

TAYSIDE FIRE AND RESCUE BOARD

STATEMENT OF ACCOUNTS 2005/06

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SECTION 1
TAYSIDE FIRE AND RESCUE BOARD
MEMBERS AND OFFICIALS 2005/06

Convener

Depute Lord Provost Charles Farquhar OBE JP DL (Dundee)

Vice Convener

Depute Provost Stewart McGlynn (Angus)

Vice Convener

Councillor David Dow (Perth and Kinross)

Angus Council

Appointed Members

Councillor J Gibb
Councillor H Oswald
Councillor G Norrie MBE JP
Councillor R Myles

Dundee City Council

Appointed Members

Councillor J Barrie JP
Councillor H Dick JP
Lord Provost J Letford JP
Councillor B Mackie OBE DL JP
Councillor G Regan
Councillor C Roberts JP

Perth and Kinross Council

Appointed Members

Councillor A Barr JP
Councillor A Jack
Councillor I Miller
Councillor D Scott JP
Councillor L Simpson

Officials

Chief Fire Officer - S Hunter BSc MBA MCGI FIFireE QFSM
Treasurer - Mr J Symon ACA - (Perth and Kinross Council)
Clerk – Mrs G Taylor MBA - (Perth and Kinross Council)

Mr A R McArthur (Perth and Kinross Council) stood down as Treasurer on 31 March 2005 and Mr J Symon was appointed to the position from 1 April 2005.

SECTION 2

2 FOREWORD BY THE TREASURER

2.1 Introduction

The total expenditure incurred by the Tayside Fire and Rescue Board (the Board) during 2005/06 was made up of two elements: revenue expenditure and capital expenditure. Revenue expenditure relates to the day to day running costs of the Board whereas capital expenditure relates to the purchase, building or improvement of physical assets where the benefit to the Board extends beyond one year (e.g. the acquisition of land and buildings or the enhancement or replacement of vehicles etc).

This foreword is presented as a commentary on the Board's overall financial position as shown within the Statement of Accounts for 2005/06 and contains explanations of the major influences on the Board's income, expenditure and cash flow.

2.2 Accounting Policies

The Statement of Main Accounting Policies sets out the basis upon which the financial statements have been prepared and explains the accounting treatment of both general and specific items. The Board has adopted the accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authorities (Scotland) Accounts Advisory Committee (LA(S)AAC). The accounting policies and estimation techniques have been reviewed for 2005/06 to ensure that the accounts present fairly the financial performance and position of the Board.

2.3 The Financial Statements

The financial statements presented within the Statement of Accounts are as follows:-

- (a) **The Revenue Account** - this sets out the budgeted and actual expenditure and income for the Board's revenue activities. The statement also shows how the expenditure has been financed.
- (b) **The Balance Sheet** - this details the overall financial position of the Board as at 31 March 2006.
- (c) **The Statement of Total Movements in Reserves** - this summarises the movement in both revenue and capital reserves held by the Board.
- (d) **The Cash Flow Statement** - this summarises the inflows and outflows of cash arising from both revenue and capital transactions during the year. It also contains information not readily obtainable from any of the other financial statements.

The Notes to the Revenue Account, Balance Sheet and Cash Flow Statement are intended to give the reader further information which is not separately detailed in the financial statements.

2.4 Tayside Fire and Rescue Board - Financial Arrangements

The Board approved a revenue budget for 2005/06 of £25.903m (2004/05: £24.286m). It had previously been agreed that the costs of the Board be apportioned between the constituent Councils as follows:-

Angus	19%
Dundee City	52%
Perth and Kinross	29%

The percentage split was determined following analysis of the Board's actual expenditure within the constituent Council boundaries and reflects the location of the Board's full-time and part-time Fire Stations. The Councils are requisitioned for the appropriate amounts during the financial year.

Separate arrangements are in place with regard to capital expenditure. The Prudential Code for Capital Finance in Local Authorities was introduced for accounting periods commencing on or after 1 April 2004 and the Board is required by regulation to have regard to the Prudential Code when carrying out its duties under Part 7 of the Local Government in Scotland Act 2003. The Code permits the Board to fund capital expenditure through capital grant and from any other source, subject to agreed prudential limits. Once the level of capital grant receivable in 2005/06 was notified to the Board by the Scottish Executive the Financial Plan was formulated in line with this. The Board therefore submitted its Capital Expenditure Financial Plan to the Scottish Executive in the latter part of 2004/05.

2.5 Revenue Expenditure

2.5.1 Major Financial Variances

The Board returned a revenue surplus of £29,460 in the year to 31 March 2006. The major financial variances which contributed to this are disclosed on an expenditure-type basis in note 5.9 to the Revenue Account and this is further analysed below.

i) Staff Costs – Underspend £420,568

The original budget is not prepared on the basis required by Financial Reporting Standard (FRS) 17 – Retirement Benefits, whereas the actual expenditure incurred is accounted for, adjusted and recorded in accordance with the FRS. The FRS requires all pension costs budgeted and actually incurred to be removed and replaced with an actuarial valuation. The net effect of the actuary's adjustment was a net charge of £44,060 to the Revenue Account, but this was offset by an actual underspend on salary costs (excluding uniformed staff pension costs) of £464,628.

The underspend on salary costs arose mainly as a result of staff slippage within the Wholetime/Control sector (£309,631), lower than anticipated activity with the Retained sector (£186,095), both offset by an increase in support staff costs of £30,169, mainly from the use of agency staff to cover shortages.

ii) Property Costs- Overspend £41,578

This overspend was caused mainly by greater than budgeted expenditure on gas and electricity (£42,200), property repairs, maintenance and other miscellaneous property costs (£29,500), and cleaning costs (£5,100).

These were offset by a saving in the budgeted expenditure on rentals (£14,700), sewerage/metered water charges (£19,200).

The overspend on gas and electricity was caused by rising fuel prices nationally but the other overspends arose as a result of careful monitoring and utilisation of additional unbudgeted income and staff cost savings which accrued throughout the year.

iii) Supplies and Services/Third Party Payments - Overspend £47,660

The main factors contributing to the overspend were greater than anticipated expenditure on:-

• Uniforms	£44,400	• IT Development & Support	£20,700
• Operational Equipment	£13,300	• Medical Examination Fees	£15,200
• Training Supplies	£21,100	• Other Overspends	£17,300

offset mainly by savings in water hydrant maintenance of £11,300 and savings on radio/telephony expenditure of £73,000.

Much of this additional expenditure was planned and arose as a result of careful monitoring of additional unbudgeted income and staff cost savings which accrued throughout the year.

iv) Transport Costs - Overspend £120,122

The overspend arose as a result of expenditure on vehicle fuel being £30,500 greater than budgeted (through the combined effect of rising national fuel prices and increased consumption), coupled mostly with an overspend in vehicle parts and supplies £67,100 and travel/subsistence costs £22,400.

With the exception of fuel costs much of this additional expenditure was planned and arose as a result of careful monitoring of additional unbudgeted income and staff cost savings which accrued throughout the year.

v) Capital Charges - Underspend £77,166

Perth and Kinross Council performs a treasury management service for the Board and as part of the annual budget-setting exercise it provides an estimate of the Capital Financing Charges which in its opinion the Board should be allowing for, taking due account of the prevailing financial climate at that time. However, as part of the year-end accounting adjustments these charges are replaced by asset rental charges per CIPFA guidelines and for this financial year the asset rentals have resulted in a charge to the Revenue Account which is £77,166 less than the original budget.

vii) Corporate and Democratic Core / Non Distributed Costs – Overspend £16,720

There was greater than budgeted expenditure on Best Value initiatives of £28,250, offset mainly by net savings in the purchase of corporate guidelines and documentation of £8,330 and other net underspends totalling approximately £3,200.

vii) Income - Over Recovery £145,491

Additional income of £145,491 was received. This was mostly due to greater than budgeted recoveries from external bodies for the cost of employees seconded to them (£120,700), and other unbudgeted external income receipts of £24,800, mainly in respect of licensing income and other recharges.

viii) Interest and Investment Income - Over Recovery £47,189

Interest receivable was £47,189 more than budgeted due to a slight rise in interest rates over and above that anticipated during the year and the Board's positive cash flow throughout the year.

ix) Capital Expenditure Financed From Revenue – Overspend £434,875

As a result of the careful monitoring of additional unbudgeted income and staff cost savings which accrued throughout the year it was possible to authorise expenditure on an additional £434,875 of capital items over and above that budgeted. The main purchases making up this expenditure were:

- Three Fire Appliance chassis and an Ariel Ladder Platform (£238,000)
- Commencement of a major IT communications project (£136,700)
- Purchase of operational and protective equipment (£57,500)

2.6 Capital Expenditure

For all accounting periods commencing on or after 1 April 2004 capital expenditure is controlled by The Prudential Code for Capital in Local Authorities (The Code). The Code means that the Board no longer requires government permission to borrow but allows the Board to set its own borrowing limit. In practice the Scottish Executive issued a capital grant to the Board and the Capital Expenditure Plan was formulated within this limit. Capital expenditure incurred prior to 31 March 2004 continues to be financed by existing borrowing with the repayments being met from the revenue budget over the anticipated life of the asset.

The Board's Capital Expenditure Financial Plan for 2005/06 was funded by capital grant of £1.331m, specific top-slice funding of £0.363m and other capital funding of £0.046m, totalling £1.740m (2004/05: £1.820m). The plan included provision for the purchase, build, refurbishment and fitting out of fire appliances and rescue units, the purchase of operational and protective equipment, the provision of a training facility in Arbroath and the provision of disabled access and amenities at the fire stations at Blackness Road, Dundee; McAlpine Road, Dundee; Montrose and Arbroath.

In addition Capital Expenditure From Revenue (CFCR) of £0.615m (2004/05: £nil) was made available during the year following the careful monitoring and utilisation of other areas of the revenue budget. Finally capital receipts of £0.012m (2004/05: £0.021m) and an unutilised portion of the 2004/05 capital grant totalling £0.031m (2004/05: £n/a) were utilised to complete the available funding.

Actual capital/CFCR expenditure during the year totalled £2.357m (2004/05: £1.810m) with vehicles, property improvements, IT infrastructure and operational equipment accounting for the majority of this. The purchase/creation/refurbishment of thirteen front-line rescue pumps and other ancillary/firefighting support vehicles totalled £1,012,959 (2004/05: £595,529), expenditure on training facilities totalled £337,643 (2004/05: £580,003), expenditure on the provision of disabled access and amenities totalled £422,686

(2004/05: £175,711), the purchase of operational equipment and protective equipment totalled £260,216 (2004/05: £158,859), and the purchase and installation of IT infrastructure totalled £215,375 (2004/05: £140,067).

Other areas of expenditure included improvements to the appliance hall at Kingsway East Fire Station along with other minor building works.

The unutilised balance of £0.041m (2004/05: £0.031m) will be carried forward to the next financial year in accordance with the Code.

2.7 FRS17 Retirement Benefits – Pension Fund Liability

The Board's employees are eligible to join either of two pension schemes dependent on their conditions of service. Full-time uniformed firefighters are eligible to join the Firefighters' Pension Scheme. Control personnel and support staff are eligible to join the Local Government Pension Scheme. For all accounting periods commencing on or after 1 April 2003 FRS17 requires bodies to fully disclose the impact of retirement benefit liabilities on their operations. The Standard requires disclosure of the full effect of any pensions surplus/deficit arising on a body's pension fund. This is to be done by accounting for the surplus/deficit as an asset/liability on the face of the balance sheet. FRS17 also allows each body to offset this asset/liability with the creation of a pensions reserve on the balance sheet.

To comply with the requirements of FRS17 an assessment of the cost, income, assets and liabilities attributable to the Board as at 31 March 2006 was provided by an independent actuary for both the Firefighters Pension Scheme and the Local Government Pension Scheme. The Local Government Pension Scheme was measured on the basis of the last triennial actuarial valuation carried out as at 31 March 2005 and increased for all known movements since then.

As a result a Pensions Fund liability of £157.2m is disclosed on the balance sheet as at 31 March 2006 (31 March 2005: £138.9m). This is matched by a Pensions Reserve with a balance of £157.2m (31 March 2005: £138.9m).

The significance of this liability is that if every member of the pension scheme were to retire on 31 March 2006 the net cost to the Board in terms of pension benefits would be £157.2m.

2.8 Acknowledgements

I would like to thank the Chief Fire Officer and his staff for the effective management of the Board's finances in what has been another challenging year. I would also wish to thank all staff who have been involved in the preparation of Tayside Fire and Rescue Board's Statement of Accounts for 2005/06.

J Symon ACA
Treasurer
26 June 2006

SECTION 3

3 STATEMENT OF MAIN ACCOUNTING POLICIES

3.1 General

This Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S)AAC).

The Accounts are intended to present fairly the financial position and transactions of the Board and have been prepared in accordance with the fundamental accounting principles of relevance, reliability, comparability, understandability and materiality. The financial statements, other than the Cash Flow Statement, have been prepared on an historic cost basis modified by the revaluation of certain categories of fixed assets. Amounts, other than those in the Cash Flow Statement, are included on an accruals basis and the primacy of legislative requirements has been recognised.

Tayside Fire and Rescue Board, as the combined Fire Authority for Tayside, has statutory responsibilities under the Fire (Scotland) Act 2005 and is a 'going concern' (refer to para 3.12.3).

3.2 Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Land, operational properties, vehicles and equipment have been included in the balance sheet at the lower of net current replacement cost or net realisable value. Non-operational assets (assets under construction) are included at the cost incurred to bring them to their present state of completion as at 31 March 2006.

The current asset values in the accounts are based upon an estimate of the net value after allowing for depreciation. Any additions are included in the accounts at their cost of acquisition.

3.3 Depreciation

Depreciation is provided on all assets with a finite useful life that can be determined at the time of acquisition or revaluation. Provision is made on a straight-line basis at rates that are calculated to write off the costs or valuation less estimated residual value of each asset over their remaining estimated useful lives. The useful lives used for each class of asset are detailed below.

Buildings are depreciated treating specific components as having different useful lives. Periodically an independent expert opinion is sought as to the expected useful life of each building and its component parts. Depreciation is then provided over that period, or in the absence of such a professional opinion over the following useful lives:

Main Building	25 years
Drill Towers	25 years
Wiring	20 years
Windows	20 years
Heating	15 years
Pitched roof	25 years
Flat roof	15 years

- The estimated useful lives of vehicles range from 3 to 15 years.
- The estimated useful lives of equipment range from 3 to 15 years.

3.4 The Basis of Charges made to Revenue for Fixed Assets

In determining the Net Cost of Services, charges relating to the financing of fixed assets are removed from the Revenue Account and replaced with a capital charge for the use of assets. This charge includes a provision for depreciation where appropriate and a notional interest charge.

An adjustment is then made to replace the capital charges with loan principal repayments and external interest payments to produce the Net Operating Expenditure.

A further adjustment in the form of an appropriation from the Capital Financing Account reflects the difference between depreciation and Loans Fund principal repayments.

3.5 Reserves

The Board has established five reserves, the General Reserve, the Pensions Reserve, the Fixed Asset Restatement Account, the Capital Financing Account and the Usable Capital Receipts Reserve.

The General Reserve was introduced in 2002/03 following the introduction of the facility to carry forward revenue balances contained within the Police and Fire Services (Finance) (Scotland) Act 2001. It can be used to fund future budget pressures as and when they arise, and a part of it is earmarked to pay commuted pensions to officers who were eligible to retire in year but chose not to do so.

The Pension Reserve was introduced in 2003/04 to comply with the requirements of FRS17 Retirement Benefits.

The Fixed Asset Restatement Account, Capital Financing Account and Usable Capital Receipts Reserve were established to comply with local authority capital accounting rules and are only used for this specific purpose.

3.6 Basis of Funding and Charging for Capital

For accounting periods commencing on or after 1 April 2004 capital expenditure is primarily financed by way of a capital grant receivable on an annual basis from the Scottish Executive, or from Capital Expenditure Financed From Revenue (CFCR). There is no charge for this funding.

For capital expenditure incurred prior to 1 April 2004 the Board borrowed from external sources and this borrowing continues to be managed through Perth and Kinross Council's Consolidated Loans Fund (CLF). The Council's CLF made advances to the Board to finance capital expenditure and then made charges in respect of principal repayments, interest and debt management expenses.

3.7 Receipts from the Sale of Capital Assets

Capital receipts arising from the sale of assets are applied to increase the level of capital expenditure.

3.8 Revenue and Capital Transactions

Revenue and capital transactions are included in the accounts on an accruals basis, they are recognised as they are earned or incurred, not as money is received or paid.

3.9 Revenue and Capital Debtors and Creditors

All specific and material sums payable to and due by the Board as at 31 March 2006 have been brought into account. All salaries and wages payable up to 31 March 2006 are included in the Statement of Accounts for that year, irrespective of when actual payments were made. Sundry creditors and debtors include all specific accruals in respect of further material items.

3.10 Stores and Work in Progress

Stock balances are included in the balance sheet on an average cost basis. This does not comply with Statement of Standard Accounting Practice (SSAP) 9 "Stocks and Long Term Contracts" which states that the value at which stocks should be included in the financial statements is the lower of cost and net realisable value. This departure from standard accounting practice is immaterial to the presentation of the Board's financial position.

3.11 Insurance

Expenditure included in the Statement of Accounts relates to premiums paid, policy excesses and the settlement of claims.

3.12 Pensions

The Board participates in two pension schemes which provide members with defined benefits related to pay and service. The schemes are as follows:-

3.12.1 Uniformed Firefighters

The scheme is unfunded and the charge to the accounts represents the net cost of pensions and other benefits after allowing for contributions made by employees for the year.

3.12.2 Other Employees

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (Tayside Superannuation Fund). The pension costs that are charged to the Board's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees.

3.12.3 Going Concern

The balance sheet at 31 March 2006 shows net liabilities of £143.7 million. This net liability position reflects the inclusion of net pension liabilities of £157.2 million falling due in future years and arising from the application of FRS 17. It is appropriate to adopt a going concern basis for the preparation of the financial statements as the constituent authorities have a legal obligation under the 1995 Combined Area Amalgamation Scheme Order to provide the Board with funding to meet all liabilities as they fall due.

3.13 Grants

Under the Prudential Code for Capital Finance in Local Authorities the Board received substantial grant funding from the Scottish Executive in 2005/06. This was used to finance the Board's capital expenditure programme.

3.14 Changes in Accounting Policies and Estimation Techniques

There were no material changes in accounting policies or estimation techniques introduced during the year to 31 March 2006.

SECTION 4

TAYSIDE FIRE AND RESCUE BOARD

Revenue Account for the Year Ended 31 March 2006

2004/05 Actual		Note	Gross Expend.	Income	Net Expend.	2005/06 Budget	Variance
£000			£000	£000	£000	£000	£000
398	Community Fire Safety		497	(1)	496	486	10
25,836	Fire Fighting and Rescue Operations		27,609	(305)	27,304	27,750	(446)
115	Fire Service Emergency Planning and Civil Defence		120	0	120	117	3
126	Corporate & Democratic Core		142	0	142	125	17
7	Non Distributed Costs		7	0	7	8	(1)
26,482	Net Cost of Services	5.9	28,375	(306)	28,069	28,486	(417)
(259)	Asset Management Revenue Account	5.2			(521)	(521)	0
(81)	Interest and Investment Income				(97)	(50)	(47)
7,163	Pension Interest Cost and Expected Return on Pensions Asset	5.1			7,427	7,427	0
33,305	Net Operating Expenditure				34,878	35,342	(464)
(883)	Contribution from the Capital Financing Account				(793)	(793)	0
0	Capital Expenditure Financed from Revenue				615	180	435
(8,137)	Contribution from the Pensions Reserve				(8,826)	(8,826)	0
24,285	Amount to be met by Constituent Authorities				25,874	25,903	(29)
	<u>Constituent Council Requisitions</u>						
(4,589)	Angus Council				(4,921)	(4,921)	0
(12,558)	Dundee City Council				(13,470)	(13,470)	0
(7,004)	Perth & Kinross Council				(7,512)	(7,512)	0
(24,151)					(25,903)	(25,903)	0
134	(Surplus)/Deficit for Financial Year	5.11			(29)	0	(29)
(1,461)	Balance on General Reserve b/fwd				(1,327)	(1,327)	0
(1,327)	Balance on General Reserve c/fwd	5.11			(1,356)	(1,327)	(29)

SECTION 5

5 NOTES TO THE REVENUE ACCOUNT

5.1 Pension Costs

1) Uniformed Firefighters

The majority of uniformed staff participate in the Firefighters Pension Scheme. The scheme is a defined benefit scheme related to pay and service. However, the scheme is also unfunded, ie. there are no assets built up to meet pension liabilities, and therefore the net cost of these liabilities ultimately falls upon the employer. There is no definitive evidence arising from an independent actuarial review to show that the age profile of the active membership is rising significantly.

2) Other Staff

Non-uniformed employees and Fire Control personnel are eligible to join the Local Government Pension Scheme (Tayside Superannuation Fund). This is administered by Dundee City Council and is a defined benefit scheme related to pay and service. It is a multi-employer scheme where individual employer's share of assets and liabilities can be identified on a consistent and reasonable basis. There is no definitive evidence arising from an independent actuarial review to show that the age profile of the active membership is rising significantly.

The Local Government Pension Scheme contribution rate is based upon an independent triennial actuarial valuation. The last full triennial valuation of the Local Government Pension Scheme's assets and liabilities was carried out during 2005/06 with an effective valuation date of 31 March 2005. This showed that the Board's contribution rate required to be 275% for 2005/06 (2004/05: 265%) of employees' contributions.

3) Pension Scheme Transactions

The 2005/06 transactions on the revenue account relating to the Local Government Pension Scheme and the Firefighters Pension Scheme are as follows:-

Total 2004/05		Firefighters Pension Scheme	Local Govt Pension Scheme	Total 2005/06
£		£	£	£
5,053,000	Current Service Cost	5,290,000	263,000	5,553,000
7,605,000	Interest Cost	7,392,000	523,000	7,915,000
(442,000)	Expected Return on Assets	0	(488,000)	(488,000)
<u>12,216,000</u>	Total charged to revenue account	<u>12,682,000</u>	<u>298,000</u>	<u>12,980,000</u>

These transactions agree with the corresponding movements on the Pensions Liability (see note 7.4 to the Balance Sheet – FRS17 Disclosure Requirements) and the appropriation from the Pensions Reserve (see Section 8 – Statement of Total Movement in Reserves).

5.2 Transactions on the Asset Management Revenue Account

The transactions on the Asset Management Revenue Account in 2005/06 are as follows:-

2004/05		2005/06
£		£
	Income	
2,516,054	Capital Charges	2,642,284
0	Amortisation of Gov't Grant Deferred	174,111
	Expenditure	
(1,723,339)	Provision for Depreciation	(1,826,057)
(534,214)	Loans Interest	(469,869)
258,501	Balance to the Revenue Account	520,469

5.3 Leases

Finance Leases: there are no finance leases in existence.

Operating Leases: Operating Lease rental payments of £110,933 (2004/05: £117,877) were made during 2005/06, with an undischarged liability of £161,634 still remaining at 31 March 2006 (2004/05: £161,276).

There are no leases in existence for which the Board act as lessors.

5.4 Publicity Account

Section 5(1) of the Local Government Act 1986 requires Local Authorities to keep a separate account of expenditure on publicity. Publicity expenditure was incurred as follows:-

2004/05		2005/06
£		£
	Income	
20,159	Recruitment Advertising	18,587
1,251	Other Advertising	1,520
21,410		20,107

5.5 Local Authority (Goods and Services) Act 1970

Certain support and agency services are supplied by other public bodies and the Board reimburses these bodies for their services. The expenditure incurred as a result of these services being supplied was as follows:-

	2004/05	2005/06
	£	£
<u>Angus Council</u>		
Provision of Computer Maintenance Services	10,000	10,000
<u>Dundee City Council</u>		
Provision of Insurance & Risk Management Administration Services	8,515	8,820
Provision of Payroll Services	32,917	32,067
Provision of Pension Administration Services	14,706	14,200
<u>Perth and Kinross Council</u>		
Treasurer's Fee	6,000	6,000
Secretarial and Clerking Fee	14,820	24,000
Provision of Internal Audit Services	8,000	6,000
Provision of Banking Services	3,000	3,000
Provision of Treasury Management Services	9,000	9,000
Provision of Legal Services	3,538	4,000
Provision of Services relating to Single Status	18,144	19,275
<u>Tayside Police Joint Board</u>		
Provision of Radio and Communication Maintenance Services	77,817	84,537
Total Expenditure	206,457	220,899

The Board does not currently supply goods or services to other public bodies; therefore there is no income arising from the provision of goods or services to other public bodies as empowered by the Local Authority (Goods and Services) Act 1970.

5.6 Government Grants

The Board did not receive any Government revenue grants in 2005/06 (2004/05: £0).

5.7 Members Allowances

The total allowances paid to members for services provided to the Fire and Rescue Board in 2005/06 was £0 (2004/05: £0). These costs and allowances are borne by the individual constituent authorities.

5.8 Officers Emoluments

The number of employees whose taxable remuneration, excluding pension contributions, was £40,000 or more in bands of £10,000 were:-

Salary Banding £	Number of Employees 2004/05	Number of Employees 2005/06
40,000-49,999	13	19
50,000-59,999	1	2
60,000-69,999	1	1
70,000-79,999	0	1
80,000 -89,999	1	1

5.9 Best Value Accounting Code of Practice

The Best Value Accounting Code of Practice introduced mandatory service levels to which costs should be shown. The net expenditure for Tayside Fire and Rescue Board at mandatory service division level is shown on the face of the Revenue Account. An alternative analysis of the Net Cost of Services is offered below.

2004/05 Actual		2005/06 Budget	2005/06 Actual	Variance
£		£	£	£
21,046,844	Staff Costs	22,759,260	22,338,692	(420,568)
983,109	Property Costs	1,027,300	1,068,878	41,578
1,435,857	Supplies and Services	1,373,000	1,422,360	49,360
681,164	Transport Costs	633,200	753,322	120,122
1,694	Third Party Payments	1,700	0	(1,700)
2,516,054	Capital Charges	2,719,450	2,642,284	(77,166)
126,317	Corp & Democratic Core	124,977	142,158	17,181
7,238	Non Distributed Costs	7,923	7,462	(461)
26,798,277	Gross Expenditure	28,646,810	28,375,156	(271,654)
(316,098)	General Income	(161,000)	(306,491)	(145,491)
26,482,179	Net Cost of Services	28,485,810	28,068,665	(417,145)

5.10 External Audit Fees

The fee payable to Audit Scotland for external audit services undertaken during 2005/06 was split as follows:

- Statutory fee charged in accordance with the Code of Audit Practice £26,360 (2004/05: £23,500).
- Work undertaken on special verification audit £0 (2004/05: £16,350).
- No other additional work was undertaken during the year (2004/05: £0).

5.11 General Reserve

Part of the General Reserve is earmarked to finance future pension commutation liabilities. The movement on the General Reserve during 2005/06 is as follows:-

2004/05		2005/06	2005/06	2005/06
Total		Total	Earmarked	Remainder
£		Reserve	Portion	£
1,461,262	Balance as at 1 April	1,326,884	892,114	434,770
(134,378)	Surplus/(Deficit) for Year from Revenue Account	29,460	(281,356)	310,816
1,326,884	Balance as at 31 March	1,356,344	610,758	745,586

The earmarked portion of the General Reserve relates to the funding of future pension commutation liabilities. Please also refer to Note 7.11 to the Balance Sheet.

SECTION 6

TAYSIDE FIRE AND RESCUE BOARD

Balance Sheet as at 31 March 2006

31 March 2005	<i>Note</i>	31 March 2006
<u>£000</u>		<u>£000</u>
Tangible Fixed Assets		
17,604 Land and Buildings		17,557
4,042 Vehicles, Plant, Furniture and Equipment		4,002
Non Operational Assets:		
67 - Assets Under Construction		686
21,713 Total Fixed Assets	7.2	22,245
Current Assets		
85 Stocks and Stores		93
429 Sundry Debtors	7.12	250
1,466 Bank and Cash on Deposit		1,642
1,980 Total Current Assets		1,985
Current Liabilities		
1,380 Short -Term Borrowing	7.8	306
1,578 Sundry Creditors	7.12	1,863
244 Bank Overdraft		387
3,202 Total Current Liabilities		2,556
(1,222) Total Net Current Liabilities		(571)
20,491 Total Assets less Current Liabilities		21,674
Long Term Liabilities		
8,436 Long-Term Borrowing	7.8	8,189
1,820 Government Grants - Deferred	7.7	3,387
138,902 Defined Benefit Pension Scheme	7.4	157,214
149,158 Total Long Term Liabilities		168,790
(128,667) Total Net Liabilities		(147,116)
Financed by:		
12,924 Fixed Asset Restatement Account	7.5	12,925
(4,016) Capital Financing Account	7.5	(4,183)
(138,902) Pensions Reserve	7.4	(157,214)
1,327 General Reserve	7.11	1,356
(128,667) Total Net Worth		(147,116)

J Symon ACA
Treasurer
26 June 2006

SECTION 7

7 NOTES TO THE BALANCE SHEET

7.1 Information on Assets Held

As at 31 March 2006 the Board owned 24 Fire Stations and also owned computer and office equipment, office furniture and vehicles which are included in the Balance Sheet. The Board's level of capital expenditure is controlled by The Prudential Code for Capital in Local Authorities (the Code) and is enshrined within Part 7 of the Local Government in Scotland Act 2003. The Code means that the Board no longer requires government permission to borrow but allows the Board to set its own borrowing limit. In practice the Capital Expenditure Plan for the Board was contained within the limits of the Scottish Executive capital grant allocation for 2005/06.

7.2 Fixed Asset Statement

	LAND & BUILDINGS £	VEHICLES & EQUIPMENT £	NON-OP ASSETS £	TOTAL £
Gross Book Value at 1 April 2005	19,273,083	9,477,198	67,169	28,817,450
Expenditure at cost	868,729	844,651	643,899	2,357,279
Disposals	0	(705,149)	0	(705,149)
Revaluation and Restatement	0	25,998	(25,598)	400
Gross Book Value at 31 March 2006	20,141,812	9,642,698	685,470	30,469,980
Depreciation at 1 April 2005	1,669,201	5,434,961	0	7,104,162
Depreciation Charge for the year	915,274	910,783	0	1,826,057
Depreciation write back on disposals	0	(705,149)	0	(705,149)
Depreciation at 31 March 2006	2,584,475	5,640,595	0	8,225,070
Net Book Value at 31 March 2006	17,557,337	4,002,103	685,470	22,244,910
Net Book Value at 31 March 2005	17,603,882	4,042,237	67,169	21,713,288
Capital Expenditure in Year Financed by:				
Capital Grant	845,940	458,840	425,934	1,730,714
Capital Receipts	0	11,690	0	11,690
Capital Exp financed from Revenue	22,789	374,121	217,965	614,875
Total Financing	868,729	844,651	643,899	2,357,279

7.3 Valuation of the Board's Assets

With the exception of the new training facilities in Perth and Arbroath all of the Board's land and properties were revalued during the year April 2003 to March 2004 with an effective valuation date of 31 March 2004. The Board is not aware of any material change in the values of land, property, vehicles, plant or equipment during 2005/06 and therefore the values of the assets have not been revalued or re-stated. The assets require to be revalued every 5 years. Therefore, the next complete revaluation requires to be undertaken on or before 31 March 2009.

The properties were revalued on a depreciated replacement cost basis by staff at Lickley Proctor (Chartered Surveyors) and was overseen by the FRICS qualified senior partner of that company. They were carried out in accordance with the CIPFA Code of Practice on Local Accounting in the UK and the RICS Red Book.

Depreciated replacement cost is defined as “an estimate of the market value for the existing use of the land, plus the current gross replacement (or reproduction) costs of improvement, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation, subject to the test of adequate service potential.” All of these factors might result in the existing property being worth less to the organisation in occupation than would a new replacement.

Vehicles and equipment have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.

7.4 FRS17 Disclosure Requirements

Financial Reporting Standard 17 (FRS 17) Retirement Benefits requires the Board to provide clear information on the impact of its obligation to fund the retirement benefit of its staff on its financial position and performance. The disclosures in note 5.1 to the Revenue Account provide information on the amounts recognised in the accounting statements. The disclosures in this note are intended to provide additional information to allow users to understand the underlying economic situation of the Board.

Firefighters Pension Scheme

The Firefighters Pension Scheme is classified as a single employer defined benefit scheme. This scheme is unfunded which means there are no assets built up to fund future liabilities. The Board determines the requisitions from constituent authorities which, together with contributions from firefighters, are required to meet the scheme’s commitments.

The main financial assumptions at the beginning and end of the period used in preparing the valuation were as follows:-

Assumptions as at	1 April 2005 % Per Annum	31 March 2006 % Per Annum
Price Increases	2.9%	3.0%
Salary Increases	4.4%	4.5%
Pension Increases	2.9%	3.0%
Discount Rate	5.4%	4.9%

The scheme has a net pension liability of £154.8m (2004/05: £136.2m). The scheme is unfunded and therefore has no attributable assets.

Movements in Deficit During the Year

	Year to 31 March 2005 £000	Year to 31 March 2006 £000
Deficit at beginning of year	(108,400)	(136,200)
Current Service Cost	(4,795)	(5,290)
Transfers In	(402)	(343)
Transfers Out	128	130
Employers' Contributions	4,085	4,102
Interest Cost on Liabilities	(7,116)	(7,392)
Actuarial Gains/(Losses)	800	(9,812)
Effect of Change in Accounting Methodology	(20,500)	0
Pension Reserve Balance	(136,200)	(154,805)

Tayside Superannuation Fund

The Tayside Superannuation Fund (the Fund) is classified as a multi employer defined benefit scheme. The last formal actuarial valuation for funding purposes was at 31 March 2005 and was carried out during 2005/06. Therefore the next formal valuation is due on or before 31 March 2008 and should be carried out during 2008/09. In the production of the accounts for 2005/06 the actuary has used a roll-forward approach, rebasing the results of the last full valuation and allowing for known movements in the actuarial and financial assumptions required under FRS17 since that date. The valuation for FRS17 purposes has identified the Board's share of the Fund's underlying assets and liabilities.

The main financial assumptions at the beginning and end of the period used in preparing the valuation were as follows:

Assumptions as at	1 April 2005 % per annum	31 March 2006 % per annum
Price Increases	2.9%	3.0%
Salary Increases	4.4%	4.5%
Pension Increases	2.9%	3.0%
Discount Rate	5.4%	4.9%

The Board's share of the assets in the Tayside Superannuation Scheme is valued at fair value and is shown below as at the beginning and end of the period:-

Fair Value of Board's Attributable Assets as at 1 April 2005

Assets	Long Term Return % per annum	Fund Value at 1 April 2005 £000	% of Total Assets	Expected Return per annum £000
Equities	7.5%	4,935	69.1%	370
Gilts	4.5%	851	11.9%	38
Bonds	5.3%	442	6.2%	24
Property	7.0%	650	9.1%	46
Cash	4.3%	266	3.7%	11

Total		7,144	100.0%	489
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Fair Value of Board's Attributable Assets as at 31 March 2006

Assets	Long Term Return % per annum	Fund Value at 31 March 2006 £000	% of Total Assets	Expected Return per annum £000
Equities	7.0%	6,660	72.5%	466
Gilts	4.2%	1,097	11.9%	46
Bonds	4.9%	440	4.8%	22
Property	6.5%	791	8.6%	51
Cash	4.0%	202	2.2%	8
Total		9,190	100.0%	593

Present Value of Scheme Liabilities

Net Pension Assets/(Liabilities) as at	31 March 2005 £000	31 March 2006 £000
Estimated Tayside Fire and Rescue Board Assets	7,144	9,190
Present Value of Scheme Liabilities	(9,724)	(11,518)
Present Value of Unfunded Liabilities	(122)	(81)
Total Value of Liabilities	(9,846)	(11,599)
Net Pension Liabilities	(2,702)	(2,409)

The Board has net pension liabilities in respect of the Fund of £2,409,000 (2004/05: £2,702,000 net liability).

Movement in Deficit During The Year

	Year to 31 March 2005 £000	Year to 31 March 2006 £000
Deficit at beginning of year	(907)	(2,702)
Current Service Cost	(258)	(263)
Past Service Costs	-	-
Employer Contributions	247	272
Interest on Scheme Liabilities	(489)	(523)
Expected Return on Assets	442	488
Difference between the expected return and actual return	352	1,562
Experience gains/(losses) arising on Scheme Liabilities	0	136
Changes in financial and demographic assumptions	(425)	(1,379)
Effect of Change in accounting methodology	(1,664)	0
Deficit at end of year	(2,702)	(2,409)

7.5 Transactions on the Fixed Asset Restatement Account/Capital Financing Account

Movement of Fixed Asset Restatement Account

2004/05		2005/06
£		£
12,460,684	Opening Balance	12,924,481
463,797	Revaluation and Restatements	400
339,431	Depreciation Written Back	705,149
(339,431)	Disposals	(705,149)
<u>12,924,481</u>	Closing Balance	<u>12,924,881</u>

Movement on Capital Financing Account

2004/05		2005/06
£		£
(3,154,553)	Opening Balance	(4,016,255)
20,927	Usable Capital Receipts	11,690
0	Amortisation of Government Grants Deferred	174,111
0	Capital Expenditure Financed From Revenue	614,875
(882,629)	Difference between Loan Principal repayment and Depreciation	(967,001)
<u>(4,016,255)</u>	Closing Balance	<u>(4,182,580)</u>

7.6 Transactions on the Usable Capital Receipts Reserve

This represents the capital receipts available to finance capital expenditure in future years after setting aside amounts for the repayment of existing loans.

2004/05		2005/06
£		£
0	Opening Balance	0
20,927	Capital Receipts	11,690
0	Receipts set aside for repayment of existing debt	0
(20,927)	Transfer of balance to Capital Financing Account	(11,690)
<u>0</u>	Closing Balance	<u>0</u>

7.7 Transactions on the Government Grants – Deferred Account

This represents the contributions received from government sources towards the acquisition or construction of fixed assets. These contributions are released to revenue over a period equivalent to the period over which the Board receives economic benefit from the assets so purchased or created.

2004/05		2005/06	
£		£	
0	Opening Balance	1,820,000	
1,820,000	Capital Grant Received	1,740,469	
0	Amortisation of Grant to Revenue	(174,111)	
1,820,000	Closing Balance	3,386,358	

7.8 Analysis of Borrowing

During 2005/06 the Board borrowed four loans totalling £5,000,000 (2004/05: one loan - £750,000) from the Public Works Loan Board at an average interest rate of 4.350% to finance historic debt. These loans mature in 2, 3, 5 and 30 years respectively.

Loan debt plus debt brought forward is managed by Perth and Kinross Council and is analysed in full below.

Maturity Period	Perth and Kinross Council			Total £000	Average Rate %
	PWLB £000	Council £000	Other £000		
Less than 1 year	0	306	0	306	7.85%
1 - 2 years	1,000	256	0	1,256	5.06%
2 - 3 years	1,000	231	0	1,231	5.01%
3 - 4 years	0	129	0	129	7.85%
4 - 5 years	1,000	42	0	1,042	4.49%
5 - 6 years	0	41	0	41	7.85%
6 - 10 years	0	40	0	40	7.85%
10 - 15 years	0	0	0	0	0.00%
15 + years	2,950	0	1,500	4,450	4.95%
Total	5,950	1,045	1,500	8,495	5.10%

7.9 Capital Commitments

At 31 March 2006 the Board had outstanding capital commitments of £83,000 (2004/05: £0) mainly as a consequence of certain property works being incomplete at the end of the financial year.

7.10 Euro

The Board is required to disclose certain information in connection with the possible entry to the European Single Currency. As at 31 March 2006 no commitments in respect of costs associated with the Euro had been made, no exceptional expenditure had been incurred and it was not possible to forecast the total costs likely to be incurred.

7.11 General Reserve – Portion Earmarked to Fund Future Pension Commutation Liabilities

A portion of the £1.356m contained within the General Reserve as at 31 March 2006 is earmarked to fund future pension commutation liabilities. The earmarked portion as at 31 March 2006 is £610,758 (31 March 2005: £892,114). Please also refer to Note 5.11 to the Revenue Account.

7.12 Sundry Debtors and Sundry Creditors

Sundry Debtors can be analysed as follows:-

2004/05		2005/06
£		£
358,080	Trade Debtors	246,318
71,204	Other Debtors	3,586
429,284	Total Sundry Debtors	249,904

Sundry Creditors can be analysed as follows:-

2004/05		2005/06
£		£
1,085,990	Trade Creditors	1,182,289
466,930	Payroll Creditors	669,798
25,756	Other Creditors	11,000
1,578,676	Total Sundry Creditors	1,863,087

7.13 Operating Lease Commitments

The Board is committed at 31 March 2006 to make payments of £89,096 under operating leases in 2006/07 as follows:

	Vehicles
	£
Leases expiring in 2006/07	7,765
Leases expiring between 2007/08 and 2010/11	81,330
Total Operating Lease Payments Committed	89,095

7.14 Date of Signing of Balance Sheet and Post-Balance Sheet Events

The Treasurer, being the officer responsible for the Board's financial affairs, signed the Statement of Accounts on 26 June 2006.

Events after the date of the Balance Sheet (31 March 2006) up to the date of signing have been considered in the preparation of the 2005/06 Statement of Accounts.

SECTION 8

STATEMENT OF TOTAL MOVEMENT IN RESERVES

CAPITAL RESERVES

Movements in amounts set aside to finance capital investment

2004/05		2005/06	
Total £000		Capital Financing Account £000	Total £000
3,155	Balance as at 1 April	4,017	4,017
(21)	Financing of Fixed Assets	(12)	(12)
883	Appropriation to Revenue Account	793	793
0	Capital Expenditure financed from Revenue	(615)	(615)
4,017	Balance as at 31 March	4,183	4,183

Other Capital Reserves

2004/05		2005/06		
Total £000		Fixed Asset Restatement Account £000	Usable Capital Receipts £000	Total £000
(12,461)	Balance as at 1 April	(12,925)	0	(12,925)
(464)	Re-valuation of fixed assets	0	0	0
<u>Effects of Disposal of Fixed Assets</u>				
339	Value of Assets Disposed of	705	0	705
(339)	Dep'n Written Back on Disposals	(705)	0	(705)
(20)	Proceeds of Disposals	0	(12)	(12)
(20)	Net (Surplus)/Deficit	0	(12)	(12)
<u>Other Capital Receipts</u>				
(1)	Capital Grant Received	0	0	0
21	Financing of Fixed Assets	0	12	12
(12,925)	Balance as at 31 March	(12,925)	0	(12,925)

REVENUE RESERVES

2004/05		2005/06		
Total £000		General Reserve £000	Pensions Reserve £000	Total £000
107,846	Balance as at 1 April	(1,327)	138,902	137,575
134	(Surplus)/Deficit for Year	(29)	0	(29)
8,137	Appropriations to Revenue	0	8,826	8,826
21	Employer's Contribution Adjustment	0	(7)	(7)
21,437	Actuarial Losses Relating to Pensions	0	9,493	9,493
<u>137,575</u>	Balance as at 31 March	<u>(1,356)</u>	<u>157,214</u>	<u>155,858</u>

SECTION 9

9 NOTES TO THE STATEMENT OF TOTAL MOVEMENT IN RESERVES

9.1 Defined Benefit Pension Schemes as at 31/03/06

	Firefighters Pension Scheme as at 31/03/06		Local Govt Pension Scheme as at 31/03/06	
	£000	%	£000	%
Difference between the expected and actual return on assets	n/a	n/a	1,562	17.0
Experience gains and losses arising on the scheme liabilities	201	0.1	136	1.2
Changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(10,013)	(6.5)	(1,379)	(11.9)

9.2 Defined Benefit Pension Schemes – Previous Years

FPS = Firefighters Pension Scheme

LGPS = Local Government Pension Scheme

	FPS as at 31/03/05		FPS as at 31/03/04		FPS as at 31/03/03		LGPS as at 31/03/05		LGPS as at 31/03/04		LGPS as at 31/03/03	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Difference between the expected and actual return on assets	n/a	n/a	n/a	n/a	n/a	n/a	352	5.0	742	11.8	(1,466)	(28.8)
Experience gains and losses arising on the scheme liabilities	5,700	4.0	99	0.1	700	0.7	0	0.0	(29)	(0.4)	(430)	(6.5)
Changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(4,900)	(3.6)	0	0.0	(760)	(0.8)	(425)	(4.3)	0	0.0	(11)	(0.2)

SECTION 10

TAYSIDE FIRE AND RESCUE BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

2004/05		<i>Notes</i>	2005/06
£000	REVENUE ACTIVITIES		£000
	<u>Cash Outflows</u>		
22,175	Cash Paid to and on behalf of Employees		22,412
<u>2,769</u>	Other Operating Cash Payments		<u>3,490</u>
24,944			25,902
	<u>Cash Inflows</u>		
(1,955)	General Income	(1,964)	
<u>(24,286)</u>	Requisitions from Constituent Councils	<u>(25,768)</u>	
(26,241)			(27,732)
<u>(1,297)</u>	Net Cash Inflow From Revenue Activities	<i>11.1</i>	<u>(1,830)</u>
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	<u>Cash Outflows</u>		
545	Interest Paid	456	
	<u>Cash Inflows</u>		
(61)	Interest Received	<u>(95)</u>	361
<u>(813)</u>			<u>(1,469)</u>
	CAPITAL ACTIVITIES		
	<u>Cash Outflows</u>		
1,805	Purchase of Fixed Assets	1,867	
	<u>Cash Inflows</u>		
(20)	Sale of Fixed Assets	(12)	
(1,820)	Capital Grants Received	(1,694)	
(1)	Other Cash Capital Receipts	<u>(47)</u>	
<u>(849)</u>	Net Cash Inflow Before Financing		<u>114</u>
	FINANCING		
	<u>Cash Outflows</u>		
1,383	Repayments of Amounts Borrowed	6,321	
	<u>Cash Inflows</u>		
(750)	New Loans Raised	<u>(5,000)</u>	1,321
<u>(216)</u>	Increase in Cash	<i>11.2</i>	<u>(34)</u>

SECTION 11

11 NOTES TO THE CASH FLOW STATEMENT

11.1 Reconciliation of Revenue Account Balance to Cash Inflow from Revenue Activities

	£	£
Revenue Account Surplus for Year per Accounts		29,459
Increase/(Decrease) in Revenue Creditors and Provisions	(205,984)	
(Increase)/Decrease in Stocks	(7,547)	
(Increase)/Decrease in Revenue Debtors	179,381	(34,150)
	<hr/>	
Interest Paid	456,452	
Principal Repaid	859,056	
Interest Received	(95,443)	
Capital Expenditure Financed from Revenue	614,875	
	<hr/>	1,834,940
Net Cash Inflow from Revenue Activities		<u><u>1,830,249</u></u>

11.2 Increase in Cash

	Balance At 31/03/04 £	Balance at 31/03/05 £	Movement £	Balance at 31/03/05 £	Balance at 31/03/06 £	Movement £
Cash in Hand	150	150	0	150	150	0
Bank Accounts	1,005,171	1,221,389	216,218	1,221,389	1,255,328	33,939
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,005,321	1,221,539	216,218	1,221,539	1,255,478	33,939

SECTION 12

TAYSIDE FIRE AND RESCUE BOARD

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Fire and Rescue Board's Responsibilities

The Fire and Rescue Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For Tayside Fire and Rescue Board that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Board's statement of accounts in accordance with proper practices as set out in the CIPFA/LA(S)AAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

In preparing this statement of accounts, the Treasurer has:

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

The Treasurer has also:

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

The statement of accounts presents fairly the financial position of the Board at the accounting date and its income and expenditure for the year ended 31 March 2006.

J Symon ACA
Treasurer
26 June 2006

SECTION 13

TAYSIDE FIRE AND RESCUE BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

- 1 This statement is given in respect of the Statement of Accounts for Tayside Fire and Rescue Board. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources of the Board.
- 2 The system of internal financial control can provide only reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.
- 3 The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Managers within the Board undertake development and maintenance of the system. In particular, the system includes:
 - Comprehensive budgeting systems;
 - Regular reviews of periodic and annual financial reports that indicate financial performance against forecasts;
 - Setting targets to measure financial and other performance;
 - The preparation of regular financial reports that indicate actual expenditure against forecasts;
 - Clearly defined capital expenditure guidelines; and
 - As appropriate, formal project management disciplines.
- 4 A key financial control is the existence of an internal audit service. The Board, through a Service Level Agreement (SLA), utilises the services of Perth and Kinross Council's internal audit section who work to defined standards which are governed by their own Code of Corporate Governance. The Chief Internal Auditor carries out independent reviews and submits them to the Performance Monitoring Sub-Committee of Tayside Fire and Rescue Board. The Chief Internal Auditor did not however provide an independent opinion on the overall adequacy and effectiveness of the Board's system of internal financial control.
- 5 My review of the effectiveness of the system of internal financial control is informed by:
 - The work of managers within the Board;
 - The work of internal auditors as described in 4 above; and
 - External auditors in their annual audit letter and other reports.
- 6 Currently no material weaknesses that require to be addressed have been identified; however, any recommendations made by both internal and external audit as a result of audits carried out in 2005/06 will be implemented under the normal business of the Board.

J Symon ACA
Treasurer
26 June 2006

SECTION 14

Independent Auditor's Report

To the members of Tayside Fire and Rescue Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Tayside Fire and Rescue Board for the year ended 31 March 2006 under Part VII of the Local Government (Scotland) Act 1973. These comprise the Revenue Account, the Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and the Code of Audit Practice approved by the Accounts Commission and for no other purpose as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2005 - A Statement of Recommended Practice (the 2005 SORP) are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

I report my opinion as to whether the financial statements present fairly the financial position of the Board in accordance with applicable laws and regulations and the 2005 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects the Board's compliance with the SORP. I report if, in my opinion, it does not comply with the SORP or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement covers all risk and controls. Neither am I required to form an opinion on the effectiveness of the local authority's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion

- the financial statements present fairly, in accordance with applicable laws and regulations and the 2005 SORP, the financial position of the Board as at 31 March 2006 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Maggie Bruce CA
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Audit Scotland
Ballantyne House
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Inverness IV1 1LU

06 September 2006

SECTION 15
TAYSIDE FIRE AND RESCUE BOARD
ACCOUNTS COMMISSION
PUBLICATION OF PERFORMANCE INFORMATION FOR 2005/06

Comparative figures for 2004/05 are shown in brackets.

Community Fire Safety:

- (i) The number of incidents resulting in casualties per 10,000 population: 1.7 (1.5)
- (ii) The number of fatal and non-fatal casualties per 10,000 population: 2.4 (new indicator for 2005/06)
- (iii) The number of accidental dwelling fires per 10,000 population: 12.3 (11.8)

Sickness Absence : The percentage of rider shifts lost during the year due to:

Sickness	5.7% (6.1%)
Light duties	0.7% (0.5%)

The percentage of working time lost to sickness for all other staff directly employed by the Board

Due to sickness	5.3% (4.7%)
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Call Response Time: The percentage of calls to incidents handled within the following time periods

Handled within one minute	64.5% (68.3%)
Handled in less than 2 minutes	94.6% (94.8%)