

TAYSIDE FIRE BOARD

STATEMENT OF ACCOUNTS 2004/05

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SECTION 1
TAYSIDE FIRE BOARD
MEMBERS AND OFFICIALS 2004/05

Convener

Depute Lord Provost Charles Farquhar OBE JP DL (Dundee)

Vice Convener

Depute Provost Stewart McGlynn (Angus)

Vice Convener

Councillor David Dow (Perth & Kinross)

Angus Council

Appointed Members

Councillor J Gibb
Councillor H Oswald
Councillor G Norrie MBE JP
Councillor J Spiers (until 31 March 2005)
Councillor R Barrie (from 31 March 2005)

Dundee City Council

Appointed Members

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

Perth & Kinross Council

Appointed Members

Councillor A Barr (from 17 August 2004)
Councillor A Jack
Councillor I Miller
Councillor D Scott (from 17 August 2004)
Councillor L Simpson
Councillor G Hunter (until 17 August 2004)
Councillor C Young (until 17 August 2004)

Officials

Firemaster - S Hunter BSc MBA MCGI FIFireE QFSM
Clerk – Mrs G Taylor - (Perth & Kinross Council)
Treasurer - Mr A R McArthur CPFA - (Perth & Kinross Council)

SECTION 2

2 FOREWORD BY THE TREASURER

2.1 Introduction

The total expenditure incurred by the Tayside Fire Board (the Board) during 2004/05 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 renewal 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 2004/05 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 2004/05 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 2005.
- (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 Board - Financial Arrangements

The Board approved a Revenue Budget for 2004/05 of £24.286m (2003/04: £22.368m). 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 & 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. For periods up to and including 31 March 2004 capital expenditure was funded by borrowing over the anticipated lifetime of the asset in question. The Scottish Executive controlled overall levels of Capital expenditure. For accounting periods commencing on or after 1 April 2004 the Prudential Code for Capital Finance in Local Authorities was introduced 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 2004/05 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 2003/04.

2.5 Revenue Expenditure

2.5.1 Major Financial Variances

The major financial variances affecting the Board in 2004/05 related to:

i) Staff Costs – Underspend £343,004

This has arisen due to changes in the presentation of pension costs. The original budget is not compiled on an FRS17 – Retirement Benefits basis, 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 the actuary's valuation. The net effect of this adjustment was an underspend of £388,100, but this was offset by a net overspend on actual salary costs of £45,200.

iii) Property Costs- Overspend £36,609

There was greater than budgeted expenditure on property repairs, maintenance and other miscellaneous property costs of £96,200, cleaning costs £10,700, maintenance of fire extinguishers £5,500 and other minor overspends totalling £2,300.

These were offset by a saving in the budgeted expenditure on rates (£12,000), sewerage (£31,500), property insurance (£11,800), metered water charges (£14,200), and energy costs (£8,600).

iii) Supplies and Services - Overspend £311,101

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

• Insurance	£30,000	• IT Development & Support	£32,700
• Operational Equipment	£199,600	• Medical Examination Fees	£27,100
• Equality & Diversity	£11,500	• Other Overspends	£23,000
• Office Supplies	£6,400		

offset by savings in water hydrant maintenance £19,600.

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

iv) Transport Costs - Overspend £99,914

The overspend arose as a result of insurance costs being £25,500 greater than budgeted, as were fuel costs £7,300, vehicle parts and supplies £44,100 and travel/subsistence costs £23,000.

Much of this overspend was planned and arose as a result of careful monitoring of additional unbudgeted income which accrued throughout the year

v) Capital Charges and CFCR - Underspend £6,801

Perth & 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 various CIPFA guidelines and for this financial year the asset rentals have resulted in a charge to the Revenue Account which is £6,801 less than the original budget.

vii) Corporate and Democratic Core / Non Distributed Costs – Overspend £34,633

There was greater than budgeted expenditure on external audit costs of £18,900, Best Value costs of £11,600 and the purchase of corporate guidelines and documentation of £4,800.

These were offset by a net saving in banking charges and associated service costs of £700.

vii) Income - Over Recovery £86,598

Additional income of £86,598 was received. This was due to greater than budgeted recoveries of £76,500 from external bodies for the cost of employees seconded to them, and other external income of £10,100.

viii) Interest Received - Over Recovery £46,476

Interest receivable was £46,476 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 occurring throughout the year.

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 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 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 2004/05, including specific top-slice funding of £0.5m, totalled some £1.820m (2003/04: £1.813m) and included provision for the purchase, build and fitting out of various fire appliances and rescue units, the purchase of Personal Protective Equipment, and the completion of training facilities at Perth Fire station.

Vehicles, property improvements and personal protective equipment accounted for the majority of actual expenditure during the year with the purchase/creation of two front-line firefighting appliances and other ancillary/rescue vehicles totalling £595,529 (2003/04: £561,750), expenditure on the completion of the training facilities at Perth being £580,003 (2003/04: £648,046), the installation of a lift at Headquarters costing £175,711 (2003/04: nil) and the purchase of personal protective equipment costing £158,859 (2003/04: £189,540).

Other areas of expenditure included improvements to the office furniture at Headquarters along with other minor building works and IT development.

2.7 FRS17 Retirement Benefits – Pension Fund Liability

For all accounting periods commencing on or after 1 April 2003, Financial Reporting Standard 17 (FRS17) requires all bodies covered by the legislation 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 these requirements the Board's pension arrangements were measured as at 31 March 2005. This was carried out by an independent actuarial expert and was based on the last full triennial actuarial valuation carried out as at 31 March 2002 and increased for all known movements since then. As a result a Pensions Fund liability of £138.9m is disclosed on the balance sheet as at 31 March 2005 (31 March 2004: £109.3m). This is matched by a Pensions Reserve with a balance of £138.9m (31 March 2004: £109.3m).

The significance of this liability is that if every member of the pension scheme were to retire on 31 March 2005 the net cost to the Board in terms of pension benefits would be £138.9m.

The 2003/04 comparative figures disclosed above have been increased by £0.9m from those disclosed in the 2003/04 Statement of Accounts. This is as a result of the change in accounting policy relating to Pension Commutations which is referred to in Note 3.15 of Section 3 (Statement of Main Accounting Policies).

2.8 Acknowledgements

I would like to thank the Firemaster 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 Board's Statement of Accounts for 2004/05.

A R McArthur CPFA
Treasurer
20 June 2005

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 accruals basis and the primacy of legislative requirements have been recognised.

Tayside Fire Board, as the combined Fire Authority for Tayside, has statutory responsibilities under the Fire Services Act 1947, the Fire Precautions Act 1971 and a number of related measures and is a 'going concern' (refer to para 3.13.3).

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 and other operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value.

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 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 4 to 15 years.
- The estimated useful lives of equipment range from 5 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 actual depreciation 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 four reserves, the General Reserve, the Pensions Reserve, the Fixed Asset Restatement Account and the Capital Financing Account.

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. From 1 April 2004 it is permissible to earmark part of this reserve to finance any outstanding liability for retirement pension commutation sums at the balance sheet date, as and when they arise.

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

The Fixed Asset Restatement Account and the Capital Financing Account 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

The Board's borrowing is managed through Perth & Kinross Council's Consolidated Loans Fund (CLF) which makes advances to the Board to finance capital expenditure. The Council's CLF then makes charges in respect of principal repayments, interest and debt management expenses.

For accounting periods commencing on or after 1 April 2004 capital expenditure is financed by way of a capital grant receivable on an annual basis from the Scottish Executive. There is no charge for this funding.

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 Covenants

Assets which were financed through Covenant schemes were included in the Balance Sheet at a value arrived at in accordance with the accounting treatment for fixed assets. As from 1 April 2004 there are no amounts falling to be repaid under Covenant Schemes.

3.9 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.

3.10 Revenue and Capital Debtors and Creditors

All specific and material sums payable to and due by the Board as at 31 March 2005, have been brought into account. All salaries and wages earned up to 31 March 2005 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.

3.11 Stores and Work in Progress

Stock balances are included in the balance sheet on an average cost basis. This does not comply with SSAP9 "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.

3.12 Insurance

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

3.13 Pensions

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

3.13.1 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.

In assessing liabilities for retirement benefits at 31 March 2004 for the 2003/04 Statement of Accounts the actuary was required by the SORP to use the long-term real rate of return on a portfolio of long-dated gilts, as determined by the Government Actuary's Department.

The real rate at the time was 3.5% (6.5% actual). For the 2004/05 Statement of Accounts a rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities was used. The actuary has advised that a rate of 2.4% real (5.5% actual) is appropriate. Application of this rate has resulted in liabilities measured at today's prices of £20.500m, adjusted for by an increase in actuarial losses recognised for the year in the Statement of Total Movements in Reserves.

3.13.2 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.

In assessing liabilities for retirement benefits at 31 March 2004 for the 2003/04 Statement of Accounts the actuary was required by the SORP to use the long-term real rate of return on a portfolio of long-dated gilts, as determined by the Government Actuary's Department. The real rate at the time was 3.5% (6.5% actual). For the 2004/05 Statement of Accounts a rate based on the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities was used. The actuary has advised that a rate of 2.4% real (5.5% actual) is appropriate. Application of this rate has resulted in liabilities measured at today's prices of £1.664m, adjusted for by an increase in actuarial losses recognised for the year in the Statement of Total Movements in Reserves.

3.13.3 Going Concern

The balance sheet at 31 March 2005 shows net liabilities of £126.8m million. This net liability position reflects the inclusion of net pension liabilities of £138.9 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.

3.14 Grants

Under the Prudential Code for Capital Finance in Local Authorities the Board received substantial grant funding from the Scottish Executive in 2004/05. This was used to finance the Board's capital expenditure programme.

3.15 Changes in Accounting Policies

i) Accounting for Retirement Benefits

For all accounting periods commencing on or after 1 April 2004 it is no longer permissible to carry a Retirement Pensions Commutations Provision to finance pension commutation liabilities which exist at the balance sheet date. Instead the Board is now required to earmark an appropriate portion of the General Reserve balance against existing pension commutation liabilities.

To comply with this a provision of £946,842 as at 1 April 2004 was removed and was added to the General Reserve, resulting in an amended General Reserve balance at 1 April 2004 of £1,461,262. An appropriate portion of the General Reserve balance (£946,842) was then earmarked against estimated future pension commutation liabilities which existed at the balance sheet date. Thereafter, from 1 April 2004 onwards all such pension commutation payments will be funded by the earmarked

reserve. In addition all pension commutation liabilities which exist at future balance sheet dates will be earmarked to enable them to be funded in future years.

SECTION 4

TAYSIDE FIRE BOARD

Revenue Account for the Year Ended 31 March 2005

	2003/04	2004/05	2004/05	Variance
	Actual	Budget	Actual	
Note	(Restated)			
5.10	£	£	£	£
Staff Costs	18,705,535	21,389,848	21,046,844	(343,004)
Property Costs	910,908	946,500	983,109	36,609
Supplies And Services	1,237,596	1,125,450	1,435,857	310,407
Transport Costs	602,103	581,250	681,164	99,914
Third Party Payments	1,653	1,000	1,694	694
Capital Charges	2,451,261	2,522,855	2,516,054	(6,801)
Gross Expenditure	23,909,056	26,566,903	26,664,722	97,819
General Income	(269,743)	(229,500)	(316,098)	(86,598)
Net Cost of Fire Services	23,639,313	26,337,403	26,348,624	11,221
Corporate & Democratic Core	93,125	91,725	126,317	34,592
Non Distributed Costs	49,650	7,197	7,238	41
Net Cost of Services	23,782,088	26,436,325	26,482,179	45,854
Transfer from Asset Management Revenue Account	(225,739)	(258,501)	(258,501)	0
Interest and Investment Income	(46,682)	(35,000)	(81,476)	(46,476)
Pension Interest Cost and Expected Return on Pensions Asset	6,248,000	7,163,000	7,163,000	0
Net Operating Expenditure	29,757,667	33,305,824	33,305,202	(622)
<u>Appropriations from Reserves</u>				
Contribution to/(from) Capital Financing Account	(854,242)	(882,629)	(882,629)	0
Contribution to/(from) Pension Reserve	(7,565,136)	(8,136,890)	(8,136,890)	0
Amount to be met by Constituent Authorities	21,338,289	24,286,305	24,285,683	(622)
<u>Constituent Council Requisitions</u>				
Angus Council	(4,249,860)	(4,614,398)	(4,588,748)	25,650
Dundee City Council	(11,631,204)	(12,628,879)	(12,558,679)	70,200
Perth & Kinross Council	(6,486,624)	(7,043,028)	(7,003,878)	39,150
	(22,367,688)	(24,286,305)	(24,151,305)	135,000
<u>Supplementary Requisition</u>				
Angus Council	(0)	0	0	0
Dundee City Council	(0)	0	0	0
Perth & Kinross Council	(0)	0	0	0
Amount received from Constituent Authorities	(22,367,688)	(24,286,305)	(24,151,305)	135,000
(Surplus)/Deficit for the Financial Year	(1,029,399)	0	134,378	134,378
5.11				

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. This is purely an employee-based contribution scheme and therefore there is no employer's contribution. The scheme is a defined benefit scheme related to pay and service. 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 Pension Fund's assets and liabilities was carried out during 2002/03 with an effective valuation date of 31 March 2002. This showed that the Board's contribution rate required to be 265% for 2004/05 (2003/04: 250%) of employees contributions.

3) Pension Scheme Transactions

The 2004/05 transactions on the revenue account relating to the Local Government Pension Scheme and the Firefighters Pension Scheme are as follows:

Total		Firefighters	Local Govt	Total
2003/04		Pension	Pension	2004/05
£		Scheme	Scheme	£
		£	£	
3,598,000	Current Service Cost	4,795,000	258,000	5,053,000
34,000	Past Service Cost	0	0	0
6,609,000	Interest Cost	7,116,000	489,000	7,605,000
(361,000)	Expected Return on Assets	0	(442,000)	(442,000)
<u>9,880,000</u>	Total charged to revenue account	<u>11,911,000</u>	<u>305,000</u>	<u>12,216,000</u>

These transactions agree with the corresponding movements on the Pensions Liability (see note 7.4 – 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 2004/05 transactions on the Asset Management Revenue Account are as follows:

2003/04		2004/05
£		£
	Income	
2,451,261	Capital Charges	2,516,054
	Expenditure	
(1,679,504)	Provision for Depreciation	(1,723,339)
(546,018)	Loans Interest	(534,214)
<u>225,739</u>	Balance to the Revenue Account	<u>258,501</u>

5.3 Operating Leases

Operating Lease rental payments of £117,877 (2003/04: £112,193) were made during 2004/05, with an undischarged liability of £161,276 still remaining at 31 March 2005 (2003/04: £154,909).

5.4 Publicity Account

Section 5 of the Local Government Act 1986 requires Local Authorities to keep a separate account of expenditure on publicity. A total of £21,410 (2003/04: £8,499) relating to employment advertising and publicity was incurred by the Board during 2004/05.

5.5 Local Authority (Goods and Services) Act 1970

Certain Fire Board services are supplied by other public bodies and these bodies are reimbursed for their services to the Fire Board. The expenditure incurred as a result of these services being supplied was as follows:

	2003/04 £	2004/05 £
<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	8,188	8,515
Provision of Payroll Services	30,205	32,917
Provision of Pension Administration Services	10,678	14,706
<u>Perth and Kinross Council</u>		
Provision of Internal Audit Services	6,000	8,000
Provision of Banking	3,000	3,000
Provision of Treasury Management Services	12,000	9,000
Provision of Legal Services	3,000	3,538
Provision of Services relating to Single Status	5,050	18,144
<u>Tayside Police Joint Board</u>		
Provision of Radio and Communication Maintenance Services	80,074	77,817
Total Expenditure	168,195	185,637

The Fire Board does not currently supply goods or services to other public bodies, therefore there is no income or expenditure 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 received a capital grant under The Prudential Code of £1,820,000 in 2004/05 (2003/04: n/a). The Board did not receive any Government revenue grants in 2004/05 (2003/04: £0).

5.7 Officers Emoluments

The following table shows the number of employees whose total taxable remuneration fell within the specified bandings:

Salary Banding £	Number of Employees 2003/04	Number of Employees 2004/05
40,000-49,999	7	13
50,000-59,999	0	1
60,000-69,999	1	1
70,000-79,999	1	0
80,000 -89,999	0	1

5.8 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 Board at mandatory service division level is shown below.

	2003/04 Net Expenditure	2004/05 Gross Expenditure	2004/05 Gross Income	2004/05 Net Expenditure
Division of Service	£	£	£	£
Firefighting, Rescue and Community Fire Safety	23,602,795	26,580,609	(315,853)	26,264,756
Fire Service Emergency Planning and Civil Defence	36,518	84,113	(245)	83,868
Cost of Fire Services	<u>23,639,313</u>	<u>26,664,722</u>	<u>(316,098)</u>	<u>26,348,624</u>

5.9 External Audit Fees

The fee payable to Audit Scotland for external audit services undertaken during 2004/05 in accordance with the Code of Audit Practice was £39,850 (2003/04: £22,960).

5.10 2003/04 Comparative Figures

The 2003/04 comparative figures have been restated to reflect the impact of changes required in the accounting treatment of Pension Commutation sums as disclosed in Note 3.15.

5.11 General Reserve

Part of the General Reserve is earmarked to finance future pension commutation liabilities. The movement on the General Reserve during 2004/05 is as follows:

2003/04 (Restated) Total £		2004/05 Total Reserve £	2004/05 Earmarked Portion £	2004/05 Remainder £
431,863	Balance as at 1 April 2004	1,461,262	946,842	514,420
1,029,399	Surplus/(Deficit) for 2004/05 from Revenue Account	(134,378)	(54,728)	(79,650)
<u>1,461,262</u>	Balance as at 31 March 2005	<u>1,326,884</u>	<u>892,114</u>	<u>434,770</u>

The 2003/04 comparative figures have been restated to reflect the impact of changes required in the accounting treatment of Pension Commutation sums as disclosed in Note 3.15.

SECTION 6

TAYSIDE FIRE BOARD

Balance Sheet as at 31 March 2005

2003/04 (Restated)	<i>Note</i>	2004/05
<u>£</u>		<u>£</u>
Tangible Fixed Assets		
17,160,698 Land and Buildings		17,603,882
4,001,890 Vehicles, Plant, Furniture and Equipment		4,042,237
0 Assets Under Construction		67,169
21,162,588 Total Fixed Assets	7.2	21,713,288
Current Assets		
67,816 Stocks and Stores		85,252
281,386 Sundry Debtors		360,947
2,021,515 Bank and Cash on Deposit		1,466,093
2,370,717 Total Current Assets		1,912,292
Current Liabilities		
1,382,667 Covenant & Short -Term Borrowing	7.8	1,380,019
775,300 Sundry Creditors		1,510,340
525,606 Provisions		0
1,016,194 Bank Overdraft		244,554
3,699,767 Total Current Liabilities		3,134,913
(1,329,050) Total Net Current Liabilities		(1,222,621)
19,833,538 Total Assets less Current Liabilities		20,490,667
Long Term Liabilities		
9,066,145 Long-Term Borrowing	7.8	8,435,557
109,307,000 Defined Benefit Pension Scheme	7.4	138,902,000
118,373,145 Total Long Term Liabilities		147,337,557
(98,539,607) Total Net Assets/(Liabilities)		(126,846,890)
Reserves		
12,460,684 Fixed Asset Restatement Account	7.5	12,924,481
(3,154,553) Capital Financing Account	7.5	(2,226,939)
0 Usable Capital Receipts Reserve	7.6	30,684
(109,307,000) Pensions Reserve	7.4	(138,902,000)
1,461,262 General Reserve	7.11	1,326,884
(98,539,607) Total Reserves		(126,846,890)

A R McArthur CPFA
Treasurer
20 June 2005

SECTION 7

7 NOTES TO THE BALANCE SHEET

7.1 Information on Assets Held

As at 31 March 2005 the Board owns 24 Fire Stations, possesses 1 Station under a "grace and favour" agreement and also owns 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 Scottish Executive issued a capital grant to the Board and the Capital Expenditure Plan was formulated within this limit.

7.2 Fixed Asset Statement

	LAND & BUILDINGS £	VEHICLES & EQUIPMENT £	NON-OP ASSETS £	TOTAL £
Gross Book Value at 1 April 2004	17,994,400	8,888,443	0	26,882,843
Expenditure at cost	814,887	928,187	67,169	1,810,243
Disposals	0	(339,432)	0	(339,432)
Revaluation and Restatement	463,796	0	0	463,796
Gross Book Value at 31 March 2005	19,273,083	9,477,198	67,169	28,817,450
Depreciation at 1 April 2004	833,702	4,886,553	0	5,720,255
Depreciation Charge for the year	835,500	887,839	0	1,723,339
Depreciation write back on revaluation and restatement	(1)	(339,431)	0	(339,432)
Depreciation at 31 March 2005	1,669,201	5,434,961	0	7,104,162
Net Book Value at 31 March 2005	17,603,882	4,042,237	67,169	21,713,288

7.3 Valuation of the Board's Assets

With the exception of the new training block in Perth all of the Board's land and properties were revalued during the year April 2003 to March 2004. In all cases the effective date for the valuations was 31 March 2004 except for the new training block in Perth which has a valuation date of 31 March 2005. 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 (FRS17) Retirement Benefits is to be fully implemented for all accounting periods commencing on or after 1 April 2003.

The purpose of the disclosures contained in this note is to provide clear information on the impact of the Board’s 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. A full actuarial valuation for the purposes of FRS17 was performed as at 31 March 2002. The next triennial valuation is due as at 31 March 2005, and will be carried out during 2005/06.

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 2004 % Per Annum	31 March 2005 % Per Annum
Price Increases	2.9%	2.9%
Salary Increases	4.4%	4.4%
Pension Increases	2.9%	2.9%
Discount Rate	6.5%	5.4%

The scheme has a net pension liability of £136.2m (2003/04: £108.4m). The scheme is unfunded and therefore has no attributable assets.

The present value of the scheme liabilities are shown below:

Net Pension Liability as at	31 March 2004 £000	31 March 2005 £000
Present value of scheme liabilities:		
Employee Members	62,400	84,700
Deferred Pensioners	700	1,000
Pensioners	45,300	50,500
Total Value of Scheme Liabilities	108,400	136,200
Net Pension Liability	108,400	136,200

Movements in Surplus/Deficit During the Year

	Year to 31 March 2004 £000	Year to 31 March 2005 £000
Surplus/(Deficit) at beginning of year	(101,600)	(108,400)
Current Service Cost	(3,400)	(4,795)
Pensions and Lump Sum Expenditure	0	0
Transfers In	(122)	(402)
Transfers Out	23	128
Employers Contributions	2,800	4,085
Interest Cost on Liabilities	(6,200)	(7,116)
Actuarial Gains/(Losses)	99	800
Effect of Change in Accounting Methodology	0	(20,500)
Pension Reserve Balance	(108,400)	(136,200)

Tayside Superannuation Fund

The Tayside Superannuation Fund (the Fund) is classified as a multi employer defined benefit scheme. The latest formal actuarial valuation for funding purposes was at 31 March 2003, with the next formal valuation due as at 31 March 2006. The data used and benefits valued as at 31 March 2005 have been used as the basis for the valuation for FRS17 purposes as at 31 March 2005. 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 2004 % per annum	31 March 2005 % per annum
Price Increases	2.9%	2.9%
Salary Increases	4.4%	4.4%
Pension Increases	2.9%	2.9%
Discount Rate	6.5%	5.4%

The fair value of attributable assets and the present value of the scheme liabilities at the beginning and end of the period are shown below:

Fair Value of Attributable Assets as at 1 April 2004

Assets (Whole of Fund)	Long Term Return % per annum	Fund Value at 1 April 2004 £000	% of Total Assets	Expected Return per annum £000
Equities	7.7%	660,432	69.4%	50,850
Gilts	5.1%	148,827	15.7%	7,590
Bonds	5.1%	22,967	2.4%	1,170
Property	6.5%	85,448	9.0%	5,560
Cash	4.0%	33,536	3.5%	1,340
Total		951,210	100%	66,510

Fair Value of Attributable Assets as at 31 March 2005

Assets (Whole of Fund)	Long Term Return % per annum	Fund Value at 31 March 2005 £000	% of Total Assets	Expected Return per annum £000
Equities	7.5%	773,755	69.1%	58,030
Gilts	4.5%	133,455	11.9%	6,010
Bonds	5.3%	69,260	6.2%	3,670
Property	7.0%	101,844	9.1%	7,130
Cash	4.3%	41,761	3.7%	1,790
Total		1,120,075	100%	76,630

Present Value of Scheme Liabilities

Net Pension Assets/(Liabilities) as at

	31 March 2004 £000	31 March 2005 £000
Estimated Tayside Fire Board Assets	6,280	7,144
Present Value of Scheme Liabilities	(7,080)	(9,723)
Present Value of Unfunded Liabilities	(107)	(122)
Total Value of Liabilities	(7,187)	(9,846)
Net Pension Liabilities	(907)	(2,702)

The Fund has net pension liabilities of £2,702,000 (2003/04: £907,000 net liability).

Movement in Surplus/Deficit During The Year

	Year to 31 March 2004 £000	Year to 31 March 2005 £000	Year to 31 March 2005 %
Surplus/(Deficit) at beginning of year	(1,560)	(907)	
Current Service Cost	(198)	(258)	
Past Service Costs	(34)	-	
Employer Contributions	220	247	
Interest on Scheme Liabilities	(409)	(489)	
Expected Return on Assets	361	442	
Difference between the expected return and actual return	742	352	
Percentage of Scheme Assets at Balance Sheet Date			5.0%
Experience gains/(losses) arising on Scheme Liabilities	(29)	-	
Percentage of Scheme Liabilities at Balance Sheet Date			0.0%
Changes in financial and demographic assumptions	-	(425)	
Percentage of Scheme Liabilities at Balance Sheet Date			(0.7%)
Effect of Change in accounting methodology	-	(1,664)	
Percentage of Scheme Liabilities at Balance Sheet Date			(16.9%)
Surplus/(Deficit) at end of year	(907)	(2,702)	

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

Movement of Fixed Asset Restatement Account

2003/04		2004/05	
£		£	
8,435,515	Opening Balance	12,460,684	
(371,081)	Revaluation and Restatements	463,797	
4,676,766	Depreciation Written Back	339,431	
(280,516)	Disposals	(339,431)	
<u>12,460,684</u>	Closing Balance	<u>12,924,481</u>	

Movement on Capital Financing Account

2003/04		2004/05	
£		£	
(2,311,631)	Opening Balance	(3,154,553)	
11,320	Usable Capital Receipts	1,810,243	
	Difference between Loan Principal repayment and		
(854,242)	Depreciation	(882,629)	
<u>(3,154,553)</u>	Closing Balance	<u>(2,226,939)</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. There was no opening balance on this account.

2003/04		2004/05	
£		£	
0	Opening Balance	0	
11,320	Capital Receipts	1,840,927	
0	Receipts set aside for repayment of existing debt	0	
(11,320)	Transfer of balance to Capital Financing Account	(1,810,243)	
<u>0</u>	Closing Balance	<u>30,684</u>	

7.7 Capital Commitments

At 31 March 2005 the Board had no major capital commitments (2003/04: £0).

7.8 Analysis of Borrowing

During 2004/05, the Board borrowed £750,000 (2003/04: £1,500,000) from the Public Works Loan Board at an average interest rate of 4.800% to finance historic debt. The loan matures in 1 year. This loan debt plus debt brought forward is managed by Perth and Kinross Council and is analysed in full below.

Maturity Period	PWLB £'000	Perth & Kinross Council £ 000	Other £'000	Total £'000	Average Rate %
Less than 1 year	1,098	282	0	1,380	5.46%
1 - 2 years	1,100	306	0	1,406	6.13%
2 - 3 years	0	256	0	256	7.85%
3 - 4 years	0	231	0	231	7.85%
4 - 5 years	755	129	0	884	5.29%
5 - 6 years	0	42	0	42	7.85%
6 - 10 years	0	81	0	81	7.85%
10 - 15 years	0	0	0	0	0.00%
15 + years	4,036	0	1,500	5,536	4.67%
Total	6,989	1,327	1,500	9,816	5.24%

7.9 Euro

The Board is required to disclose certain information in connection with the possible entry to the European Single Currency. As at 31 March 2005 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.

7.10 2003/04 Comparative Figures

The 2003/04 comparative figures on the Balance Sheet have been restated to reflect the impact of changes required in the accounting treatment of Pension Commutation sums (as disclosed in Note 3.15), and to restate Sundry Debtors and Sundry Creditors to properly reflect the effect of Value Added Tax on accruals. Sundry Debtors have been reduced by £284,490 with a compensating increase in Sundry Creditors (£284,490).

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

A portion of the General Reserve is earmarked to fund future pension commutation liabilities. The earmarked portion as at 31 March 2005 is £892,114 (31 March 2004: £946,842).

SECTION 8

STATEMENT OF TOTAL MOVEMENT IN RESERVES

CAPITAL RESERVES

2003/04		2004/05			
Total £		Fixed Asset Restatement Account £	Capital Financing Account £	Usable Capital Receipts £	Total £
(6,123,884)	Balance as at 1 April 2004	(12,460,684)	3,154,553	0	(9,306,131)
371,081	Re-valuation of fixed assets	(463,797)	0	0	(463,797)
(4,676,766)	Depreciation Writeback Adjustment	(339,431)	0	0	(339,431)
<u>Effects of Disposal of Fixed Assets</u>					
280,516	Value of Assets Disposed of	339,431	0	0	339,431
(11,320)	Proceeds of Disposals	0	0	(20,127)	(20,127)
269,196	Net (Surplus)/Deficit	339,431	0	(20,127)	319,304
<u>Other Capital Receipts</u>					
0	Capital Grant Received	0	0	(1,820,800)	(1,820,800)
0	Financing of Fixed Assets	0	(1,810,243)	1,810,243	0
854,252	Appropriation to Revenue Account	0	882,629	0	882,629
0	Capital Financed from Current Revenue	0	0	0	0
<u>(9,306,131)</u>	Balance as at 31 March 2005	<u>(12,924,481)</u>	<u>2,226,939</u>	<u>(30,684)</u>	<u>(10,728,226)</u>

REVENUE RESERVES

2003/04 (Restated)		2004/05			
Total £		General Reserve £	Earmarked Reserve £	Pensions Reserve £	Total £
102,560,050	Balance as at 1 April 2004	(514,420)	0	108,360,158	107,845,738
0	Prior Year Adjustment	0	(946,842)	946,842	0
(82,557)	(Surplus)/Deficit for 2004/05	79,650	0	0	79,650
6,618,294	Appropriations to/(from) Revenue	0	54,728	8,136,890	8,191,618
241,706	Employer's Contribution Adjustment	0	0	21,110	21,110
(713,000)	Actuarial Losses/(Gains) Relating to Pensions	0	0	21,437,000	21,437,000
(778,755)	Commutation Provision	0	0	0	0
<u>107,845,738</u>	Balance as at 31 March 2005	<u>(434,770)</u>	<u>(892,114)</u>	<u>138,902,000</u>	<u>137,575,116</u>

SECTION 9

TAYSIDE FIRE BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

2003/04		<i>Notes</i>	2004/05
£	REVENUE ACTIVITIES		£
	<u>Cash Outflows</u>		
18,735,318	Cash Paid to and on behalf of Employees		22,175,241
2,926,338	Other Operating Cash Payments		<u>2,769,399</u>
21,661,656			24,944,640
	<u>Cash Inflows</u>		
(1,477,243)	General Income	(1,954,958)	
<u>(22,492,288)</u>	Requisitions from Constituent Councils	<u>(24,286,305)</u>	
(23,969,531)			(26,241,263)
(2,307,875)		<i>10.1</i>	(1,296,623)
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	<u>Cash Outflows</u>		
559,416	Interest Paid	544,527	
	<u>Cash Inflows</u>		
(46,111)	Interest Received	<u>(61,078)</u>	
(1,794,570)			483,449
			(813,174)
	CAPITAL ACTIVITIES		
	<u>Cash Outflows</u>		
1,912,614	Purchase of Fixed Assets	1,804,647	
	<u>Cash Inflows</u>		
(32,775)	Sale of Fixed Assets	(20,127)	
0	Capital Grants Received	(1,820,000)	
0	Other Cash Capital Receipts	<u>(800)</u>	
(85,269)	Net Cash (Inflow)/Outflow Before Financing		(36,280)
			(849,454)
	FINANCING		
	<u>Cash Outflows</u>		
1,218,062	Repayments of Amounts Borrowed	1,383,236	
	<u>Cash Inflows</u>		
(1,500,000)	New Loans Raised	<u>(750,000)</u>	
(196,669)	(Increase)/Decrease in Cash	<i>10.2</i>	633,236
(196,669)			(216,218)

SECTION 10

10 NOTES TO THE CASH FLOW STATEMENT

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

	£	£
Revenue Account Surplus/(Deficit) for Year per Accounts		(79,650)
Increase/(Decrease) in Revenue Creditors and Provisions	203,839	
(Increase)/Decrease in Stocks	(17,436)	
(Increase)/Decrease in Revenue Debtors	(79,561)	106,842
	544,528	
Interest Paid	544,528	
Principal Repaid	785,982	
Interest Received	(61,079)	
Capital Financed From Current Revenue	0	1,269,431
Net Cash Inflow from Revenue Activities	1,296,623	1,296,623

10.2 (Increase)/Decrease in Cash

	Balance at 31/03/03 £	Balance at 31/03/04 £	Movement £	Balance at 31/03/04 £	Balance at 31/03/05 £	Movement £
Cash in Hand	150	150	0	150	150	0
Bank Accounts	808,502	1,005,171	196,669	1,005,171	1,221,389	216,218
Increase/ Decrease in Cash	808,652	1,005,321	196,669	1,005,321	1,221,539	216,218

SECTION 11

TAYSIDE FIRE BOARD

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Fire Board's Responsibilities

The Fire 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 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/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2005.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Treasurer has also:

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

The Treasurer confirms that the accounts present fairly the financial position of the Board at the accounting date and its income and expenditure for the year ended 31 March 2005.

A R McArthur CPFA
Treasurer
20 June 2005

SECTION 12

TAYSIDE FIRE BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

- 1 This statement is given in respect of the Statement of Accounts for Tayside Fire Board. We acknowledge our 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.
 - 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 Board. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the Board's internal financial control arrangements through internal audits which are carried out during the financial year.
- 5 Our 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.
 - 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 2004/05 will be incorporated into the Board's Service Plan for future years and implemented under the normal business of the Board.

A R McArthur CPFA

Treasurer

20 June 2005

SECTION 13

Independent Auditor's Report

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

I certify that I have audited the financial statements on pages 8 to 28 under the Local Government (Scotland) Act 1973. The financial statements have been prepared in accordance with the accounting policies set out on pages 8 to 11.

This report is made solely to the parties to whom it is addressed in accordance with Part VII of 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

As described on page 27 the Treasurer of the Board is responsible for the preparation of the financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, a Statement of Recommended Practice ('the SORP'). My responsibilities, as independent auditor, are established by statute and the Code of Audit Practice approved by the Accounts Commission, and guided by the auditing guidance.

I report my opinion as to whether the financial statements of the Board at 31 March 2004 and its income statement for the year ended 31 March 2004 present fairly the financial position of the Board at 31 March 2004 and its income for the year. I also report if, in my opinion, the Board has not kept proper accounts and records, or if I have not received all the information and explanations I require for my audit.

To be supplied by auditor once audit complete

I also report if, in my opinion, the Board has not kept proper accounts and 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 Controls on page 28 complies with the requirements of the SORP. I report if, in my opinion, the statement does not comply with the requirements or if it is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Board's corporate governance procedures or risk and control procedures.

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

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 a true and fair view of the financial position of the Board as at 31 March 2004 and its income and expenditure for the period ended.

To be supplied by auditor once audit complete

Bruce Crosbie FCCA, Senior Audit Manager
Audit Scotland – Audit Services (East Region)
Osborne House, 1/5 Osborne Terrace
Edinburgh EH12 5HG

30 September 2004

SECTION 14
TAYSIDE FIRE BOARD
ACCOUNTS COMMISSION
PUBLICATION OF PERFORMANCE INFORMATION FOR 2004/05

Comparative figures for 2003/04 are shown in brackets.

Fire Incidents - Target and actual response times (minutes) for attendance at fires for each of the five risk areas.

Risk to Life and Property	Target Times Minutes	% Attendance Meeting Targets	Average Attendance Time (Remote Rural only)
High (3 appliances)	5; 5; 8	92.5% (92.3%)	N/A
Substantial (2 appliances)	5; 8	92.7% (93.4%)	N/A
Moderate (1 appliance)	8 to 10	98.1% (98.5%)	N/A
Other (1 appliance)	20	96.7% (96.9%)	N/A
Remote Rural (1 appliance)	35	95.6% (87.2%)	20 mins, 02 seconds (22mins, 40seconds)

Factors that lead to annual fluctuations in performance are road works, traffic density, time of call and location of fire appliances on receipt of emergency call.

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

Due to sickness	6.1 (5.8)
Due to light duties	0.5 (0.4)

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

Due to sickness	4.7 (4.4)
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Call Response Time: The percentage of calls to incidents handled within the following time periods

Handled within one minute	68.3% (69.5%)
Handled within 2 minutes	94.8% (95.6%)

Community Fire Safety:

- (i) The average number of fire casualties per 10,000 population: 1.47 (1.8)
- (ii) The average number of accidental dwelling fires per 10,000 population: 11.79 (13.3)