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The Fire Service College
Annual Report & Accounts 2010/11

THE FIRE SERVICE COLLEGE
ANNUAL REPORT AND ACCOUNTS 2010/11

Presented to Parliament pursuant to Section 4(6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990 together with the Report of the Comptroller and Auditor General thereon

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1 FOREWORD:
By the Chief Executive

It has been an unusually challenging year for the College. The uncertainty around the impact of the new Government's Comprehensive Spending Review (CSR) which was announced in the autumn of 2010, led to an earlier than expected sharp decline in customer spending in Quarter 3. This particularly affected the UK Fire & Rescue Service (FRS) and the College's other public sector customers which represent 69% of the College's business. Revenues therefore fell by £3.3m (15%) compared to 2009/10, although more positively the international markets held up as expected and are anticipated to grow next year. As part of its continuous improvement operation, management dealt with a number of legacy issues amounting to £1.7m, including provisions for doubtful debts, early retirement costs and some long overdue maintenance projects. The continuing constraints placed on public bodies, such as the Civil Service-wide recruitment freeze, seriously impacted the College's operational ability to manoeuvre effectively; for example, the College was unable to resource its revenue projections as planned. I am however pleased to report at the end of my first full year as Chief Executive, that despite these market pressures and serious constraints, the College continues to transform and to position itself for the future.

The College fell well short of achieving the profitability planned for 2010/11, reporting a trading deficit before interest of £3.6m. However, if the one-off legacy costs of £1.7m are excluded, the trading loss would have been very similar to 2009/10 even though income was £3.3m less. This demonstrates the significant step towards underlying profitability which has been made over the last 18 months despite market and other pressures. Strong cost control was the key contributor with the College's cost base being reduced significantly; for example, staff costs (excluding agency staff and visiting lecturers) have been reduced by £427k (4.8%) compared to 2009/10 (£1.2m compared to 2008/09).

Principally as a result of increased international business towards the end of the year, the College achieved record sales of £2.6m in the month of March 2011.

Since the submission of last year's Business Plan we have been able to significantly strengthen the Senior Management Team, which has been key to improving controls at the College and to establishing a sharper focus on accountability. There have been many improvements across all aspects of the business, including a business-wide restructuring, although unfortunately the much needed Information Technology integration could not take place. Cost and commercial controls have been strengthened. Costs of sales and business margins are now identifiable and better understood and will inform future pricing decisions although deeper analysis of margins is hampered by ineffective systems. Customers report a more customer focused and accommodating approach.

Fire Futures outcomes are expected to impact positively on the College's future. We are now working closely with the Department for Communities & Local Government (DCLG) on a *Future Options* project with the aim of delivering a new ownership, operation and governance model for the College which, through greater involvement from other sectors (whether private, public or voluntary), secures its future, supports national resilience and provides best value for the public purse. We especially welcome the recent strong position statement from the Chief Fire Officers' Association (CFOA) on the future of the College and the positive findings of the Local Government Association (LGA) Fire Service Management Committee which will inform the work on *Future Options*.

The landscape is rapidly changing. There is undoubtedly a growing recognition within the FRS of the need for the development and provision of a common and consistent approach to operational and leadership training, within an accredited framework in order to improve interoperability. The Fire Service College is working with the Chief Fire Officers' Association and the Fire and Rescue Service to deliver this. The College believes it has a significant contribution to make to the production of guidance for the Fire and Rescue Service. The Fire Service College supports local and national resilience and aims to provide economies of scale. A senior serving fire officer has recently been appointed, in partnership with the Chief Fire Officers' Association, to the Board as the Operations director responsible for the design and delivery of training.

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FOREWORD: By the Chief Executive

Multi-agency interoperability is becoming a key driver and we believe the College has much to offer other Emergency Services and responders to improve interoperability. We will continue to maximise our training and infrastructure potential for our other UK public sector and private sector customers and we intend to grow our international revenues in order to offset the downturn in UK public sector markets, whilst focussing on reducing international debt. Economies of scale will be essential for all with the tight fiscal climate.

Towards the end of the year, the College sold 35 acres of land surplus to operational requirements. The sale is contractually committed with split completion dates. £6.06m (net of sale costs) of the total net sales value of £12.6m has been recognised in these accounts. DCLG has allocated £1.4m of the £6.06m to the College for investment projects at the College in 2011/12. We have been assured that further investment to drive improvements at the College in support of the FRS, and other requirements to secure its future, will be considered in the context of the *Future Options* project.

There are many challenges and constraints remaining. Our key focus for the coming year will be to continue to improve the College both operationally and commercially whilst securing a new, more effective business model which supports national and local resilience and delivers value to the taxpayer.

Kim ROBINSON
Chief Executive, The Fire Service College
06 September 2011

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ANNUAL REPORT: Our Business

WHO WE ARE

We are the national Fire & Rescue Service (FRS) training institution and have been since 1968. On 1 April 1992, we became an Executive Agency, operating as a Trading Fund. We are sponsored by the Department for Communities & Local Government (DCLG). Our core role is to support national resilience by providing safety critical operational, command and leadership training, and professional development to the FRS. We also provide training to the wider emergency service and responder community in the UK and internationally; and also to the private sector. Increasingly we deliver training at customers' premises and are keen to enable the individual FRS to reduce their overall operating and capital costs of training by providing value for money solutions in as flexible a manner as possible.

Located on a 365 acre site at Moreton-in-Marsh, Gloucestershire, our Incident Ground is unique in size and scope. Our training rigs and scenarios are used for incident command, specialist operational and national resilience training. In particular, the Urban Search & Rescue (USAR) Rig, developed since 9/11, is the only one of its scale and complexity in the UK and is probably the world's leader.

We aim to provide the FRS with consistent, national training standards in order to enhance their capabilities, operational effectiveness and safety – in support of interoperability. Our technical fire training focuses on the core responsibilities contained in the Fire and Rescue Services Act 2004. The training experience is significantly enhanced by our unique ability to facilitate the sharing of good practice, innovation, expert knowledge and experience across our customer base.

We strive to deliver a better, more efficient, more cost effective operational training College for the FRS and our other customers. In 2008/09, the *Building the Future Fire Service College Project* concluded that we could become financially sustainable whilst remaining a Trading Fund by pursuing new business and undergoing significant restructuring.

OUR ORGANISATION

Over the year, we have strengthened the College Management Team.

SUPPORT SERVICES DIRECTOR Mr Ian STROUD	**INTERIM FINANCE & COMMERCIAL DIRECTOR** Mr Guy VOGEL	**CHIEF EXECUTIVE** Mr Kim ROBINSON	**INTERIM BUSINESS DEVELOPMENT DIRECTOR** Mr Steve COPLEY	**OPERATIONS DIRECTOR** Ms Sally SHEEN
		THE FIRE SERVICE COLLEGE MANAGEMENT BOARD		
	NON-EXECUTIVE DIRECTOR Mr Martin BRYANT	**NON-EXECUTIVE CHAIR** Mr Bill GRIFFITHS	**NON-EXECUTIVE DIRECTOR** Mr Robert EVANS	

Note:

1. The Finance Director post was vacated in April 2010 and a new post of Finance & Commercial Director was created. This has been filled by Mr Vogel on a three to four year interim basis since Quarter 1 2010/11 through an agency. With effect from May 2011 Mr Vogel's services have been procured by the College through his own company.
2. The Business Development Director post was vacated in February 2010 and has been filled by Mr Copley on a three to four year interim basis since Quarter 1 2010/11. With effect from June 2011 Mr Copley's services have been procured by the College through his own company.
3. Ms Sheen was employed by the College until 31 March 2011.

Kim ROBINSON: Chief Executive

Kim Robinson joined the Fire Service College as the Chief Executive in September 2009 from BAE Systems where he was in business development. For the four years prior to BAE, he was the Managing Director of a telecommunications company with a similar turnover to the College and led the company to a significant profit. He has also worked for Thales, the French defence and aerospace company, where he was the director of a multi-national business unit. Before Thales, Kim served in the British Army for 22 years. He commanded an artillery regiment and led it on operations in Bosnia. He held a number of Ministry of Defence appointments in either the procurement or strategy domain.

Bill GRIFFITHS: Non-Executive Chair

Bill is Chairman of the Forensic Science Service. His background is in finance and general management, chiefly with Unilever, including spells overseas in Ghana, Nigeria and Cote d'Ivoire; and later with ICI. Bill is also a Non-Executive Director at the Department for Work and Pensions (Shared Services and Child Maintenance and Enforcement Commission) and has previously been a Non-Executive Director on a number of Government Boards.

Sally SHEEN: Operations Director

Sally joined the College from HM Treasury in July 2006 and is the College lead on all training delivery, together with course and curriculum development. Sally is a qualified and experienced teacher, educationalist, Human Resources and organisational development professional. She has previously led learning and organisational transformation within the Treasury and in a range of public services, including the National Health Service, the Housing Corporation and local Government.

Bob EVANS: Non-Executive Director

Bob is a Non-Executive Director at the College, but is best known to the Fire Service as the Secretary to the 2002 Fire Service Review (the 'Bain Review'). Since the Review he has had a varied career in local Government and the Home Office, but he retains an interest in fire service matters. Bob has worked in a variety of public and private sector bodies including the Ministry of Defence, HM Treasury, the Cabinet Office, and IBM. He has also been a member of the diplomatic service and the Financial Services Authority, and has spent three years in Tokyo.

Ian STROUD: Support Services Director

Ian has a wide-ranging remit at the Fire Service College, including the provision of strategic advice and operational management for estates, property, facilities management, information technology services, resources and logistics, leisure centre and incident ground support services. Ian joined the College in October 2004, after a long career in the private sector, working for organisations including National Power, Symonds Facilities Management, Jones Lang LaSalle, Honeywell FM^2 and Xansa.

Martin BRYANT: Non-Executive Director

Martin currently has a portfolio of interests locally and internationally. Before starting a portfolio career Martin worked in Whitehall as the Chief Executive of the Shareholder Executive and as Director of Strategy on the Board of the Home Office. Prior to joining the Civil Service, Martin worked for two years as Interim Chief Operating Officer for British Petroleum Retail and, for the bulk of his career, with the Boots Company Nottingham in a wide range of roles including Operations Director for Boots the Chemist and Managing Director for Boots Retail International and Boots Opticians.

Guy VOGEL: Interim Finance & Commercial Director

Guy joined the College in April 2010 assuming responsibility for finance, procurement and business risk. Guy is a Chartered Accountant with a wealth of commercial experience from the private sector most recently as Finance & Administration Director and Company Secretary of GEFCO UK Limited, the Transportation and Logistics subsidiary of the global Automotive group PSA Peugeot Citroen. As a member of the Senior Management Team at GEFCO, he drove the build in turnover through diversification, strategic and business planning and financial control. He generated substantial cash savings through improvements to the billing and collection processes and helped turn round a significant business activity from a loss to a profit in four years. Prior to this, Guy worked for an UK small medium enterprise in consulting engineering; in a variety of roles for two multi-national groups of companies; Northern Telecom and Sperry Corporation; and also in France for PricewaterhouseCoopers where he acquired fluency in French.

Stephen COPLEY: Interim Business Development Director

Stephen joined the College in April 2011 with a remit to lead on all College business development and marketing activities. Having held a commission in the British Army, Stephen has over twenty years of private and public sector experience. Previous appointments include Group Head of Private Business at the UK Meteorological Office, Group Export Director for Dexion, part of the Constructor Group, and Sales & Marketing Director for Opax, a Bowater subsidiary.

Our operations are overseen by the Fire Service College Management Board which consists of five Executive Directors, including the Chief Executive, and three Non-Executive Directors. One of the non-executive appointments acts as Chair. The Head of Human Resources, the Head of Business Assurance and an Operational Adviser from the FRS also attend each meeting. The work of the Management Board continues to be underpinned by important contributions from our Audit Committee, Capital Expenditure Board, Health, Safety & Welfare Action Group and Product Board.

OUR PROGRESS IN 2010/11

Financial

A report on our financial activities in 2010/11 can be found in sections 6 to 10 of this Report.

Commercial

We have appointed interims to the posts of Finance & Commercial Director, Financial Controller and Business Development Director; and have appointed a Commercial Manager from existing staff in order to improve the financial and commercial focus/skills-base in the College, financial reporting, cost and margin control, the bid management process and contractual discipline.

We continue to manage the legacy issues around international contract management and the consequent levels of aged debt. Improved controls are now in place and action will continue to be taken on current aged debt which is being managed carefully by the Directors and the Management Board.

In 2010/11, the intention was to move gradually from a legacy pricing model, where all direct and indirect costs are apportioned to each course, to a position where products are being priced with reference to direct costs of sale only. This would enable the College to become more price-competitive in a highly competitive market where FRS competitors are often funded by the tax/ratepayer, unlike the College which must cover its high cost base through its self generated income. However, the increased business volumes required to cover the College's remaining high fixed costs (which we are unable to address through lack of funds) to compensate for any lower prices, has not materialised due to pressure on public sector customer budgets. As a result, this new pricing policy has not yet been fully realised.

Within the constraints, we have re-focused our sales and marketing capability to address the needs of our customers, and aim to harness better the experience of our instructors.

In 2010 the College's Management Board commissioned a review of the on-site childcare provision (Woodlands Nursery) in order to establish whether it was possible to find a way to maintain the service at nil cost to the College. A decision to seek interest from independent parties was made following extensive investigations by the College into the full cost to the public purse of providing the service and a period of consultation with a working group comprised of both staff and parents. Following discussions with various interested parties, Woodlands Nursery was successfully transferred into private ownership on 1 February 2011.

<u>Operations</u>

Our products are designed to promote firefighter safety and interoperability and to support the delivery of common and consistent standards of training across the UK FRS. We have continued to provide a broad range of programmed and bespoke training packages, including *Incident Command*, *Hazardous Materials*, *USAR*, Specialist and Advanced Fire Service *Operational and Resilience Training, Fire Safety* and *Executive Leadership Development*.

In the coming months, we intend to increase our reporting on, and assessment of, individuals attending courses at the College, as well as focussing on delivering training to meet the appropriate qualifications. This will support the FRS in ensuring that any risks identified through training can be addressed by them.

The College is working with CFOA to support the development of a common and consistent approach to training and standards, working within an accredited framework. With the arrival of the College's new Operations Director in July 2011, a serving senior fire officer, the mechanisms for delivery will be further developed as a matter of priority. FRS training requirements, future training concepts and delivery models will be considered. The College has already developed courses, accredited to new nationally recognised vocational qualifications developed by the sector, to meet some of the Health & Safety Executive's requirements.

We have developed our flexible approach by delivering training locally and through provision of bespoke solutions when required.

We have continued to support our multi agency customers, our international customers and those from the UK private sector.

<u>People</u>

The College is staffed mainly by Civil Servants, but the majority of its instructors are seconded into the Operations Directorate from the UK FRS for training delivery, product development and maintenance, and to support business development activities. Instructional staff are supplemented by Associate Tutors, whose services are procured as and when required, and Visiting Lecturers (also procured services) who provide specialist input to delivery. This model allows the College to flex its training delivery staffing in line with business demand which peaks and troughs throughout the year. A core number of FRS Secondees are retained to deliver projected incomes.

Since April 2010 the College has been able, through natural wastage and non-replacement, to reduce its Civil Service headcount by 10.9 full time equivalent staff. Headcount against posts covered by agency staff has been reduced by 11.

Restructuring took place last year to improve organisational and management structures in order to make them fit for purpose and to create a more efficient business platform to support future growth. Emphasis has been on increasing management ownership and accountability and on improving decision-making at all levels. A new Operations Centre was created as the first step in joining up and strengthening College processes and systems hitherto spread widely across the business and this should, in the future, drive significant improvements. In line with this, it is planned to integrate our existing nine separate IT systems when funding permits. A Business Assurance Unit was created bringing together several business governance functions to provide independent assurance to the Chief Executive that the College's management controls including health & safety, information management and quality systems and processes operate in accordance with legal, regulatory and best practice standards.

<u>The Estate</u>

Towards the end of 2010/11, the College sold 35 acres of surplus land on the site for £12.64m (net of costs) for which Outline Planning Application for residential development had been obtained during FY2009/10. Phase 1 monies of £6.06m (net of costs) have been recognised in-year. £1.42m of these monies has been retained for investment in the College. The balance will be paid to DCLG as an equity withdrawal. Phases 2 and 3 are contractually committed with split completion dates as follows:

- Phase 2: £3.29m (net of cost) on 30 January 2012; and

- Phase 3: £3.29m (net of cost) on 29 January 2013.

Further investment to drive improvements at the College in support of the FRS, and other requirements to secure its future, will be considered in the context of the *Future Options* project.

Maintenance expenditure remains focussed on health, safety and environmental related activity. However, the historical under funding for preventative maintenance of buildings and services continues to impact on the overall customer experience. On a more positive note, during the year a number of significant works were completed:

- Funding was allocated to allow the worst of the long standing defects to the on-site roads to be addressed;

- A significant upgrade to Liquefied Petroleum Gas training rigs was commenced which on completion will provide improved safe systems of work;

- Government backed grant funding enabled a programme of energy efficient measures to be put in place which will create long term financial savings and reduce our carbon footprint; and

- The DCLG funded appliance bay extension was completed providing an additional eight bays of covered parking for fire appliances.

Environmental Issues and Community Engagement

During the year we have implemented a programme of work to reduce energy consumption from heating and lighting which has delivered an in-year saving of 2% (95,957 kilowatt hours (KwH)) on electricity consumption and 6% (564,000 KwH) on gas consumption compared to 2009/10. It is anticipated that full year savings would be 5% and 8% respectively.

We also continue to play an important role in supporting the local economy by being the single largest employer in the North Cotswolds and purchasing goods and services from local businesses.

A continuing theme is for us to reduce our impact on the environment from the disposal of waste to landfill. We continue to work with our suppliers to minimise packaging at source and now recycle ten different waste streams including glass, compact discs, paper, cardboard, plastic, food, metal, batteries, cooking and vehicle oil and vehicle tyres.

THE FUTURE

In its response to the *Fire Futures* reports, DCLG recognised that the provision of high quality training and development for FRS staff is vital to ensure that the Service can respond effectively to the needs of their local communities and to major incidents like floods and chemical spillages. It also noted with interest the sector's view that there is no appetite within the FRS to lose the resource that is the College. CFOA have recently issued a very strong position statement on the College.

DCLG has agreed to *'explore with the fire sector and other organisations their views about and interest in taking a greater stake in the ownership and/or running of the Fire Service College, in ways which would secure the most advantageous delivery of the College's training mission'*. We are now working closely with our Sponsorship Team on the *Future Options* project. Its aim is to deliver a new operation and governance model for the College. This, through greater involvement from other sectors (whether private, public or voluntary), will secure the College's future, support national resilience and provide best value for the public purse.

Of particular interest is the review, conducted by a cross-party working group for the Local Government Association Fire Commission which recommended a contractual partnership with the fire sector overseeing governance, policy direction and setting standards, and a business partner running day-to-day operations of the College. The Working Group's findings have been endorsed by the Fire Service Management Committee and will help inform the work to explore *Future Options*.

This DCLG initiative is very positive news for the College as further investment in the College will be critical to its success. Our key focus for the coming year will be to secure a new, more effective model for the College in its delivery of training in support of national and local resilience, whilst we continue to deal with its legacy issues and transform the College into a top performing training organisation and a more commercial business.

3 ANNUAL REPORT: Our Performance

Our financial results can be found in Sections 6 to 10 of this Report.

The College fell well short of achieving the profitability planned for 2010/11. Revenues were £18.5m compared to £21.7m in 2009/10, with UK FRS and other public sector customer uncertainty around the outcomes of the CSR leading to an earlier than expected and sharp decline in customer spending in Quarter 3 and beyond. Competition remained intense. More positively the international markets held up and the College achieved a record sales revenue of £2.6m in March 2011 as a result.

Trading deficit before interest payable and receivable for the year was £3.6m, but this included several costs totalling £1.7m concerning legacy issues, for example provisions for doubtful debts, early retirement costs and essential health and safety improvements and maintenance.

It is of note that, excluding the costs of £1.7m dealing with legacy issues, the College would have reported similar losses to 2009/10 but on £3.2m less income. Despite the market and other pressures, there has therefore been a significant step towards profitability over the last 18 months. Strong management focus on costs was the key contributor with the College's cost base being reduced significantly; for example, staff costs (excluding agency staff and visiting lecturers) have been reduced by £427k compared to 2009/10 (£1.2m compared to 2008/09).

Continuing constraints placed on public bodies were extremely challenging.

The Civil Service-wide recruitment freeze meant that the College was unable to resource its revenue projections as planned. There have however been many significant improvements across all aspects of the business.

STRATEGIC OBJECTIVES

Our performance is based on the key strategic objectives agreed with DCLG and Ministers at the beginning of each financial year. The following strategic objectives were identified for 2010/11:

Strategic Objective	Achievement
<u>Performance</u> In line with the Building the Future Fire Service College strategy set in 2008/09:	
- Grow revenues and profitability through accessing all appropriate markets/means;	**Not Achieved**. Due in the main to the impact of the CSR and Civil Service-wide recruitment freeze.
- Generating funding for capital investment to improve our infrastructure and to support planned business growth, initially through sales of land and property assets, but in time through generating retained profits from trading.	**Not Achieved**: We completed the sale of 35 acres of surplus land on 31 March 2011 for the development of residential housing. Receipts of £6.1m (net of sale costs) have been recognised in this Financial Report in-year. DCLG has approved investment of £1.4m. However, the remainder is to be passed to DCLG as an equity withdrawal.

Strategic Objective	Achievement
Fire & Rescue Service Re-invent and re-brand ourselves as *the* confident, forward thinking, innovative, responsive, national training school for safety critical Operational, Leadership and Command training, and professional development. Support firefighters and their commanders in the delivery of operational effectiveness and protect them against operational risk through provision of consistent, national training standards and quality assurance, thereby ensuring interoperability across FRS boundaries. Position ourselves to fill the gap between national policy and local delivery in the area of training.	**Ongoing**: We are now working very closely with the CFOA, the Local Government Association, individual FRS and other stakeholders to ensure that training meets the identified needs of the FRS and can be delivered flexibly and locally. We are working with CFOA to support the development of a common and consistent approach to training and standards, working within an accredited framework.
Other Emergency Services and Responders Gradually position ourselves to deliver training and exercises across the blue light services, from high level strategic planning to hands on operational training in order to improve interoperability between the emergency services, other agencies and wider local authorities and resilience forums.	**Ongoing**: A number of major multi-agency (and multi-national) exercises were delivered at the College. Our contribution to Multi-Agency Gold Command course continues, as does the National Inter-Agency Liaison Officers course.
National Resilience Expand our already significant foothold in training provision to support national and international Government and private sector resilience, especially in the areas of Incident Command, USAR and multi-agency interoperability.	**Ongoing**: Public sector markets shrank but we delivered the core National Resilience training programme. Additional bespoke resilience product was delivered directly to a number of FRSs, as well as to the international market. We have delivered training to Other Government Agencies and UK private sector companies particularly those who are part of the critical national infrastructure.
International, Other Government Agency (OGA) and UK Private Sector Aggressively grow the currently under-developed international, OGA and private sector markets.	**Partially Achieved**: International business has increased by 2.4% during the year. However, we were not able to grow revenue in the OGA sector due to the effects of CSR or, in the UK private sector, due to the effects of the recession. The recruitment freeze meant that we were unable to address these markets more fully.

Strategic Objective	Achievement
London Fire Brigade Outsourcing Position ourselves to win a significant proportion of the proposed 20 year contract.	**Ongoing**: We are working with potential prime contractors. Contract award currently expected November 2011.

FINANCIAL OBJECTIVES

The HM Treasury Minute under which we operate as a Trading Fund set two further specific financial targets:

Financial Objective	Achievement
To manage the funded operations so that the revenue of the fund: - consists principally of receipts in respect of goods or services provided in the course of the funded operations; - is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to the revenue account.	**Achieved**: 88% of revenue related to training activities. **Not Achieved**: A trading deficit of £3.6m has been reported for the year.
Achieve a return, averaged over the period as a whole, of a minimum of 4% in the form of a surplus on ordinary activities before interest (payable and receivable) and dividends expressed as a percentage of average capital employed.	**Not Achieved**: A negative return of 9.6% on the average net assets employed was recorded in the year.

KEY PERFORMANCE INDICATORS (KPIs)

KPIs agreed with the DCLG and Ministers for the 2010/11 financial year were:

KPI	Achievement
Achieve an Operating Profit before Interest	**Not Achieved**: A trading deficit of £3.6m has been reported.
Achieve a reduction in Fixed Staff Costs compared to FY2009/10	**Achieved**: A reduction of £427k has been achieved in staff costs (excluding agency staff and Visiting Lecturers).

KPI	Achievement
Achieve 90% UK FRS delegate satisfaction for achievement of learning objectives	**Achieved**: A 98.75% rating has been achieved based on 'Satisfactory', 'Good' and 'Excellent' delegate satisfaction scores.
Achieve 75% UK FRS delegate satisfaction for learning experience	**Achieved**: A 98.5% rating has been achieved based on 'Satisfactory', 'Good' and 'Excellent' delegate satisfaction scores.
Achieve a net reduction in staff sick absence days compared to FY2009/10	**Not Achieved**: We performed successfully against a target of 7.5 days until October 2010. Absence from November 2010 through to March 2011 saw an increasing in-month trend as a result of long term sickness which countered a decline in short term frequent absence since January 2011. Outcome was 9.7 days per employee, per year at financial year end.

CUSTOMER SATISFACTION

The following table shows the number of participants in our customer satisfaction surveys together with the number and percentage of responses received:

Feedback Responses	2008/09	2009/10	2010/11
Number of Participants	8,104	7,629	7,928
Number of Feedbacks	3,852	4,067	2,948
Response Rate	48%	53%	37%

The response figures above have been taken from *FireLearn*, our Managed Learning Environment, and will only be accurate if information held on FireLearn has been updated appropriately by participants.

<u>Delegate Satisfaction Overall</u>

The College uses a five point scale to measure delegate satisfaction, with point 3 being 'Satisfactory'. Early in-year, the College's management team concluded that true delegate satisfaction was being misinterpreted due to delegates opting for 'Satisfactory' when their comments may indicate otherwise. To ameliorate this management opted, for the purposes of a continuous improvement challenge, to measure satisfaction based on 'Good' and 'Excellent' scores only.

The delegate feedback on levels of satisfaction in key delivery areas set out in the table overleaf (using 'Good' and 'Excellent' scores only) indicates that, although management is being more critical, the College continues to exceed its KPI targets.

DELEGATE SATISFACTION BASED ON 'GOOD' AND 'EXCELLENT' SCORES ONLY			
	2008/09	2009/10	2010/11
	%	%	%
Aims and objectives were met	89	86	90
Personal objectives were met	84	81	87
Content was relevant to course objectives	89	86	90
Content was relevant to your job	86	84	86
Training methods used were appropriate	87	85	88
The course was interesting and challenging	88	86	89
The course was well paced	80	78	84
You learned a lot from this course and will be able to apply what you have learned	89	87	87
Exercise debriefs were effective and you received detailed and helpful feedback	79	79	80
The Incident Ground exercises were realistic and relevant	61	60	65
Exercises contributed to effective learning	80	77	80
Tutors were sufficiently knowledgeable	96	96	97
Tutors had effective style and delivery	91	91	94
Tutors were sensitive to the diverse needs of the group	93	91	95
How do you rate your overall learning on the programme	85	91	90
How do you rate your overall learning experience, taking into account service and facilities, accommodation, catering, and the learning environment	79	86	84
How do you rate the overall facilities at the FSC	–	–	76

DEVELOPING OUR STAFF

We continue to strive to adopt the culture and behaviours of a successful Small Medium Enterprise by becoming fully outward looking, customer led, commercially aware and dynamic. In addition to individual learning and development needs, a Management Development Programme (MDP) was delivered to our managers over the course of the financial year. This focussed on leadership, people management, health & safety and business improvement. Modules on the financial and commercial aspects of running a business along with a sales module will be delivered as part of MDP Phase 2 in 2011/12. Cultural change days for staff were delivered and evidence from our latest Investors in People report indicates that cultural change is beginning to take effect.

Remuneration Report 2010/11

REMUNERATION POLICY

Senior Civil Service

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Other College Staff – Civil Servants

The remuneration of other Civil Service grades employed by the Fire Service College is set, under delegated authority from the DCLG, by College management. The principal drivers underpinning existing remuneration levels and the annual pay award negotiations are entirely consistent with those set out above for senior civil servants, i.e. the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities. Specific regard is also given to local market conditions.

FRS Seconded Officers

The College also makes significant use of seconded Fire Service Officers to maintain high standards of instruction which must be relevant and current. Remuneration rates for these staff are set through nationally negotiated FRS settlements.

Contracts – Civil Servants

Civil Service appointments, both for senior civil servants and more junior grades, are made in accordance with the *Civil Service Commissioners' Recruitment Principles*, which requires appointments to be made on merit on the basis of fair and open competition, but also includes exceptions where it is appropriate to do so.

The Civil Servants covered by this Report hold appointments, which are either open-ended until they reach the normal retiring age of 60 or 65 (dependent on the pension scheme to which they are a member) or fixed term. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at the website: www.civilservicecommissioners.gov.uk.

Contracts – FRS Secondees

Seconded Officers operate under individual contracts, normally of two years duration but with the scope for extension, on loan from the employing FRS. These contracts set out any variances to substantive terms and conditions which are deemed necessary to facilitate College operations.

Non-Executive Officers

Non-Executive Officers are appointed through DCLG by fair and open competition and are paid fees.

SALARY AND PENSION ENTITLEMENTS

The following sections provide details of the remuneration and pension interests of the Management Board, both of which have been subjected to audit.

REMUNERATION	2010/11 Salary	2010/11 Bonuses	2010/11 Total	2009/10 Salary	2009/10 Bonuses	2009/10 Total
	£000s	£000s	£000s	£000s	£000s	£000s
Executive Officers						
Mr K Robinson	110 – 115	0 – 5	110 – 115	60 – 65 (110 – 115 full year equivalent)	-	60 – 65 (110 – 115 full year equivalent)
Ms S Sheen	75 – 80	0 – 5	80 – 85	85 – 90	5 – 10	95 – 100
Mr I Stroud	60 – 65	-	60 – 65	65 – 70	-	65 – 70
Mr P Evans (until 6 April 2010)	0 – 5	-	0 – 5	60 – 65	-	60 – 65
Mrs S Hopgood (until 7 September 2009)	-	-	-	25 – 30 (65 – 70 full year equivalent)	-	25 – 30 (65 – 70 full year equivalent)
	2010/11 Fees	**2010/11 Bonuses**	**2010/11 Total**	**2009/10 Fees**	**2009/10 Bonuses**	**2009/10 Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Non-Executive Officers						
Mr W Griffiths	20 – 25	-	20 – 25	15 – 20 (30 – 35 full year equivalent)	-	15 – 20 (30 – 35 full year equivalent)
Mr R J Evans	15 – 20	-	15 – 20	10 – 15	-	10 – 15
Mr M Bryant	15 – 20	-	15 – 20	10 – 15 (20 – 25 full year equivalent)	-	10 – 15 (20 – 25 full year equivalent)

Mr Vogel was appointed to the Management Board as Interim Finance & Commercial Director on 7 April 2010 through an agency. For the period 7 April 2010 to 31 March 2011 expenditure of £188,629 including VAT and agency fees was incurred in respect of his services. In addition to this the College has accrued £28,000 to cover the cost of buying out Mr Vogel's agency contract. From 1 May 2011 Mr Vogel's services have been procured by the College through his own company at significantly reduced cost to the College.

Mr Copley was appointed to the Management Board as Interim Business Development Director on 19 April 2010. For the period 19 April 2010 to 31 March 2011, expenditure of £91,450 was incurred by the College in respect of his services. In addition to this the College paid £26,438 as an introductory fee to a third party for the services of Mr Copley. From 1 June 2011 Mr Copley's services have been procured by the College through his own company at similar cost to the College.

Salary

Remuneration consists of 'salary' which includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

Bonuses

Executive Officer bonuses, whilst paid in-year (2010/11) relate to performance in the previous financial year (2009/10).

Benefits in Kind

Mr Vogel and Mr Copley received on-site accommodation as a benefit in kind during 2010/11, which had a value of £6,237 each. No other benefits in kind were received by members of the Management Board.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Full details of this can be found in Note 4 of the Financial Report: Notes to the Accounts.

Cash Equivalent Transfer Values (CETV)

This figure reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pension Benefits

The following directors only are entitled to benefits under the Principal Civil Service Pension Scheme:

	Accrued pension at Age 60/65* as at 31 Mar 11 and related lump sum	Real increase in pension and related lump sum at Age 60/65*	CETV at 31Mar 11	CETV at 31 Mar 10	Real increase in CETV funded by employer	Employee contributions and transfers in
	£000s	£000s	£000s	£000s	£000s	£000s
Mr K Robinson	0 – 5	2.5 – 3	48	19	26	4
Ms S Sheen	5 – 10	1 – 1.5	137	125	15	3
Mr I Stroud	20 – 25	0 – 0.5	361	348	3	2

* Age 65 for Mr Robinson; Age 60 for Mr Stroud and Ms Sheen.

Kim ROBINSON
Chief Executive, The Fire Service College
06 September 2011

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ANNUAL REPORT:
Statement on Internal Control 2010/11

SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the Fire Service College, as set by Ministers in the Department for Communities & Local Government (DCLG), while safeguarding the public funds and Trading Fund assets for which I am personally responsible in accordance with the responsibilities assigned to me in *Managing Public Money*. The conditions under which I discharge all these responsibilities are specified in the College's Framework Document, which establishes both my direct accountability to the DCLG Secretary of State for the College's operation and performance, as well as the limits of delegation that the Departmental Accounting Officer affords me as Trading Fund Accounting Officer. The College's Business Plan for the Financial Year 2010/11 was agreed by the Minister and it is this document that is used to identify business priorities. Communication with our DCLG sponsor has been maintained in the period through a programme of regular meetings to ensure that they are kept well informed of developments, issues and risks.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 March 2011 and up to the date of approval of the *Annual Report and Accounts*, and accords with HM Treasury guidance.

CAPACITY TO HANDLE RISK

Responsibility for management of all risks in the College, including health & safety (H&S) risks, is delegated by the Chief Executive to directors, who are held accountable for the effectiveness of their risk management performance. An Annual Reporting Workshop held by management in conjunction with the National Audit Office was held in early 2010/11.

The risk management process is subject to periodic review and scrutiny of *College Management Board* (*CMB*) and *College Audit Committee* (*AC*) meetings. The process is administered by the Risk Manager, who provides support and guidance that ensures staff are equipped to manage risk in an appropriate manner.

The risk approach was reviewed by the *AC* in the current period and a revised system of documentation has been trialed and is in operation.

THE RISK AND CONTROL FRAMEWORK

The following structures and processes support the risk management strategy and review the system of internal control:

<u>Control Bodies</u>

A *CMB* to consider planning, performance and the strategic direction and risks of the College, which includes:

- the Chief Executive;
- four Executive Directors;
- three Non-Executive Directors (NEDs), one of whom is the Chair.

- The Head of Human Resources and an operational adviser from the Fire & Rescue Service (FRS) are invited to all *CMB* meetings and, since being appointed in November 2010, the Head of Business Assurance also attends meetings.

- The *CMB* met twelve times during 2010/11.

An *AC* which has met five times during the financial year and which comprises:

- two NEDs, one of whom chairs the Committee and provides regular verbal reports and a written annual report to the *CMB*; and

- an external expert member to align with HM Treasury guidance and to complement the existing skill base.

- The Chief Executive (as Accounting Officer), the Interim Finance & Commercial Director, the Head of Business Assurance (from the January 2011 meeting) and representatives of internal and external audit are 'in attendance' only at *AC* meetings.

Copies of the *AC* minutes are provided to the *CMB*. *AC* members met with the external auditors and the Interim Finance & Commercial Director in September 2011 for a detailed review of the *Annual Report and Accounts*.

A *Capital Expenditure Board* chaired by the Interim Finance & Commercial Director, which scrutinises all significant capital expenditure proposals and monitors approved projects.

A *Health, Safety & Welfare Action Group* chaired by the Chief Executive or the Head of Business Assurance meets regularly to review policies and their effective implementation, to assess compliance with legislation and to consider audit reports and safety event statistics. A six-monthly update on H&S performance is provided to the *CMB*.

Monthly Liaison Meetings are held with the DCLG Sponsor Team in which policy updates are shared and potential risks can be identified and evaluated with the College's Senior Management Team (SMT) – directors and executive managers.

Quarterly Stakeholder Meetings are held to undertake horizon scanning and formal policy updates and matters of interest that may have an impact on the College, including associated risks.

<u>Processes</u>

A rolling three-year internal audit programme is provided by PricewaterhouseCoopers (PwC) as agreed by the *CMB* and the *AC*. During the period PwC examined:

- risk management;

- inventory controls;

- financial controls;

- sales contract management;

- procurement contract management;

- budgetary control; and
- information assurance.

A formal process to ensure completion of actions recommended in internal and external audit reports. The register of outstanding actions is reviewed at each *AC* meeting.

Documentation

Maintenance of a *Sources of Assurance Register* of internal and external verification processes to ensure compliance with:

- legal requirements;
- acknowledged good practice; and
- College policies.

Business continuity and incident control plans are routinely examined and updated and a business continuity management exercise was mounted in September 2010. More exercises are planned for 2011/12.

College anti-fraud and whistle-blowing policies were in operation throughout the year. The *AC* reviewed these policies.

The risk process and reporting documentation now in operation is as follows:

- a Business (Strategic) Risk Register is reviewed monthly by the *CMB* and quarterly by the *AC*;
- SMT members maintain directorate risk registers, which they present to the *AC* in rotation. High impacting directorate level operational risks are escalated by their owners to the Business Risk Register if necessary; and
- all directors and managers engage in horizon scanning in support of the risk management regime.

From November 2010, a Business Assurance Unit has been established to pool the policy, H&S, information assurance and risk management resources of the College to give greater cohesion and effectiveness to these functions. An initial programme of in-house audits is now under way, designed to improve management controls.

Information Assurance

In line with Cabinet Office guidance the College continues to review and reinforce its information security measures across the organisation, with the Interim Finance & Commercial Director submitting an annual return in his role as Senior Information Risk Owner. I have reviewed the College's position in relation to the *Data Handling Review* and the *Security Policy Framework* and can confirm that we have identified and prioritised high risk areas and we are taking measures to address them, especially around data security risks and encryption of Information Technology (IT) equipment. Actions are anticipated to be completed early in 2011/12. There have been no recorded incidents of data loss or breach in 2010/11.

REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the *CMB* and the *AC*; and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The *AC* reviews the effectiveness of the system of internal control, including internal audit activity and recommendations, and provides a report to the *CMB* on a quarterly basis. We plan to address weaknesses and ensure continuous improvement of the system in place.

Currently, action plans have been implemented within the College to meet a range of control requirements, inter alia *Royal Society for the Prevention of Accidents* (RoSPA), *Health & Safety Executive* (HSE), *Investors in People*, *Edexcel*, *Information Fair Trader Scheme* and *International Standards Organisation*.

Significant Internal Control Issues

In the last 18 months, the new management team has focused hard on delivering business improvement across all aspects of the College's operations. This has been and continues to be a challenging exercise, given the legacy issues, the lack of cash and significant Trading Fund constraints including the inability to manage the College's skill-base in line with its commercialisation. However, many of the legacy issues have been/are being addressed and significant improvements have been made.

- Improved controls included the setting down of clear unequivocal management responsibilities and accountabilities in accordance with the Business Plan which were agreed by all directors.

- Financial analysis and reporting of management information has also been significantly enhanced during the year thereby assisting management in forecasting, control of costs (significant improvements delivered) and understanding of the College's financial position. Improved financial and budgeting processes and controls are now in place allowing better analysis of business margins which reflect improved control of costs. However, the inability to invest in IT systems to install streamlined systems and processes means that deeper analysis of business performance is currently extremely difficult.

- New procedures have been implemented to ensure proper oversight on the disposal of inventory and property, plant and equipment.

- A *Business Assurance Unit* has been created to provide the Chief Executive with a greater focus on governance issues, H&S and information assurance matters. The risk reporting process has been much improved.

- The *AC* has expressed concern at delay in completing some of the actions prompted by internal audits. These have been given a higher priority and greater focus within the business which has resulted in a positive observation in the internal auditor's opinion.

- Strong and up-to-date health and safety policies and their supervised implementation are essential to the College's risk critical training business and the ongoing management focus on this area should continue to pay dividends. Working with the HSE, the College has introduced robust management accountabilities across the College's departments. RoSPA was invited by the College to audit the College's progress in December 2010 as part of the business improvement package and this was successful. Further work through a detailed action plan is being implemented. The College has been permitted to invest £788k of land sale monies in critical H&S projects. This is the minimum spend required and which can be delivered within resources at this time. Significant concerns remain.

- Whilst recognising that payment periods for Middle East business are often challenging, the management team continues to seek out and deal with legacy issues around international contract management and the consequent high levels of aged debt, a significant proportion of which is provided for in the accounts. The internal auditors have highlighted a control issue in this area, which is receiving attention. We have set up a framework for contracting business including standard terms and conditions for customers. However, despite improved contractual discipline and controls put in place to mitigate risk of non-payment, international business, especially from the Middle East, will always present higher risks and will often require a commercial judgment to be made. At the same time the College's processes must be sufficiently agile for it to be competitive. We are working with DCLG to mitigate these risks as best we can. Improved controls are now in place.

- Robust action is being taken on current aged debt which is being managed carefully by the directors and the CMB. DCLG has been informed throughout and is fully supportive of the College's approach.

- Integration of the College's nine separate IT systems will be essential to improving many of the management information issues referred to below.

- Many further improvements are required, not least in improving the quality of residential accommodation, class rooms and breathing apparatus changing facilities, which continue to be a challenge for business retention and growth and further significant investment is required.

<u>Internal Audit Opinion</u>

For 2010/11 the opinion of our Head of Internal Audit is that:

We have completed the programme of internal audit work for the year ended 31 March 2011 and we can report that our work did not identify any significant control weaknesses that we consider to be pervasive in their effect on the system of internal control. However, we have identified significant control weaknesses that, whilst isolated to the following specific systems and processes, when taken in aggregate have a significant impact upon the system of internal control:

- *Inventory and Property, Plant and Equipment;*
- *financial controls;*
- *sales contract management;*
- *procurement contract management; and*
- *information assurance.*

We understand that there were a number of legacy issues that the current College Management Team inherited and which they have directed us towards in undertaking our work. Management has invested considerable effort in addressing these issues and progress has been, and continues to be made. However, at the time of undertaking our reviews there were a significant number of further actions required and consequently, we can only give limited assurance on the design adequacy and effectiveness of the system of internal control.

Management has provided us with updates in addressing the findings arising from our work which suggests that good progress is being made in resolving the issues raised. We will report formally on progress as part of our 2011/12 internal audit work.

Conclusion

The College's SMT will ensure that highlighted weaknesses will be addressed and reported through the *AC* in a timely manner. Based on the operation of the control environment outlined above, and supported by the opinion of the *AC* and the Head of Internal Audit Services, I am content that the College has operated with an improving system of internal control and risk management during 2010/11.

Kim ROBINSON
Chief Executive, The Fire Service College
06 September 2011

6 FINANCIAL REPORT:
Financial Results and Appropriations

The trading deficit for the year before interest was £3.6m (2009/10: deficit £1.6m) representing a negative return of 9.4% (2009/10: negative return 4.2%) on the average net assets employed (calculated as the average of total taxpayers' equity plus the long-term portion of loans).

On 31 March 2011, the College completed the sale of 35 acres of surplus land for the development of residential housing. The sale comprises three phases with split completion dates. The College has recognised a surplus of £6.1m in relation to the first phase which is included in retained earnings.

An equity withdrawal of £0.1m has been paid to the College's parent department, the Department for Communities & Local Government (DCLG) in relation to 2010/11. A further equity withdrawal of £4.6m has been accrued in the accounts as a result of the disposal proceeds from the sale of land (2009/10: £0).

PUBLIC DIVIDEND CAPITAL

Part of the capital of the fund as at 1 April 1992 amounting to £16.7m was deemed to be treated as Public Dividend Capital (See Note 17).

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In accordance with the provisions of International Accounting Standard (IAS) 16 Property, Plant and Equipment, the College has, where appropriate, divided assets into major components and has depreciated each component over its individual useful economic life. Development costs for new products, which meet the criteria for recognition as intangible assets under IAS 38 Intangible Assets, are capitalised and the expenditure amortised over the period of expected commercial value.

FINANCIAL AND ACCOUNTING ARRANGEMENTS

The DCLG Secretary of State is the authorised lender to the Fund. The Fire Service College Trading Fund Order 1992 imposes a limit of £15m (excluding the originating loan) on the sums that may be issued to the Fund by way of a loan.

The financial objectives of the College are detailed in a Treasury Minute dated 12 October 2009.

AUDITOR DETAILS

The College is audited by the Comptroller and Auditor General who is appointed by statute and reports to Parliament. The scope of the audit is set out in the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, published as part of this Annual Report.

The audit fee for the statutory audit undertaken by the Comptroller and Auditor General for the 2010/11 financial year was £56k (2009/10: £56k). No additional services were provided to the College by the Auditor.

AUDIT INFORMATION

The Accounting Officer of the College, at the date of approval of this Report, confirms that:

- So far as the Accounting Officer is aware there is no relevant audit information of which the auditor is unaware; and
- The Accounting Officer has taken all the steps that ought to have been taken in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

PAYMENTS TO SUPPLIERS

The College observes the principles of the *Better Payment Practice Code* on prompt payments. Its policy is to pay all bills not in dispute within 30 days of receipt of a valid invoice or within the agreed contractual terms if otherwise specified. The Interim Finance & Commercial Director monitors bill paying performance and advises the Chief Executive. In 2010/11 96.1% (2009/10: 99.6%) of invoices were paid within 30 days of receipt.

STRATEGIC OBJECTIVES 2011/12

Within the context of its public service ethos and its core task of ensuring that the United Kingdom (UK) Fire & Rescue Service (FRS) has the skills it needs to meet the challenges of the 21st century, the College is striving to achieve financial sustainability and improved commercialisation in a challenging economic environment. The College has identified a number of strategic objectives in its draft 2011/12 Business Plan and these can be summarised as follows:

- Secure a new, more effective business model for the College in its delivery of training in support of national and local resilience (Resilience), delivering value to the taxpayer, whilst we continue to improve the College both operationally and commercially.

- Work with CFOA and others to develop and provide a common and consistent approach to operational training and standards (working within an accredited framework), to leadership development , to operational guidance and to the provision of high levels of training assurance across the FRS, in order to improve interoperability across the UK FRS and Resilience.

- Improve and deliver more cost effective training and product development and provide economies of scale.

- Build on multi agency business streams, in support of multi agency interoperability and Resilience.

- Grow under-developed markets.

- Win business as a subcontractor from the London Fire Brigade outsourcing contract.

- Invest £1.4m of land sale receipts.

SUMMARY OF 5 YEAR RESULTS

YEAR ENDING	Note	31 Mar 11 £000s	31 Mar 10 £000s	31 Mar 09 £000s	31 Mar 08 £000s	31 Mar 07 £000s
Total Revenue		**18,471**	**21,727**	**21,579**	**22,614**	**22,595**
Operating Costs						
Staff Costs	1	10,724	11,168	11,123	10,533	11,078
Depreciation and other asset costs	2	3,010	3,759	2,753	3,225	2,752
Other Costs including net finance costs		8,729	8,830	9,918	9,781	9,521
Total Operating Costs		**22,463**	**23,757**	**23,794**	**23,539**	**23,351**
Net deficit for the year		(3,992)	(2,030)	(2,215)	(925)	(756)
Exceptional Expenditure		-	-	(12,264)	-	-
Deficit for the year after exceptional expenditure		**(3,992)**	**(2,030)**	**(14,479)**	**(925)**	**(756)**
Costs as a percentage of revenue						
Staff Costs		58%	51%	52%	47%	49%
Depreciation and other asset costs	2	13%	17%	13%	14%	12%
Other Costs		51%	41%	46%	43%	42%
Total		122%	109%	111%	104%	103%
Property, plant and equipment and intangible assets		**33,266**	**37,367**	**40,713**	**67,743**	**64,589**
Investment in property, plant and equipment and intangible assets		787	1,048	1,084	2,304	2,713
Increase/(decrease) in cash and cash equivalents		914	178	(1,032)	(1,431)	(848)
Staff Numbers	3	219	237	244	260	273
Average Staff Cost		49	47	46	41	41

Notes

1. Staff costs exclude the costs of staff working on product development.

2. Depreciation and other asset costs include: depreciation of property, plant and equipment, amortisation of intangible assets, surpluses and losses on revaluation of property, plant and equipment and intangible assets and surpluses and losses on disposal of property, plant and equipment.

3. Staff numbers represent average Full-Time Equivalents employed during the year and exclude staff working on product development. See Note 4.

4. The amounts for 2011, 2010 and 2009 are presented under International Financial Reporting Standards (IFRS) while the previous two years are stated under UK Generally Accepted Accounting Practice (UK GAAP).

Kim ROBINSON
Chief Executive, The Fire Service College
06 September 2011

7 FINANCIAL REPORT:
Statement of Accounting Officer's Responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973 HM Treasury has directed the Fire Service College to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction applicable to all Trading Funds issued by HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the College's financial position at the year end and of its revenue and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and to disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The accounts for the 2010/11 financial year have been prepared in accordance with IFRS as adapted or interpreted for the public sector context by HM Treasury.

The DCLG Secretary of State appoints the Chief Executive for the College in accordance with the Framework Document.

The Treasury have subsequently appointed the Chief Executive as the Accounting Officer for the College. His relevant responsibilities as Trading Fund Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the College's assets are set out in *Managing Public Money* issued by HM Treasury.

The responsibilities for the operation of the trading fund are contained in the Framework Document and in the *Guide to the Establishment and Operation of Trading Funds* published by HM Treasury in May 2004. Chapter 13 of the latter document deals specifically with accountability.

FINANCIAL REPORT:
Certificate and Report of the Comptroller and Auditor General

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Fire Service College for the year ended 31 March 2011 under the Government Trading Funds Act 1973. These comprise the Statement of Comprehensive Income and Statement of Changes in Taxpayers' Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 Fire Service College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Fire Service College; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual and Financial Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Fire Service College's affairs as at 31 March 2011 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Annual and Financial Report comprising the Chief Executive's Foreword, Our Business, Our Performance and Financial Results and Appropriations and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date: 08 September 2011

9 FINANCIAL REPORT: Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Note	31 Mar 11 £000s	31 Mar 10 £000s
Revenue			
Income from activities		17,705	20,502
Other income		766	1,225
	2	18,471	21,727
Cost of Sales		(9,128)	(11,098)
Gross surplus		**9,343**	**10,629**
Administrative expenses		(12,955)	(12,274)
Trading deficit for the year	3	**(3,612)**	**(1,645)**
Interest receivable	5	2	1
Interest payable	6	(382)	(386)
Net deficit for the year after interest		**(3,992)**	**(2,030)**
Other comprehensive income and expenditure			
Net profit/(loss) on revaluation of property, plant and equipment		11,203	(235)
Reserves attributable to reinstatement of assets previously written off		58	-
Net profit on revaluation of intangible assets		-	33
		11,261	(202)
Total comprehensive income/(expenditure) for the year		**7,269**	**(2,232)**

Events and infrastructure revenues have been reported as income from activities in the current year and the comparative figures re-classified.

All operations are classed as continuing; there were no acquisitions or disposals during the year.

The Notes on pages 33 to 61 form part of these financial statements.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Public Dividend Capital	Revaluation Reserve	Retained Earnings/ (Accumulated Deficit)	Government Grant Reserve	Total Taxpayers' Equity
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Balance at 31 March 2009	**16,721**	**11,822**	**(9,037)**	**16,278**	**35,784**
Changes in Taxpayers' Equity 2009/10					
Government capital grants received	-	-	-	322	322
Government grant amortisation	-	-	-	(980)	(980)
Recognised in statement of comprehensive income					
Net deficit for the year after interest and exceptional item	-	-	(2,030)	-	(2,030)
Other comprehensive income and expenditure					
Net deficit on revaluation of property, plant and equipment	-	(181)	-	(54)	(235)
Net surplus on revaluation of intangible assets	-	33	-	-	33
Transfers between reserves					
Realised depreciation	-	(279)	342	(63)	-
Total changes in taxpayers' equity	**-**	**(427)**	**(1,688)**	**(775)**	**(2,890)**
Balance at 31 March 2010	**16,721**	**11,395**	**(10,725)**	**15,503**	**32,894**
Changes in Taxpayers' equity 2010/11					
Government capital grants received	-	-	-	304	304
Government grant amortisation	-	-	-	(540)	(540)
Loss on disposal of grant assets	-	-	-	(6)	(6)
Equity withdrawal	-	-	(4,746)	-	(4,746)
Recognised in statement of comprehensive income					
Net deficit for the year after interest	-	-	(3,992)	-	(3,992)
Other comprehensive income and expenditure					
Net surplus/(deficit) on revaluation of property, plant and equipment	-	5,655	6,062	(514)	11,203
Reserves attributable to reinstatement of assets previously written-off	-	76	-	(18)	58
Transfers between reserves					
Realised depreciation	-	(435)	522	(87)	-
Total changes in taxpayers' equity	-	5,296	(2,154)	(861)	2,281
Balance at 31 March 2011	16,721	16,691	(12,879)	14,642	35,175

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	2011		2010	
		£000s	£000s	£000s	£000s
Non-current assets					
Property, plant and equipment	7	32,772		36,283	
Intangible assets	8	494		1,084	
Total non-current assets			**33,266**		**37,367**
Current assets					
Inventories	10	51		32	
Trade and other receivables	11	8,993		5,355	
Cash and cash equivalents	12	2,203		1,289	
Assets held for sale	13	6,575		-	
Total current assets			**17,822**		**6,676**
Total Assets			51,088		44,043
Current liabilities					
Trade and other payables	14	10,963		6,214	
Provisions	16	398		405	
Total current liabilities			**11,361**		**6,619**
Non-current liabilities					
Long-term Government loans	15a	4,491		4,530	
Long-term Other loans	15b	61		-	
Total non-current liabilities			**4,552**		**4,530**
Total Liabilities			**15,913**		**11,149**
NET ASSETS			**35,175**		**32,894**
Taxpayers' Equity					
Public Dividend capital	17		16,721		16,721
Revaluation Reserve			16,691		11,395
Accumulated Deficit			(12,879)		(10,725)
Government Grant Reserve			14,642		15,503
TOTAL TAXPAYERS' EQUITY	19		**35,175**		**32,894**

The Notes on pages 33 to 61 form part of these accounts.

Kim ROBINSON
Chief Executive, The Fire Service College
06 September 2011

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Note	31 Mar 11 £000s	31 Mar 10 £000s
Net cash (outflow)/inflow from operating activities	18.1	**(32)**	**505**
Cash flows from investing activities			
Purchase of property, plant and equipment		(787)	(599)
Purchase of intangible assets		-	(449)
Proceeds from disposal of property, plant and equipment		1,479	433
Net cash inflow/(outflow) from investing activities		**692**	**(615)**
Cash flows from financing activities			
Equity withdrawal		(100)	-
Capital grants received		305	322
Repayment of short and long term government loans		(36)	(34)
Short and long term other loans received		85	-
Net cash inflow from investing activities		**254**	**288**
Net increase in cash and cash equivalents	18.2	914	178
Cash and cash equivalents at the beginning of the year		**1,289**	**1,111**
Cash and cash equivalents at the end of the year		**2,203**	**1,289**

10 FINANCIAL REPORT: Notes to the Accounts

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2010/11 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the College for the purpose of giving a true and fair view has been selected. The particular policies adopted by the College are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements are presented in sterling rounded to the nearest thousand. Where the narrative in the Notes to the Accounts refer to amounts these are reflected in millions (m) or thousands (k).

a. Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

b. Going Concern

In his response to the *Fire Futures* reports, the Fire Minister recognised that the provision of high quality training and development for FRS staff is vital to ensure that the Service can respond effectively to the needs of their local communities and to major incidents like floods and chemical spillages. He also noted with interest the sector's view that there is no appetite within the FRS to lose the resource that is the Fire Service College. To this end the Fire Minister has agreed to explore with the fire sector and other organisations their views about and interest in taking a greater stake in the ownership and/or running of the College, in ways which would secure the most advantageous delivery of its training mission.

The College has obtained outline agreement to short term working capital finance from DCLG should any liquidity pressure arise in 2011/12 or 2012/13. The Accounting Officer therefore has a reasonable expectation that the College will be able to continue to meet its liabilities as they fall due for the foreseeable future. Accordingly, the College's accounts have been prepared on the going concern basis.

c. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the College's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies: the following are the critical judgements, apart from those involving estimations that management has made in the process of applying the College's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- valuation of property, plant and equipment (See Note 1d below and Note 7); and
- recognition criteria for intangible assets (See Note 1e below and Note 8).

Key sources of estimation uncertainty: The following are the key assumptions concerning the future and other key sources of estimation uncertainty, at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities in the next financial year:

- useful lives of items of property, plant and equipment for depreciation calculations (See Note 1d below and Note 7);
- useful lives of intangible assets and amortisation (See Note 1e below and Note 8);
- provisions for doubtful receivables (See Note 11); and
- liability provisions (See Note 16).

d. Property, Plant and Equipment

Land is valued on the basis of purchasing a notional replacement site in the same locality, equally suitable for the existing use. Staff houses on site are re-valued at open market value. All other freehold buildings, site infrastructure and Incident Ground facilities are valued at the depreciated replacement cost of their major component parts.

Assets valued on the basis of depreciated replacement cost are professionally valued every five years, with interim valuations in year three if there is reason to believe that the replacement cost of an asset will have substantially changed. Indexation adjustments will be applied in the intervening years.

Increases in value arising from revaluation are credited to the revaluation reserve except when it reverses a revaluation decrease for the same asset which was previously recognised in the income statement, in which case it is credited to the income statement to the extent of the decrease previously charged there.

A revaluation decrease is debited to the revaluation reserve to the extent that there is a balance on the reserve for that asset and thereafter to the income statement.

Vehicles, fixtures and fittings and computer equipment are included at current cost.

Depreciation is provided on property, plant and equipment, other than freehold land and staff housing, at rates estimated to write off the valuation of each asset evenly over its expected useful economic life. These rates are as follows:

- Freehold buildings and dwellings 10-50 years;
- Incident Ground facilities 5-50 years;

- Site infrastructure 10-50 years;
- Vehicles 3-15 years;
- Fixtures and fittings 1-15 years; and
- Computer equipment 1-15 years

e. Intangible Assets

Intangible assets are non-monetary assets without physical substance which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the College and where the cost of the asset can be measured reliably.

Material product development costs with a reasonable expectation of commercial exploitation are capitalised as Intangible Assets provided all of the following have been demonstrated:

- the technical feasibility of developing the product so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost as a proxy for fair value. Amortisation is over 3-5 years.

f. Impairment

At each statement of financial position date the College checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is an indication of an impairment loss the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an impairment loss the asset is written down to its recoverable amount with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the irrecoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to the income statement to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

g. Inventories

Inventories are stated at the lower of cost and net realisable value.

h. Retirement Benefit Costs

Most employees of the College are members of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme in which the employer's share of the underlying assets and liabilities is not identified. Accordingly the PCSPS is accounted for as if it were a defined contribution plan where the cost of the College's participation in the scheme is equal to the employer contributions payable to the Scheme for the accounting period. Two employees belong to a Money Purchase Scheme (See Note 4.1).

i. Research and Development

Research and product maintenance expenditure is written off in the year in which it is incurred.

j. Insurance

The College insures its trading activities by the purchase of policies for professional indemnity insurance, pre-school health and injury insurance for the workplace nursery when it was owned by the College, and travel insurance. Apart from these, the College effects no external insurance, exercising instead Crown indemnity. The cost of repairs, claims for damages and the book value of assets destroyed are charged to the income statement as they occur.

In the event of a material loss occurring, the College will consult the DCLG Secretary of State about the action to be taken.

k. Leases

Leases are classified as finance leases when substantially all of the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

l. Capital Grants

Capital Government grants are recognised when there is reasonable assurance that the College will comply with the conditions attached and that the grant will be received. On initial recognition capital grants are credited to the Government Grant Reserve and included in taxpayers' equity. Subsequent to initial recognition, grants are amortised over the life of the assets funded by the grants and included in other income in the income statement. Increases or decreases in the value of the assets arising from revaluation or impairment are taken to the Government Grant Reserve.

m. Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 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.

n. Provisions

Provisions are recognised where the College has a present legal or constructive obligation as a result of a past event, it is probable that the College will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the expenditure required to settle the obligation at the balance sheet date. Where material, the cash flows expected to meet the obligations are discounted to present values using an appropriate discount rate.

o. Financial Instruments

Financial assets are recognised on the statement of financial position when the College becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered.

Financial assets of the College consist of short-term receivables and cash and bank balances which are classified as loans and receivables. Financial assets are initially recognised at fair value and subsequently at amortised cost less any impairment.

Financial liabilities are recognised on the statement of financial position when the College becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities of the College consist of short-term trade payables and long-term interest-bearing Government loans which are classified as financial liabilities at amortised cost and included on the Statement of Financial Position under current and non-current liabilities. Financial liabilities are initially recognised at fair value and thereafter at amortised cost.

p. Value Added Tax (VAT)

Where the College charges VAT the amounts included in revenue are stated net of VAT. Where the College is able to claim input VAT the relevant expense accounts are reflected net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised cost of property, plant and equipment. The College is entitled to claim input tax on partial exemption with regard to irrecoverable input tax on exempt supplies and this is credited to other income.

q. Foreign Exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the date of the statement of financial position. Any differences arising are taken to the income statement.

r. Revenue

Revenue is shown net of VAT and comprises income from course attendances, use of College facilities and sundry services. It represents the value of services provided from the ordinary activities of the business during the year. The College recognises revenue when, and to the extent that, it obtains the right to consideration in return for performance. Where a course has only been partially completed at the date of the statement of financial position, revenue represents the value of the service provided to date, based on the proportion of the course delivered. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of trade and other payables due within one year.

s. Public Dividend Capital

Public Dividend Capital represents taxpayers' equity in the College. At any time the DCLG Secretary of State can issue new Public Dividend Capital to, and require repayments of, Public Dividend Capital from the College. Public Dividend Capital is recorded at the value received. As Public Dividend Capital is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

t. Cash Management

The College's policy is to maintain liquid resources in interest-bearing commercial bank accounts, or on money market deposits, in accounts which are repayable on demand or at short notice.

u. Accounting Standards Adopted in the Current Year

The College adopted the following standards/amendments to standards and interpretations. These standards have not had a material impact on the College's financial statements in the current financial year:

- Amendments to IAS 32 (October 2009): Classifications of rights issues;
- Amendments to IFRS 1 (July 2009): Additional Exemptions for First-time Adopters;
- Amendments to IFRS 2 (Jun 2009): Group Cash-settled Share-based Payment Transactions;
- Improvements to IFRSs 2009 (April 2009);

- IFRS 1 (Revised November 2008): First-time adoption of International Financial Reporting Standards;
- IFRS 3 (revised January 2008): Business combinations;
- Amendments to IAS 27 (January 2008): Consolidated and Separate Financial Statements;
- Amendments to IAS 39 (July 2008): Eligible Hedged Items;
- Improvements to IFRSs 2009 (April 2009);
- IFRIC 18: Transfers of Assets from Customers; and
- IFRIC 17: Distributions of Non-cash Assets to Owners.

Accounting Standards that have been Issued but have not yet been Adopted

A number of new or amended accounting standards and interpretations have been issued by the International Accounting Standards Board (IASB) which are only applicable with effect from the 2011/12 financial year and later. The following are the standards and interpretations which apply to the College; however, these standards are not expected to have a material impact on the College's financial statements:

- IFRS 13: Fair value measurement;
- IFRS 12: Disclosure of interests in other entities;
- IFRS 11: Joint arrangements;
- IAS 28 (Revised May 2011): Investments in associates and joint ventures;
- IAS 27 (Revised): Separate financial statements;
- IAS 19 (Revised June 2011): Employee Benefits;
- IFRS 10: Consolidated Financial Statements;
- Amendments to IAS 12 (December 2010): Deferred tax – Recovery of underlying assets;
- Amendments to IAS 1 (December 2010): Severe Hyperinflation and Removal of fixed dates for first-time adopters;
- Amendments to IFRS 7 (October 2010): Disclosure – Transfer of financial assets;
- Amendments to IFRS 1 (January 2010): Limited exemption from Comparative IFRS 7 Disclosures for first-time adopters;

- IFRS 9: Financial instruments;
- IAS 24 (Revised November 2010): Related party disclosures;
- Amendments to IAS 1 (June 2011): Presentation of Items of Other Comprehensive Income;
- Amendments to IFRIC 14 (November 2009): Prepayments of a Minimum funding requirement;
- IFRIC 19: Extinguishing financial liabilities with equity instruments; and
- Improvements to IFRSs 2010 (May 2010).

2. REVENUE ANALYSIS AND SEGMENTED REPORTING

2.1 Analysis of Revenue by Customer Type

	Year ended 31 Mar 11	Year ended 31 Mar 10
	£000s	£000s
UK FRS	9,000	10,799
DCLG	765	1,442
Other public sector	2,993	3,676
Total public sector income	12,758	15,917
UK private sector	1,741	1,927
Overseas customers	3,899	3,808
Individuals	73	75
Total private sector income	5,713	5,810
Total revenue	**18,471**	**21,727**

2.2 Analysis of Trading Surplus / (Deficit) for the year by Segment

	Year ended 31 Mar 11				Year ended 31 Mar 10			
	Revenue	**Cost of Sales**	**Administrative Expenses**	**Surplus/ (Deficit)**	**Revenue**	**Cost of Sales**	**Administrative Expenses**	**Surplus/ (Deficit)**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Training	16,274	(8,653)	(10,874)	(3,253)	17,887	(10,665)	(9,544)	(2,322)
Events	345	(8)	(341)	(4)	541	(2)	(514)	25
Infrastructure	441	(13)	(350)	78	957	(35)	(583)	339
Estate rental income	335	-	(186)	149	367	-	(169)	198
Other income from activities	310	(310)	-	-	750	(396)	(351)	3
Other income	766	(144)	(1,204)	(582)	1,225	-	(1,113)	112
	18,471	**(9,128)**	**(12,955)**	**(3,612)**	**21,727**	**(11,098)**	**(12,274)**	**(1,645)**

The Segmental analysis has been re-classified since last year to reflect the income streams recognised in internal management reporting.

Segmental analysis of net assets has not been disclosed as net assets are not allocated by class of business.

The financial objectives for the College are set out in Note 26.

3. TRADING DEFICIT FOR THE YEAR

	Year ended 31 Mar 11 £000s	Year ended 31 Mar 10 £000s
The trading deficit for the year is stated after charging/(crediting) the following:		
Rental income	(335)	(342)
Rentals under operating leases	4	4
External audit fee *	56	56
Travel, subsistence and hospitality	179	334
Board members' remuneration	655	433
Non-cash items:		
Depreciation of property, plant and equipment	2,036	3,009
Amortisation of intangible assets	289	284
Amortisation of capital grant	(540)	(980)
Profit on disposal of dwellings	(180)	(107)
Loss on disposal of property, plant and equipment	141	501
Less: Attributable to grant funded assets	(6)	-
Loss on revaluation of property, plant and equipment	445	72
Impairment of intangible assets	301	-
Profit on reinstatement of property, plant and equipment	(196)	-

* The external audit fee is the fee for the National Audit Office's annual certification of the College's financial statements. There was no remuneration due for non-audit work in the current or previous years.

4. STAFF NUMBERS AND RELATED COSTS

4.1 Staff Costs

	Year ended 31 Mar 11 £000s	Year ended 31 Mar 10 £000s
Wages and salaries	5,016	5,082
Social security costs	349	376
Superannuation costs	854	951
Seconded staff	2,181	2,418
Agency staff and visiting lecturers	2,324	2,642
	10,724	11,469
Less : Capitalised staff costs	-	(301)
	10,724	**11,168**

The employees and Board of the College are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. The PCSPS is an unfunded multi-employer defined benefit scheme, in which the employer's share of the underlying assets and liabilities is not identified. A full actuarial valuation was carried out at 31 March 2007.

From 30 July 2007, Civil Servants may be in one of four defined benefit schemes; either a final salary scheme (Classic, Premium or Classic Plus); or a whole career scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. New entrants after 1 October 2002 may opt for either the appropriate defined benefit arrangement or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Pensions payable under Classic, Premium, Classic Plus and Nuvos have been increased annually in line with changes in the Retail Prices Index (RPI). In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the RPI for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The question of whether, as regards the main public service pensions schemes, there is a legitimate expectation that RPI will be used for inflation indexing is currently before the courts in judicial review proceedings. The Government case is that no legitimate expectation exists and that, in any event, even if there was a legitimate expectation this was overridden by the clear public interest in making very substantial savings at a time when the Government had adjudged that deficit reduction was a fundamental objective for the country. If the Government's case is proven, there would be no change to the accounting treatment adopted in these accounts.

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic. In Nuvos a member builds up a pension based on his/her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with RPI (CPI from 1 April 2011). In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website: www.civilservice-pensions.gov.uk.

For 2010/11, employers' contributions of £854k were payable to the PCSPS (2009/10 £951k) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to the revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Regular firefighters employed before 6 April 2006 were eligible for membership of the Firefighters' Pension Scheme (FPS). The Scheme was closed to new entrants with effect from 5 April 2006. A New Firefighters Pension Scheme (NFPS) was introduced for regular and retained firefighter employed since 6 April 2006.

Responsibility for policy on the pensions schemes rests with DCLG, working with administrations in Northern Ireland, Scotland and Wales. The administration and payment of individual pensions and benefits is the responsibility of fire and rescue authorities. Both Schemes are unfunded, defined benefit schemes.

The overall cost of funding the scheme was assessed by Government Actuaries in 2007. The cost of benefits accruing for each year of membership was assessed as 37.7% of pensionable pay for FPS members and 23.7% of pensionable pay for NFPS members, of which the seconded officer contributes 11% and 8.5% retrospectively. £369k was charged to the income and expenditure account (2009/10 £284k). This represented the reimbursement of employer contributions by FRSs which was recharged to the College.

The total amount charged to the Income Statement in respect of pension contributions is as follows:

	Year ended 31 Mar 11	Year ended 31 Mar 10
	£000s	**£000s**
Civil Service contributions	854	951
Seconded staff contributions	369	284
Charge for year	**1,223**	**1,235**

4.2 Average number of persons employed

	Year ended 31 Mar 11		Year ended 31 Mar 10	
	Average Full Time Equivalent	Average Number	Average Full Time Equivalent	Average Number
Senior Management staff	6	9	6	8
Teaching staff	74	74	85	85
Non teaching direct, safety and support staff	66	69	70	73
Administration staff	73	76	78	83
	219	228	239	249

Civil Service staff	162	169	173	180
Agency staff and visiting lecturers	25	24	26	26
Seconded staff	32	32	40	40
Non-Executive Directors	-	3	-	3
	219	228	239	249
Less: Average full-time equivalent staff working on product development	-	-	(2)	-
	219	**228**	**237**	**249**

4.3 Reporting of Civil Service and other compensation schemes – exit packages

	Number of Compulsory Redundancies
Exit package cost band	
£25,000 - £50,000	0 (1)
£50,000 - £100,000	0 (3)
£100,000 - £150,000	0 (1)
Total resource cost	**0 (£415k)**

Comparative data is shown in brackets for 2009/10.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the College and not by the PCSPS.

5. INTEREST RECEIVABLE

	Year ended 31 Mar 11 £000s	Year ended 31 Mar 10 £000s
Bank interest	**2**	**1**

6. INTEREST PAYABLE

	Year ended 31 Mar 11 £000s	Year ended 31 Mar 10 £000s
Long-term loans	**382**	**386**

7. PROPERTY, PLANT AND EQUIPMENT

	Dwellings	Buildings	Freehold Land	Site Infrastructure	Incident Ground Facilities	Computer Equipment	Vehicles, Fixtures & Fittings	Assets under construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation									
At 1 April 2010	6,243	25,291	1,875	8,403	5,256	4,603	3,947	3	55,621
Reclassifications *	-	-	(6,575)	-	-	-	-	-	(6,575)
Additions	-	-	-	43	17	92	347	288	787
Disposals	(490)	(203)	(6,062)	-	-	(857)	(781)	-	(8,393)
Revaluations	(345)	(1,033)	12,524	(279)	(203)	74	378	-	11,116
At 31 March 2011	**5,408**	**24,055**	**1,762**	**8,167**	**5,070**	**3,912**	**3,891**	**291**	**52,556**

	Dwellings	Buildings	Freehold Land	Site Infrastructure	Incident Ground Facilities	Computer Equipment	Vehicles, Fixtures & Fittings	Assets under construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Accumulated depreciation									
At 1 April 2010	-	7,988	-	3,763	1,867	3,099	2,621	-	19,338
Revaluations	-	-	-	-	-	-	104	-	104
Depreciation charge for the year	-	901	-	418	190	234	293	-	2,036
Disposals	-	(115)	-	-	-	(857)	(722)	-	(1,694)
At 31 March 2011	**-**	**8,774**	**-**	**4,181**	**2,057**	**2,476**	**2,296**	**-**	**19,784**
Net Book Value at 31 March 2011	**5,408**	**15,281**	**1,762**	**3,986**	**3,013**	**1,436**	**1,595**	**291**	**32,772**
Asset Financing:									
Owned	5,408	15,281	1,762	3,986	3,013	1,436	1,595	291	32,772
Finance leased	-	-	-	-	-	-	-	-	-
Net Book Value at 31 March 2011	**5,408**	**15,281**	**1,762**	**3,986**	**3,013**	**1,436**	**1,595**	**291**	**32,772**
Cost or valuation									
At 1 April 2009	6,614	25,718	1,890	8,458	5,297	4,520	3,888	-	56,385
Additions	-	89	-	3	-	13	491	3	599
Reclassifications	27	(33)	6	-	-	-	-	-	-
Disposals	(327)	(276)	-	-	-	-	(453)	-	(1,056)
Revaluations	(71)	(207)	(21)	(58)	(41)	70	21	-	(307)
At 31 March 2010	**6,243**	**25,291**	**1,875**	**8,403**	**5,256**	**4,603**	**3,947**	**3**	**55,621**

	Dwellings	Buildings	Freehold Land	Site Infrastructure	Incident Ground Facilities	Computer Equipment	Vehicles, Fixtures & Fittings	Assets under construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Accumulated depreciation									
At 1 April 2009	-	6,972	-	3,271	1,638	2,293	2,384	-	16,558
Depreciation charge for the year	-	1,062	-	492	229	806	420	-	3,009
Disposals	-	(46)	-	-	-	-	(183)	-	(229)
At 31 March 2010	**-**	**7,988**	**-**	**3,763**	**1,867**	**3,099**	**2,621**	**-**	**19,338**
Net Book Value at 31 March 2010	**6,243**	**17,303**	**1,875**	**4,640**	**3,389**	**1,504**	**1,326**	**3**	**36,283**
Asset Financing:									
Owned	6,243	17,303	1,875	4,640	3,389	1,504	1,326	3	36,283
Finance leased	-	-	-	-	-	-	-	-	-
Net Book Value at 31 March 2010	**6,243**	**17,303**	**1,875**	**4,640**	**3,389**	**1,504**	**1,326**	**3**	**36,283**

Land is valued on the basis of purchasing a notional replacement site in the same locality, equally suitable for the existing use. All buildings, structures and site infrastructure were valued at 31 March 2009 on a depreciated replacement cost basis with the exception of staff houses which were valued at open market value. The basis of valuation is in accordance with the appraisal and valuation manual produced by the Royal Institute of Chartered Surveyors. These values have been adjusted by indexation in subsequent financial years.

The land, buildings, dwellings, site infrastructure and Incident Ground facilities were re-valued by Knight Frank, an independent firm of Chartered Surveyors, as at 31 March 2009. The remainder of the assets were re-valued using appropriate indices.

Assets with a cost of £1,678k (2009: £2,952k) have been fully depreciated but remain substantially in use. These sums have been retained in the total asset costs and accumulated depreciation disclosed above.

* On 31 March 2011, the College completed the sale of 35 acres of surplus land for the development of residential housing. The sale comprises three phases with split completion dates. The land sold under the first phase is shown as a disposal during the year. The land sold under Phases 2 and 3 (£6,575k) has been reclassified into current assets as an asset held for sale.

8. INTANGIBLE ASSETS

	Product Development £000s
COST OR VALUATION	
At 1 April 2010	1,698
Additions	-
Impairment	(401)
At 31 March 2011	**1,297**
ACCUMULATED AMORTISATION	
At 1 April 2010	614
Amortisation charge for the year	289
Impairment	(100)
At 31 March 2011	**803**
NET BOOK VALUE AT 31 MARCH 2011	**494**
COST OR VALUATION	
At 1 April 2009	1,216
Additions	449
Revaluation	33
At 31 March 2010	**1,698**
ACCUMULATED AMORTISATION	
At 1 April 2009	330
Amortisation charge for the year	284
At 31 March 2010	**614**
NET BOOK VALUE AT 31 MARCH 2010	**1,084**

No tangible assets were capitalised in the year 2010/11.

9. IMPAIRMENTS AND REVALUATION LOSSES

	Year ended 31 Mar 11 £000s	Year ended 31 Mar 10 £000s
Losses on revaluation of property, plant and equipment		
Representing a reversal of previous revaluation surpluses charged to revaluation reserve	(920)	(181)
Losses not covered by previous revaluation surpluses charged to income statement – included in administration expenses	(445)	(72)
Losses attributable to grant funded assets charged to grant reserve	(514)	(54)
Representing a reinstatement of an asset currently in use, previously written off. Charged to grant reserve	(18)	-
Losses on revaluation of intangible assets		
Loss attributable to impairment review	(301)	-
Total losses	**(2,198)**	**(307)**
Gains on revaluation of property, plant and equipment		
Revaluation of land under sale agreement	12,637	-
Representing a reinstatement of an asset currently in use, previously written off. Included in income statement – administration expenses	196	-
Representing a reinstatement of an asset currently in use, previously written off. Included in revaluation reserves.	76	-
Gains on revaluation of intangible assets		
Gains credited to revaluation reserve	-	33
Total gains	**12,909**	**33**
Total revaluation and impairment gains/(losses)	**10,711**	**(274)**

10. INVENTORIES

	31 Mar 11 £000s	31 Mar 10 £000s
Consumables	**51**	**32**

11. TRADE AND OTHER RECEIVABLES

11.1 Analysis of Trade and Other Receivables

	31 Mar 11 £000s	31 Mar 10 £000s
Amounts falling due within one year:		
Trade receivables	9,557	4,042
Less: Provision for doubtful receivables	(1,352)	(478)
	8,205	3,564
Other receivables	350	404
Prepayments and accrued income	438	1,387
	8,993	**5,355**

Included within receivables falling due within one year are the following intra-Governmental balances:

	31 Mar 11 £000s	31 Mar 10 £000s
Central Government	479	649
Local Authorities	1,508	1,740
Public corporations and trading funds	249	514
	2,236	**2,903**

11.2 Receivables past their due date but not impaired

	31 Mar 11 £000s	31 Mar 10 £000s
By 1 month	971	136
By 2 months	99	503
By 3 months	37	163
By more than 4 months	750	430
	1,857	**1,232**

11.3 Provision for impairment of receivables

	31 Mar 11 £000s	31 Mar 10 £000s
Balance at 1 April	478	215
Amount written off during the year	(5)	(197)
Increase in receivables impaired	879	460
Balance at 31 March	**1,352**	**478**

12. CASH AND CASH EQUIVALENTS

	31 Mar 11 £000s	31 Mar 10 £000s
Balance at 1 April	1,289	1,111
Net change in cash and cash equivalent balances	914	178
Balance at 31 March	**2,203**	**1,289**

The College's cash balances are kept in an interest bearing current account with the Lloyds Banking Group.

13. ASSETS HELD FOR SALE

The land sold under Phases 2 and 3 of the land sale is included within current assets as an asset held for sale. It has a carrying value of £6.6m being the contracted sale price.

14. TRADE AND OTHER PAYABLES

	31 Mar 11 £000s	31 Mar 10 £000s
Amounts falling due within one year		
Loans	63	36
Trade payables	962	2,293
Accruals	8,078	2,649
Deferred income	1,860	1,236
	10,963	**6,214**

Included within payables falling due within one year are the following intra-Governmental balances:

	31 Mar 11 £000s	31 Mar 10 £000s
Central Government	6,005	1,489
Local Authorities	2,193	1,750
Public corporations and trading funds	17	39
	8,215	**3,278**

15a. LONG-TERM GOVERNMENT LOANS

	31 Mar 11 £000s	31 Mar 10 £000s
Repayable as follows:		
Within 1-2 years	42	39
Within 2-5 years	148	137
After 5 years	4,301	4,354
	4,491	**4,530**

All loans are unsecured and repayable in instalments of £209k (including interest) paid twice every year. All loans bear rates of interest which are fixed for the full period of the loan. The weighted average period of loans is 42 years and the weighted average interest rate is 8.37% (2009/10: 8.36%). Included within payables falling due after more than one year are the following intra-Governmental balances:

	31 Mar 11 £000s	31 Mar 10 £000s
Central Government	**4,491**	**4,530**

15b. LONG-TERM OTHER LOANS

	31 Mar 11 £000s	31 Mar 10 £000s
Repayable as follows:		
Within 1-2 years	24	-
Within 2-5 years	37	-
	61	**-**

The loan is with Salix Energy Efficiency Loan Scheme and is unsecured, interest free and repayable in instalments of £12k paid twice every year.

16. PROVISIONS

	Personal Injury Claims	Salary Liabilities	Total
	£000s	£000s	£000s
Balance at 31 March 2010	155	250	405
Provided in the year	-	9	9
Provisions utilised in the year	(16)	-	(16)
Balance at 31 March 2011	**139**	**259**	**398**
Analysis of expected timing of cash flows:			
Within one year	139	22	161
In the second to fifth years inclusive	-	68	68
After five years	-	169	169
	139	**259**	**398**

The provision for personal injury is based on claims initiated against the College. The amount of the provision represents an assessment of the cost to the College based on legal advice. The transfer of economic benefits is expected to take place within the next financial year.

17. PUBLIC DIVIDEND CAPITAL

	31 Mar 11	31 Mar 10
	£000s	£000s
Issued pursuant to Government Trading Funds Act 1973	**16,721**	**16,721**

18. NOTES TO THE STATEMENT OF CASH FLOWS

18.1 Net cash (outflow)/inflow from operating activities

	Year Ended 31 Mar 11 £000s	Year Ended 31 Mar 10 £000s
Net cash (outflow)/inflow from operating activities		
Net deficit for the year after interest and exceptional items	(3,992)	(2,030)
Depreciation of property, plant and equipment	2,036	3,009
Amortisation of intangible assets	289	284
Capital grants amortised in year	(540)	(980)
(Surplus)/loss on disposal of fixed assets	(45)	394
Loss on revaluation of fixed assets	550	72
Increase/(decrease) in deferred income	624	(116)
(Decrease)/increase in provisions in the year	(7)	55
(Increase)/decrease in inventories	(19)	24
Decrease in trade and other operating receivables	1,621	482
Decrease in trade and other payables	(549)	(689)
	(32)	**505**

18.2 Reconciliation of net cash flow to movement in net debt

	Year Ended 31 Mar 11 £000s	Year Ended 31 Mar 10 £000s
Increase in cash and cash equivalents in the year	914	178
Decrease in borrowings	(49)	34
	865	212
Net debt at beginning of year	(3,277)	(3,489)
Net debt at end of year	**(2,412)**	**(3,277)**

18.3 Analysis of Changes in Net Debt

	At 31 Mar 11 £000s	Cash Flows £000s	Non-Cash Movements £000s	At 31 Mar 10 £000s
Cash at bank and in hand	2,203	(914)	-	1,289
Debt due within one year	(63)	(12)	39	(36)
Debt due after one year	(4,552)	61	(39)	(4,530)
Total	**(2,412)**	**(865)**	**-**	**(3,277)**

19. RECONCILIATION OF MOVEMENT IN TAXPAYERS' EQUITY

	Year Ended 31 Mar 11 £000s	Year Ended 31 Mar 10 £000s
Net deficit for the year after interest and exceptional item	(3,992)	(2,030)
Revaluation of property, plant and equipment	11,203	(235)
Revaluation of intangible assets	-	33
Capital grants received	304	322
Loss on disposal of grant assets	(6)	-
Reinstatement of assets previously written-off	58	-
Government grant amortisation	(540)	(980)
Equity withdrawals	(4,746)	-
	2,281	(2,890)
Taxpayers' equity brought forward at 1 April	32,894	35,784
Taxpayers' equity carried forward at 31 March	**35,175**	**32,894**

20. ANALYSIS OF CHANGE IN FINANCING

	Repayable Within One Year £000s	Repayable After One Year £000s	Total £000s
At 1 April 2010	36	4,530	4,566
Movement from long term to short term loan	39	(39)	-
New loan	24	61	85
Loans repaid	(36)	-	(36)
At 31 March 2011	**63**	**4,552**	**4,615**

21. CAPITAL COMMITMENTS

At 31 March 2011 the College had contractual commitments for capital expenditure in respect of the acquisition of property, plant and equipment amounting to £381k (2010: £744k) made up as follows:

	31 Mar 11 £000s	31 Mar 10 £000s
Buildings	374	500
Computer equipment	-	120
Vehicles, furniture and equipment	7	124
	381	**744**

22. COMMITMENTS UNDER LEASES

Operating Leases

The College has entered into a number of leases in respect of photocopiers and printers. These have been classified as operating leases and at 31 March 2011 all leases have expired and have been extended on a short-term basis with nominal rentals being paid. The College does not hold any leases in respect of land and buildings.

Total future minimum lease payments under operating leases are as follows:

	31 Mar 11 £000s	31 Mar 10 £000s
Plant and equipment		
With less than 1 year	-	4
	-	**4**

23. CONTINGENT LIABILITIES

The College potentially has a contingent liability in relation to tax planning, which it is currently unable to quantify and is looking to resolve in due course.

The College has received a counter claim against a debt due from an overseas customer. The directors of the College are currently considering this but do not believe that there is any significant exposure.

24. RELATED PARTY TRANSACTIONS

As stated in the Annual Report, the College is an Executive Agency, with Trading Fund status. Responsibility for the College rests with DCLG. In the normal course of its business, the College provides fire related training to both the public and private sectors. During the year, the College has had a significant number of material transactions with related parties as follows:

- UK FRS: revenue of £9m (2009/10 £10,8m); expenditure of £2.4m (2009/10 £3.3m);

- DCLG: revenue of £0.8m (2009/10 £1.4m); expenditure of £0.03m (2009/10 £0.0013m); and

- Other Government Agencies:

  - National Resilience Assurance Team: £1.6m revenue (2009/10 £1.6m);

  - The Department of Health: £0.5m revenue (2009/10 £0.5m);

  - HM Prison Service: £0.2m revenue (2009/10 £0.3m);

  - The Environment Agency: £0.12m revenue (2009/10 £0.3m);

  - The Home Office: £5.8m expenditure (2009/10 £6.4m); and

  - HM Revenue & Customs: £0.8m expenditure (2009/10 £0.8m).

Trade receivable balances with related party transactions are summarised in Note 11.1. Trade and other payable balances with related parties are summarised in Note 14.

None of the College's Management Board members, key management staff or other related parties has undertaken any material transactions with the College during the year.

No directors of the College have recorded in the *Register of Interests* during the year shareholdings in companies with which the College had business dealings.

25. THIRD PARTY ASSETS

The College does not hold any third party assets.

26. TRADING FUND OBJECTIVES

The DCLG Secretary of State has determined financial objectives for the Fire Service College Trading Fund. These were confirmed by Treasury Minute dated 12 October 2009.

The financial objective for the College is to achieve a return of a minimum of 4% averaged over the period 1 April 2009 to 31 March 2012, in the form of a surplus on ordinary activities before interest and dividends expressed as a percentage of average capital employed.

The trading deficit of £3.6m (2009/10: £1.6m deficit) represents a negative return on the average net assets employed of 9.4% (2009/10: negative return 4.2%). The cumulative negative return on average net assets for the period 1 April 2009 to 31 March 2011 is 13.1%.

27. FINANCIAL INSTRUMENTS

	2010/11			2009/10		
	Carrying Value		Fair Value	Carrying Value		Fair Value
	£000s	£000s	£000s	£000s	£000s	£000s
FINANCIAL ASSETS						
Loans and receivables at amortised cost						
Trade receivables		8,205	8,205		3,564	3,564
Other receivables	350			404		
Less: Non-financial assets	-			(46)		
		350	350		358	358
Cash and cash equivalents		2,203	2,203		1,289	1,289
		10,758	**10,758**		**5,211**	**5,211**
Financial liabilities – at amortised cost						
Trade payables		962	962		2,293	2,293
Long term loans		4,615	4,615		4,566	4,566
		5,577	**5,577**		**6,859**	**6,859**

The total instalments of capital and interest remaining to be paid to extinguish the long-term loans over their contracted terms amounts to £16.4m (2010: £16.7m).

28. CAPITAL MANAGEMENT AND FINANCIAL RISKS

Capital Management

The capital structure of the College is presented in the Statement of Financial Position. The College's policy seeks to ensure that adequate financial resources are available for the management and development of the College's business whilst managing its market and credit risks. Note 17 provides detail of its Public Dividend Capital and, in addition, the College has several long-term Government and other loans outlined in Notes 15a and 15b to the Accounts.

Liquidity Risk

The responsibility for the overall financing of the College rests with DCLG which provides financial support for any shortfall in available cash resources to meet the operating costs of the College. The levels of capital expenditure are managed so as to be met from available cash balances. As a result, the College does not have significant exposure to liquidity risks.

Interest Rate Risk

The interest bearing loans represent 13.6% (2009/10: 13.9%) of Total Taxpayers' Equity and the interest rate is fixed. Deposits earning interest at a variable rate against bank base rate represented 6.6% (2009/10: 3.9%) of Total Taxpayers' Equity.

The College has a number of loans with the DCLG Secretary of State. All loans are for 60 years duration from commencement and interest rates are fixed for the entire period of the loans. The College, therefore, has no exposure to interest rate fluctuations.

Foreign Currency Risk

The College has an immaterial exposure to liabilities or expenditure denominated in foreign currencies.

Credit Risk

The College's trade receivables represent amounts due from Government departments and other public sector bodies as well as private sector and overseas customers. As the majority of the College's revenue comes from services provided to Government departments and other public sector bodies, the College has low exposure to credit risk. The College does have credit risk with regard to overseas and private sector receivables. Management has procedures in place to manage and minimise this; however, in the current year additional provisions for doubtful receivables have been made in respect of long outstanding amounts in relation to a number of overseas receivables.

Market Risk

Approximately 69% of total revenues in 2010/11 were derived from the public sector (2009/10: 73%). In 2010/11, the College's business was impacted adversely by a steep Quarter 3 decline in UK FRS/public sector revenues as a result of the Comprehensive Spending Review (CSR), which impacted unexpectedly before the CSR budget years. Unanticipated constraints placed on public bodies, such as the Civil Service-wide recruitment freeze, meant that the College was unable to resource its original revenue projections, although international markets held up.

In-year, the College has reduced its prices to the FRS to remain competitive, but given the budget pressures of its UK customers, the degree of competition (often funded by the taxpayer/ratepayer) and the College's intractable overheads (with no cash, the College cannot afford to reduce them), the FRS market outlook is conservative. As a result, the College remains focused on growing its international business, Government constraints permitting. Whilst this was a strategy last year, Government recruitment freezes slowed progress.

29. EVENTS AFTER THE REPORTING PERIOD

DCLG has agreed to *'explore with the fire sector and other organisations their views about and interest in taking a greater stake in the ownership and/or running of the Fire Service College, in ways which would secure the most advantageous delivery of the College's training mission'*. We are now working closely with DCLG on a *Future Options* project with the aim to deliver a new operation and governance model for the College which, through greater involvement from other sectors (whether private, public or voluntary), secures its future, supports national resilience and provides best value for the public purse. Of particular interest is the recent review, conducted by a cross-party working group for the Local Government Association Fire Commission which recommended a contractual partnership with the fire sector overseeing governance, policy direction and setting standards, and a business partner running day-to-day operations of the College. Their findings will help inform the work to explore future options.

The College presented a detailed Business Case to the DCLG Investment Sub-Committee on 15 June 2011 to invest the sale proceeds of £6.06m (net of sale costs) from the sale of the surplus land in a range of projects at the College. The DCLG Investment Sub-Committee approved a £1.4m investment in business and infrastructure improvements. The remaining cash from the land sale will be passed to DCLG. This Financial Report has been prepared on this basis. We have been assured that further investment to drive improvements at the College in support of the FRS, and other requirements to secure its future, will be considered in the context of the *Future Options* project - as heralded by the Fire Minister's response to the *Fire Futures* report.

There were no other material events occurring subsequent to the end of the reporting period and the date of issue of these accounts that require either adjustment to or disclosure in the accounts.

The College's Annual Report and Accounts are laid before the Houses of Parliament. IAS 10 (Events after the Reporting Period) requires the College to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date the Annual Report and Accounts are certified by the Comptroller and Auditor General.

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