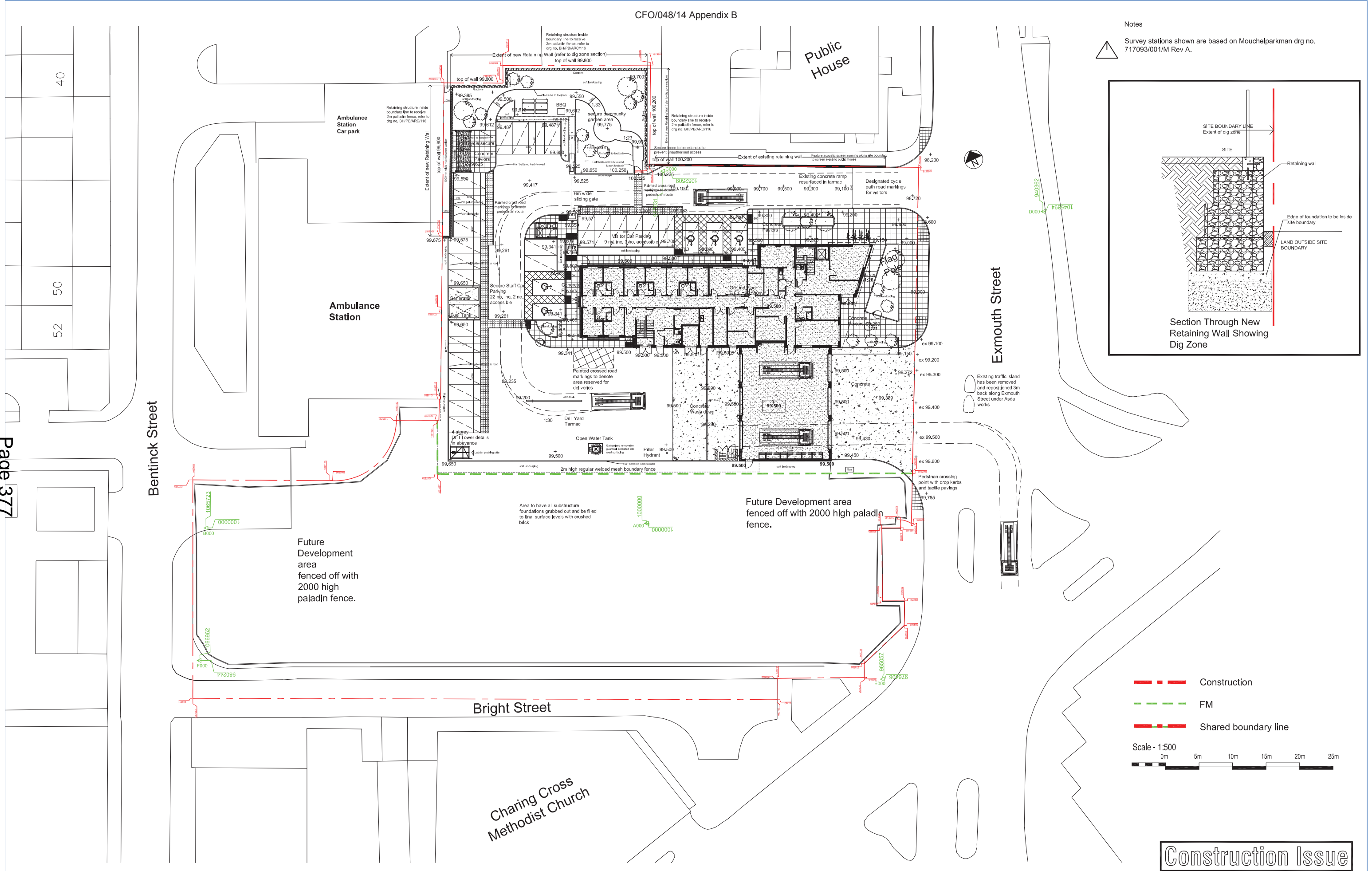
# STANDARD YOUTH ZONE SESSION PROGRAMME

## Holiday programme

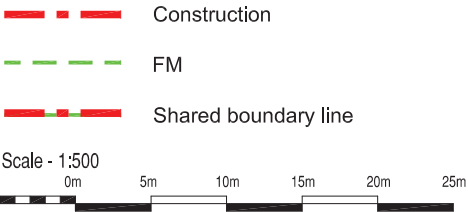
Time	8.00-9.00	9.00-10.00	10.00-11.00	11.00-12.00	12.00-1.00	1.00-2.00	2.00-3.00	3.00-4.00	4.00-5.00	5.00-6.00	6.00-7.00	7.00-8.00	8.00-9.00	9.00-10.00
Monday	Holiday Club (Typically 8 - 14 yrs) Full all-day holiday care scheme with comprehensive range of in-house and off-site activities (Divided into 2 x half-day sessions)										Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Tuesday	Holiday Club (Typically 8 - 14 yrs) Full all-day holiday care scheme with comprehensive range of in-house and off-site activities (Divided into 2 x half-day sessions)										Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Wednesday	Holiday Club (Typically 8 - 14 yrs) Full all-day holiday care scheme with comprehensive range of in-house and off-site activities (Divided into 2 x half-day sessions)										Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Thursday	Holiday Club (Typically 8 - 14 yrs) Full all-day holiday care scheme with comprehensive range of in-house and off-site activities (Divided into 2 x half-day sessions)										Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Friday	Holiday Club (Typically 8 - 14 yrs) Full all-day holiday care scheme with comprehensive range of in-house and off-site activities (Divided into 2 x half-day sessions)										Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Saturday					Juniors (8-12 yrs) General open session activities		Juniors and/or Seniors Slot to accommodate locally-selected specific projects				Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			
Sunday					Juniors (8-12 yrs) General open session activities		Juniors and/or Seniors Slot to accommodate locally-selected specific projects				Seniors (13-19 yrs) General open session activities (plus any targeted and ancillary projects)			

**Note:** An option might be to have an open session for Juniors one evening each week.





Notes  
Survey stations shown are based on Mouchelparkman drg no. 717093/001/M Rev A.



Construction Issue

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# REPORT AND VALUATION

## (short version)

CFO/078/15 Appendix C

hardie  
brack  
chartered surveyors

Our Ref: MGH/CV14-2352

29<sup>th</sup> April 2014

Merseyside Fire & Rescue Service  
Estates Department-Headquarters Building  
Bridle road  
Bootle  
L30 4YD      fao; [ananthasubramanayam@merseyfire.gov.uk](mailto:ananthasubramanayam@merseyfire.gov.uk)

**Re: Land to the South of Birkenhead Fire Station Bentinck Street/Exmouth Street, Birkenhead CH414NF**

<b>1. Instructions:</b>	<p>We confirm that our inspection and Valuation of the above property is in accordance with the RICS Guidelines for the valuation of property assets as outlined within the RICS Valuation – Professional Standards 2014 (“The Red Book”).</p> <p>We provide a shortened form of Valuation Report which does not include detail of or comments on all matters covered during our inspection and further investigations.</p>
<b>2. Inspection:</b>	<p>The property was inspected in fine and dry conditions by the writer.</p> <p>The site is unoccupied but fenced and fully open to view.</p>
<b>3. Purpose of Report:</b>	<p>To provide:-</p> <ul style="list-style-type: none"><li>• description of the property and its location</li><li>• comment on current apparent condition</li><li>• comment on development potential</li><li>• comment upon potential extension/merger</li><li>• comment on market conditions for development sites</li><li>• comment on current market conditions for development sites</li><li>• opinion of current Market Value</li><li>• further advice</li></ul>
<b>4. Location &amp; Amenities:</b>	<p>The property is located on/outside the immediate north-western fringe of Birkenhead town centre, in a mixed commercial and residential (including administrative) area between Exmouth Street Bentinck Street and also abutting Bright Street.</p> <p>Birkenhead is the principal town of the Northern Wirral Peninsula, providing its principal facilities and the largest retail centre, primarily around ‘The Pyramids’.</p> <p>Across Exmouth Street are a range of community / administration buildings and a large Asda supermarket (rear onto Exmouth Street and taking its principal access from the Grange Road/Pyramids area); across Bright Street are religious buildings and across Bentinck Street some Victorian style industrial buildings and Local Authority style housing. Immediately adjacent to the new Birkenhead Fire Station and 1960s style Ambulance Station.</p>

<p><b>5. Description:</b></p>	<p>The subject is an approximately rectangular shaped site, cleared and level, as well as fully fenced; with its narrow elevations to Exmouth Street and Bentinck Street and with a width to depth ratio circa 1:4.</p> <p>To the rear of Bentinck Street, there is a concrete surfaced driveway leading into the site through double steel palisade gates onto a concrete hard-standing, which forms a minority part of the site, the remainder of which is surfaced with crushed rubble.</p> <p>There is no vehicular access from Exmouth Street or Bright Street (which is cobbled) and given proximity to the major junction of Exmouth Street, Claughton Road, nor is there likely to be so. (Indeed, Bright Street formally had connection with this junction, which has been closed).</p>
<p><b>6. Accommodation:</b></p>	<p>The site has been measured on the basis of its gross area as follows:-</p> <p>With a maximum width circa 28 m and depth circa 102 m the gross area is circa 2,750 m<sup>2</sup> (3,300 yd.<sup>2</sup>/0.66 acres).</p> <p>We are advised that the adjacent Ambulance Station site is of similar size.</p>
<p><b>7. Services:</b></p> <p><i>We have NOT placed any tests on the services and assume them to be both modern and compliant with relevant Regulations and fully serviceable, unless otherwise stated.</i></p>	<p>The subject property benefits from proximity of all mains services including water, drainage, electricity, gas and telephone.</p> <p>There are clearly no live service connections to the site and any development will require the forming and connection of services to the mains.</p> <p>It is assumed that there are no service mains running beneath the site, which would impair or increase the cost of development.</p>
<p><b>8. Tenure / Tenancies:</b></p>	<p>The Land Registry website indicates that Title to the site is Freehold as part of a larger landholding, comprising Birkenhead Fire Station.</p> <p>It is assumed that this Freehold is relatively unencumbered and that there are no restrictions on severing the subject site from the Freehold or use and development.</p> <p>It is assumed that the vehicular access from Bentinck Street forms part of the site.</p> <p>Your solicitors must confirm these matters.</p>

<p><b>9. General/Environment Matters:</b></p> <p><i>Our Valuation is on the assumption that there are no deleterious materials or contamination to the site. We have not carried out an Environmental Assessment in connection with the Land.</i></p> <p><i>We are not aware of any localised contamination. The site is situated in an established residential area where there is no evidence of any industrial processes having caused environmental damage.</i></p>	<p>Online/Internet enquiries indicate that the property is not at risk from radon gas, flooding or coal mining related damage.</p> <p>An energy performance certificate (EPC) is not required for sale of vacant land for development.</p> <p>We note that the site formerly supported a 1960s office and ancillary accommodation building associated with the former Fire Station; it is assumed that whilst there is clear evidence of compacted rubble surfacing the site there is no asbestos within it.</p> <p>We did not note any readily visible evidence of Giant Hogweed or Japanese Knotweed.</p>
<p><b>10. Apparent Condition:</b></p> <p><i>Our Inspection was confined to obtaining sufficient information to guide our opinion as to the fair market value and we have neither conducted a ground conditions survey of the property nor been provided with a copy of one and our fee has been charged accordingly.</i></p>	<p>There was no readily visible evidence of ground conditions sufficiently adverse as to prevent development.</p> <p>We note that the site previously supported a two-storey concrete framed building for over 40 years without ground condition related structural defect/damage occurring.</p> <p>It is highly likely that there are foundation structures within the subsurface of the site, the removal of which, together with the compacted rubble overburden will be considered a normal part of development costs.</p> <p>It is unlikely that a developer would purchase the site without a 'Stage II' site investigation report relating to ground conditions and chemical analysis.</p>
<p><b>11. General Remarks:</b></p> <p><i>Birkenhead;</i></p> <p>The principal town of the North Wirral \peninsular lies directly across the Mersey and connected to it by two road as well as rail tunnels. Birkenhead provides its own large, distinct, nuclear centre serving the majority of the Northern Wirral population, with their principal facilities; retail, social, administrative and to a degree employment.</p> <p>The principal centre of Birkenhead is around Grange Road and the Pyramid Shopping Centre, with the subject site lying on its immediate north-western fringe, separated from it by the two principal roads of Exmouth Street and Claughton Road.</p> <p>Whilst the wider Birkenhead area includes affluent and desirable suburban residential locations, residential property within the vicinity of the subject tends to be of smaller, 'affordable' type and there is an adverse reputation with regard to social structure and antisocial behaviour.</p> <p><i>L41 4NF;</i></p> <p>The immediate vicinity of the subject includes the adjacent newly constructed Fire Station, the 1960s style Ambulance Station (which we understand is now redundant), a church with community building and some Victorian style industrial warehouse buildings.</p> <p>Opposite, across Exmouth Street is an office building and the rear (diagonally across the road junction) is the rear of a large Asda supermarket, which forms one of the peripheral parts of the town centre itself.</p> <p>The majority of the buildings to west, north and east within a few hundred metres are 'affordable' housing, including social housing and are generally of relatively low value.</p>	

#### *The Site;*

The site has been formed through the demolition of the former office and ancillary accommodation attached to the original Fire Station and in terms of current status, is typical of many such sites; hard-core covered and secured with steel fencing. There is a single vehicular access point to the rear from Bentinck Street and whilst it may be possible to secure other access points from Bright Street to enable development, this is likely to have a requirement for the upgrading of Bright Street from cobbles to foundation and macadam surface. It is highly unlikely that any vehicular access would be allowed from Exmouth Street, even through re-opening of the former Bright Street/Exmouth Street/ Claughton Road junction.

Whilst the site is clear, open and level and enjoys a relatively high profile to this principle road junction, its configurations with a width depth ratio in the order of 1:4, is not typical for a development site and similarly, its size is considered somewhat oversized for the type of development, which might be attracted to it.

#### *Residential Development Potential;*

Given the adjacent industrial, commercial and administrative buildings, we consider it highly unlikely that speculative residential development could be undertaken profitably other than potentially flats targeted for sale to overseas investors above ground floor commercial property.

The type of developer currently undertaking this type of development is well aware of their bargaining power for purchase of sites and also, currently concentrates on acquisition of 'cheap' sites from Receivers or property owners in financially distressed circumstances.

Further, this type of development tends to be concentrated on the city rather than town centres as those are locations more easily marketed to Middle and Far East investors due to the number of potential key worker and student tenants.

Further, given the nature of the immediate vicinity of the site and its potential for commercial or community related use within a commercial area, we consider there may be considerable opposition to residential development from the Local Planning Authority.

#### *Retail Development Potential;*

The site sits outside of the principal town centre and we note that there are no retail units within the immediate vicinity. The site does, however, enjoy a high profile to a busy road junction and therefore some attraction to a retailer in this respect, but not forming part of an established retail location, it is distinctly tertiary.

Roadside (whether large or small) retail outlets have a tendency to group together in support of each other and in this respect, the site might support a terrace of a number of retail units; however, only that at the eastern end will have the profile to the main road. Further, with access from Bentinck Street only, there would have to be fairly significant encouragement to potential customers to drive from the main route 'around the back' and in our opinion, this would limit the potential retailer type to one dealing in significantly attractive goods on a specialist basis, to which customers will travel from a wide geographical area.

Whilst the site itself is realistically too large in its entirety for a building which would house the type of retail operation which might be attracted to this site, it would however, provide extensive car parking which would be vital for a specialist retailer whose customers are vehicle borne.

This site is, in our opinion, not suitable for food retail and, although you state that you have had some interest expressed from a number of branded, corporate food retailers for and 'Express' store, we consider it highly unlikely given its severance from the main centre, the position of the Asda store and the relatively limited amount of housing immediately adjacent. We do not however, discount the fact that they may purchase in order to sterilise the site and preserve the trading of their existing stores.

#### *Industrial Development Potential;*

We do not discount the appeal of the site for light manufacturing and/or storage use and note existing such uses immediately adjacent. We do however, consider that there may be opposition to such development from the Local Planning Authority as they attempt to direct the use of this area in a different direction and also note the very limited funding available for such development, even for owner occupation.

This type of development would afford the site the lowest value and there are higher value routes which should be explored first.

*Fast-Food/Drive-Through;*

Given its location on this prominent busy road junction and the current acquisitive nature of branded, corporate fast-food/drive-through operators for sites such as the subject, we consider that this is a market sector where the site would have relatively strong appeal.

Typically, sites for this type of operation 0.25 - 0.5 acres, and that this site is somewhat oversized and the amount of area above that required would attract nil or nominal value within the overall transaction figure.

We consider this to be the most commercially viable use of the site in isolation from any other land and therefore, the sector in which it will be of most appeal to developers who would seek a 'back-to-back' or 'sale and lease back' arrangement with an operator.

Available clearing bank finance for development on a particularly speculative basis remains virtually non-existent in the North West at present.

This type of development, if undertaken by a local developer, would be most likely financed with their own capital, supplemented by sub-prime/bridging finance at high rates of interest, and thus, in order to maintain profit the interest rates are funded/afforded at the cost of land value.

*Potential If Merged with the Ambulance Station Site;*

You have suggested the possibility of merger of the ambulance station site with the subject site, which would produce a site in the order of 1.2 - 1.3 acres, L-shaped with principal frontages to Bentinck Street (ambulance station) and Bright Street (subject site), with the subjects site providing the only main road exposure to Exmouth Street.

Although the site would now be twice the size of the subject and be capable of supporting a larger building, the principal frontage to Exmouth Street will not be increased proportionately and neither will the necessity to access by vehicle from the rear.

The site does, however, present the opportunity for the development of a discount food retail supermarket such as Aldi with the principal building on the subject site enjoying the benefits of exposure to Exmouth Street and Cloughton Road and the ambulance station site, the car park.

There is already an Aldi supermarket on Leonard Street, approximately 1km north-west of the subject site with a bigger frontage to the main road than the subject offers; however, with vehicular traffic attracted by the main shopping centre, it is not improbable that this combined site would prove attractive in this respect.

*Social/Community Use Development;*

Given the nature of the existing community use buildings in the area and the fact that it effectively sits on a 'hub' adjacent an area of low cost and social housing, this site is ideally suited for some form of community use.

The adjacent church and facility are noted, as well as 'The Laurels' opposite, which provides offices and facilities for many community groups and there is no doubt further demand for such premises in this area. Indeed, we have been involved in the land/property search for a group of midwives seeking premises, who eventually opted for 'the Laurels'.

Of course, it is difficult to place capital value on land for such development in relation to the value of the development; however, the value which would be attributed to the land would be that of the nearest most valuable alternative use. Generally, such purchase and development is from a ring fenced public fund often assisted by external public/European funding.

Therefore, it may be possible to argue and achieve retail/quasi retail value upon disposal for such development.



*Generally;*

Whilst this is a site of commercially developable size, centrally located within the heart of Birkenhead adjacent a busy road junction and enjoying a high profile to it, it has considerable detracting factor is for commercial development.

We caution against viewing this site in its own right, or as part of a larger site as immediately suitable for valuable development say food retail as, the limited main road frontage and rear access will be significantly detracting factors.

If this site were to be sold for development, we consider that the most viable sales area and development would be for roadside/fast-food/drive-through restaurant and we draw to your attention the McDonald's and KFC site, on Sefton Street (Stock Road) in Liverpool, where both have main road frontage, but access is to the rear via a side street.

It is easy to assess potential uses and values and target the most valuable use, attempting to apply it to the site when the reality, and particularly with developers, is that the site must fit the use.

Certainly, if the site is sold for development/use less valuable than the above or food retail, it should be restricted with covenants, preserving the right to future payment should a more valuable use become intended.

## 12. Valuation Methodology:

The primary method of valuation is the Comparative Method whereby a site/property is compared to others which have been bought and sold within a relevant geographical area and timeframe. In the case of developer and sites, this applies to use as well.

It for development sites appraisal was often by way of Residual Method (usually involving a computer program) reducing assessed Gross Developed Value development costs, profit, finance, fees etc, however, these factors vary considerably between developers. At present the Residual Method may not produce a sufficiently accurate result and therefore, should be considered in general guidance terms only.

We have considered evidence of sales of development sites throughout the North West region and in particular, those developed for fast-food/drive-through restaurant use.

We have not considered any 'abnormals' i.e. physical features which might prevent or significantly increase the cost of development.

We do assume that Planning Permission will be granted for a relevant development.

## 13. Opinion of Value:

*This opinion of value is on the assumption that;*

*(a) The property is not subject to any unusual or onerous restriction and encumbrances or outgoing and that good title can be shown.*

*(b) The property is unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or by any statutory notice.*

Accordingly, having regard to the points and comments noted above we consider that the Market Value of the assumed relatively unencumbered Freehold interest in the subject site with the benefit of full vacant possession, Planning Permission for development and allowing 9 months for marketing may be expressed in the order of:-

Non-food retail and fast-food restaurant/drive-through;


**£250,000**

**(two hundred and fifty thousand pounds).**

Food retail as part of the combined site;

**£325,000**

**(three hundred and twenty five thousand pounds)**

<p><b>14. Validity:</b></p>	<p>This Valuation Report is provided for the stated purpose(s) and for the sole use of the named client. It is confidential to the client and his professional advisers and the Valuer accepts no responsibility whatsoever to any other person.</p> <p>Neither the whole nor any part of the Valuation Report or any reference hereto, may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.</p>
<p><b>M. G. HARDIE LL.B. MRICS</b></p> <p><b>RICS REGISTERED VALUER</b></p>	

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