

## PERTH AND KINROSS COUNCIL

2 October 2013

**TAYSIDE FIRE AND RESCUE BOARD  
- AUDITED STATEMENT OF ACCOUNTS 2012/13****Report by the Head of Finance****PURPOSE OF REPORT**

This report presents the Audited Statement of Accounts for 2012/13, Audit Scotland's Annual Report on the 2012/13 Audit for Tayside Fire and Rescue Board and the Annual Public Performance Report for 2012/13.

**1. BACKGROUND**

- 1.1 The Council was advised on 1 May 2013 of the transitional financial arrangements that would apply to winding up the financial affairs of Tayside Fire and Rescue Board (Report No. 13/223 refers).
- 1.2 Specifically that report advised that the Accounts for Tayside Fire and Rescue Board would be submitted to the Council on behalf of the constituent Councils with a copy of those Accounts also being sent to the constituent Councils and the Scottish Fire and Rescue Service.
- 1.3 The report also further advised that Audit Scotland would report to the Council on behalf of the constituent Councils.

**2. DISCUSSION**

- 2.1 The Unaudited Statement of Accounts for 2012/13 was submitted to the Controller of Audit, Elected Members and the External Auditors, Audit Scotland in June 2013.
- 2.2 The audit of the Annual Statement of Accounts for 2012/13 by Audit Scotland was undertaken in July and August 2013 and resulted in the issuing of the Report to those Charged with Governance or ISA 260, which was considered by the Audit Committee on 25 September 2013 (Report No. 13/463(A) refers).
- 2.3 Attached at Appendix A is the Audited Statement of Accounts for 2012/13, which includes an unqualified opinion.
- 2.4 The Audited Statement of Accounts for 2012/13 was signed following approval of the ISA 260 and consideration of the Draft Report on the 2012/13 Audit by the Audit Committee on 25 September 2013 (Report No. 13/463(A) refers).

- 2.5 The 2012/13 Audited Statement of Accounts shows the return of uncommitted Reserves to constituent Councils as follows:

	<b>£'000</b>
Angus Council	116
Dundee City Council	319
Perth and Kinross Council	178
Total Returned	613

- 2.6 Appendix B is Audit Scotland's Annual Report on the 2012/13 Audit which summarises their findings arising from the 2012/13 audit of Tayside Fire and Rescue Board. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises the Auditor's opinion (i.e. on the financial statements) and provides commentary on significant issues arising.
- 2.7 The most significant finding in the Annual Report is in relation to the Board's Balance Sheet which, as at 31 March 2013, was in a net liabilities position due largely to the Board's utilisation of unfunded pension schemes and requirements of International Accounting Standard (IAS) 19 (retirement benefits). IAS 19 requires the full pension obligations to be recognised in the year they are earned. This technical accounting requirement has had no impact on the underlying basis for meeting current and on-going pension liabilities which will be met in the future by the Scottish Government.
- 2.8 Appendix C is Tayside Fire and Rescue Board's Annual Public Performance Report for 2012/13 which relates to the activities and performance of Tayside Fire and Rescue for the period 1 April 2012 to 31 March 2013 and as submitted to Elected Members for information.

### **3. RECOMMENDATIONS**

- 1.1 The Council is asked to:
- 1.1.1 Note the Tayside Fire and Rescue Board's Audited Statement of Accounts for 2012/13;
- 1.1.2 Note Audit Scotland's Annual Report on the 2012/13 Audit of Tayside Fire and Rescue Board; and
- 1.1.3 Note the Tayside Fire and Rescue Board's Annual Public Performance Report for 2012/13.

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## ANNEX

### 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

*The undernoted table should be completed for all reports. Where the answer is 'yes', the relevant section(s) should also be completed*

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
Communications Plan	None

#### 1. Strategic Implications

##### 1.1. Corporate Plan

1.1.1. The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.1.2 This report relates to objectives (v).

## 2. Resource Implications

### 2.1. Financial

2.1.1. There are no direct financial implications arising from this report other than those reported within the body of the main report.

### 2.2. Workforce

2.2.1. There are no direct workforce implications arising from this report other than those reported within the body of the main report.

### 2.3. Asset Management (land, property, IT)

2.3.1. There are no direct asset management implications arising from this report other than those reported within the body of the main report.

## 3. Assessments

### 3.1. Equality Impact Assessment

3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.1.2. The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### 3.2. Strategic Environmental Assessment

3.2.1. The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.2.2. The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### 3.3. Sustainability

3.3.1. Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

3.3.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### **4. Consultation**

##### **4.1 Internal**

4.1.1 The Chief Executive has been consulted in the preparation of this report.

#### **2. BACKGROUND PAPERS**

2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

#### **3. APPENDICES**

A - Audited Statement of Accounts for 2012/13

B - Audit Scotland's Annual Report on the 2012/13 Audit

C - Annual Public Performance Report for 2012/13







# TAYSIDE FIRE AND RESCUE BOARD

Statement of Accounts  
for the year ended 31 March 2013

**TAYSIDE FIRE AND RESCUE BOARD**  
**STATEMENT OF ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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# TAYSIDE FIRE AND RESCUE BOARD

## EXPLANATORY FOREWORD

### Introduction

The year ended 31 March 2013 was the last year of operations of the Tayside Fire and Rescue Board. Under the provisions of the Police and Fire Reform (Scotland) Act 2012 the Board ceased to exist on 31 March 2013 at which point a single national service took over responsibility for fire and rescue service delivery throughout Scotland.

The following Statement of Accounts follows approved international accounting standards and explains the Board's finances during the financial year to 31 March 2013 and its financial position at the end of that year. The Board's financial performance for the year ended 31 March 2013 is set out in the Comprehensive Income & Expenditure Statement and its financial position as at 31 March 2013 is set out in the Balance Sheet and Cash Flow Statement.

The Statement of Accounts has been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) and subsequent published updates to the Code.

### The Financial Statements

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

The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and unusable reserves. The Deficit on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance.

The **Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from constituent council requisitions. The Board requisitions amounts from its constituent councils to cover expenditure in accordance with regulations; this may differ from the accounting cost.

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

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

## Financial Report

### Revenue Expenditure

The Board decreased its general fund by £0.566m during the year to 31 March 2013. On dissolution of the Board on 31 March 2013 the closing usable reserves were earmarked for disbursement to its constituent councils using the previously agreed percentages. The Board accordingly reclassified its final £0.613m General Reserve balance as a current liability owing to its constituent councils, meaning that, as required by the Police and Fire Reform (Scotland) Act 2012, the Board had no General Fund balance or usable reserves remaining at 31 March 2013.

### Detailed Variance Analysis

Note 7 to the accounts presents the Board's results for 2012/13 in a format similar to that adopted by the Board in its internal reports for decision making. These figures can be compared to the approved budget to provide an analysis of the Board's financial performance compared to its plans at the time the budget was originally set in January 2012.

	2012/13 Budget £000	2012/13 Actual £000	Variance £000
<b>Expenditure</b>			
Employee expenses	19,066	19,024	(42)
Other expenses	4,152	4,416	264
Loan Principal repaid	457	457	0
Interest payments	112	120	8
<b>Total Expenditure</b>	<b>23,787</b>	<b>24,017</b>	<b>230</b>
<b>Income</b>			
Fees, charges & other income	(201)	(499)	(298)
Interest income	(2)	(5)	(3)
<b>Total Income</b>	<b>(203)</b>	<b>(504)</b>	<b>(301)</b>
<b>Net Expenditure before receipt of requisitions</b>	<b>23,584</b>	<b>23,513</b>	<b>(71)</b>

### Commentary on the Variances

Operational financial management is delegated by the Board to the Chief Fire Officer and Management Team, and the financial position of the service is monitored and reported to each full meeting of the Board. The most significant variances arising during the year are summarised below:

Other expenses (Property Costs, Supplies and Services and Transport Costs) overspent by £264,000, however this was planned and managed effectively to ensure that a net surplus was returned by the Board overall. The most significant items contributing to the overspend in other expenses included an additional £79,000 spent on capital items. This was as a result of decisions taken to purchase or repair items of capital plant and equipment that in their current state would have an immediate negative impact on operational activities during the year. An additional £113,000 was spent on Protective Clothing and Operational Equipment following the recruitment of 57 trainee firefighters. Additionally £51,000 was spent on property maintenance to ensure the buildings remained at their high standards of repair prior to their transfer to the Scottish Fire and Rescue Service on 1 April 2013.

A large amount of unbudgeted income (£298,000) was received from the Scottish Government and other bodies to reimburse salary costs for employees who had been seconded to other Fire & Rescue Authorities during the course of the year to assist with national Fire Reform.

It should also be noted that the Board spent £348,000 on voluntary severance payments during the year, however the Scottish Government provided grant for this and none of the costs fell on the Board to fund.

The final forecast reported to the Board for the year was a surplus of £116,000, noted at a Board meeting held on 28 March 2013. The final position reported in this foreword (£71,000 surplus) represents a reduction of £45,000 from the figure reported to the Board. The main reasons for this movement were an unexpected ill-health retirement approved in late March 2013 at a cost of £16,000, an accrual for another ill-health retirement for which the hearing was held in early April (£14,000), and £10,000 for irrecoverable VAT as a result of utility companies being unwilling to date invoices for March usage with

a March 2013 date. This resulted in the VAT becoming irrecoverable because, following Fire Reform on 1 April 2013; Her Majesty's Revenue & Customs had advised that VAT could not be reclaimed on Board invoices with April tax points.

Under the provisions of the Police and Fire Reform (Scotland) Act 2012 the Board ceased to exist at midnight on 31 March 2013 and all of its assets, liabilities, interests and obligations transferred to the Scottish Fire and Rescue Service under a transfer order. Scottish Government legislation prohibits the new service from holding reserves and the Board was required to repay its final general fund balance of £0.613m to the constituent councils. The net decrease on the General Fund balance during 2012/13 is therefore £0.566m as shown in the Movement in Reserves Statement.

### **Capital Expenditure**

The Scottish Government provides an annual capital grant to the Board. In addition the Prudential Code for Capital Finance in Local Authorities allows the Board to set its own borrowing limit and borrow additional resources to fund capital expenditure from the money markets if required.

The capital grant applied to capital expenditure during 2012/13 was £1.354m. The Board also disposed of some vehicles, raising an additional £0.041m in capital receipts. These funds (£1.395m in total) were then applied to fund the capital expenditure plan during the year. The most significant spend was on the completion of a training annex at Kingsway East Fire Station, Dundee. £0.984m was spent in 2012/13 to complete this project.

Capital funding was also used to purchase new frontline fire appliances and fire support vehicles (£0.290m), and invested in operational equipment and ICT hardware (£0.121m). In addition £0.254m of the funding requisitioned from councils was used for capital purposes, most notably the addition of a vehicle inspection bay within the Vehicle Workshops at Blackness Road (£0.099m), the purchase of a Realistic Fire Training Unit (£0.074m) and improvements to fuel storage facilities (£0.034m).

### **Pension Liability**

The Balance Sheet at 31 March 2013 shows a long-term pension liability of £235.146m, matched by deficits on the Pensions Reserve and Employee Statutory Mitigation Account. The significance of this liability is that it represents an independent actuarial estimate of the Board's overall commitment to pay the accumulated retirement benefits built up by its employees in occupational pension schemes and retirement benefit schemes up to and including the Balance Sheet date.

In reality the Board (and any subsequent employing authority including the Scottish Fire and Rescue Service from 1 April 2013) is only liable to pay these benefits at the time when individual employees actually retire from the service, at which point the annual costs of retirement benefits are estimated, budgeted for, and funded as part of the annual budget setting exercise.

Despite the size of the pension liability disclosed in the Balance Sheet the Board is assumed to remain a "going concern" and able to continue operating unhindered by this liability. This is because the Scottish Government, under funding arrangements in place before the Police and Fire Reform (Scotland) Act 2012 was enacted, still has a legal obligation to provide the Board, or any successor organisation, with the funding it needs to meet all pension liabilities as and when they fall due.

### **The Pensions Account**

The Board is required to maintain a Firefighters' Pension Account into which all Firefighters' pension costs and contributions pass. The main income to the Pension Account comes from a combination of employer's and employees' pension contributions. These contributions, along with other pension income, are used to settle pension costs as and when they fall due.

As part of the funding arrangements the Scottish Government assumes that the costs of pensions being paid from the account will usually be greater than the contributions being paid into it resulting in a

shortfall. The Government pay the Board a grant to cover the cost of the Board's contribution to the pensions account, and any estimated pension shortfall arising as a result of their assumptions.

In the year to 31 March 2013 the Board received £6.287m from the Scottish Government to fund pensions. The Board used £2.620m of this to fund the employer's contributions it made to the pensions account. Despite this contribution the deficit on the pensions account at 31 March 2013 was £3.676m. This was partly funded from the remaining grant available (£3.667m), with the remaining £0.009m being credited to the Cost of Services within the CIES, and matched with a debtor being created in the Balance Sheet to recognise the grant receivable from the Scottish Government during the forthcoming year.

Please refer to Note 38 for a full breakdown of the transactions within the Firefighters' Pension Account during the year to 31 March 2013.

### **Termination and Exit Packages**

In preparation for the move to a single Scottish Fire and Rescue Service the Board approved a Voluntary Severance Scheme on 19 November 2012, on the condition that any awards made under the scheme in 2012/13 would be fully funded by Scottish Government transitional funding. Nine members of the support staff were granted early retirement with access to full pension entitlement on 31 March 2013. The costs incurred by the Board were £0.348m, grant funding for this amount was received from the Scottish Government on 2 April and this amount was accrued as a debtor as at 31 March 2013.

### **Changes in Accounting Policies**

There were no material changes in accounting policies during 2012/13.

### **Material Events after the Reporting Date**

There were no material events that took place after the reporting date that would have had any effect on the figures or statements presented in the Statement of Accounts.

However, it should be noted that under the Police and Fire Reform (Scotland) Act 2012 the Board was dissolved at midnight on 31 March 2013, at which point a single national service took over responsibility for fire and rescue service delivery throughout Scotland.

Following the dissolution of the Board and in accordance with Part 3 of the Police and Fire Reform (Scotland) Act 2012 (Supplementary, Transitional, Transitory and Savings Provisions) Order 2013 this Statement of Accounts will be laid before a full meeting of Perth & Kinross Council for approval and is signed by Mr John Symon in the capacity of Head of Finance, Perth & Kinross Council.

### **Revenue Reserves and Reserves Strategy**

Prior to 1 April 2013, in accordance with the existing statutory and regulatory framework the Treasurer as Responsible Financial Officer (or "Proper Officer") was responsible for advising the Board on the level of reserves it should hold. CIPFA Local Authority Advisory Panel Bulletin 77 published in November 2008 provided guidance to local authority finance directors on the establishment and maintenance of reserves and balances. This guidance represented good financial management practice and has informed the actions of the Board.

Accordingly, the Board adopted a Reserves Strategy to ensure that, where available, funding was put aside within the General Fund, subject to statutory limits, to provide:

- i) a working balance to help cushion the impact of uneven cash flows in the years to come.

- ii) a working balance to provide funds which will avoid the need for future temporary borrowing.
- iii) a contingency to cushion the impact of unexpected events or emergencies.
- iv) a means to build up funds to meet known or predicted liabilities.

Statute allowed Fire and Rescue Boards to make a contribution to their General Fund of 3% of actual constituent council funding received in any given year; and to carry forward an uncommitted balance on their general fund of 5% of the same total. The Board's total requisition income received from the constituent councils during 2012/13 was £23.584m.

In financial year 2012/13 the Board was mindful of the requirements of the Police and Fire Reform (Scotland) Act 2012 which prohibited it from holding any reserves on its dissolution on 31 March 2013. The Board accordingly made arrangements to pay back its entire general fund balance to the constituent councils, reclassifying its remaining usable reserves as a creditor at 31 March 2013. Note 8 shows that the amount the Board retained within its General Fund at 31 March 2013 was therefore £nil. Note 21 (Creditors) includes £0.613m payable to the constituent councils as at 31 March 2013.

The corresponding position at 31 March 2012 was a general fund balance of £0.566m of which £0.024m was committed. This left an uncommitted balance of £0.542m, or 2.3% of constituent council funding received in that year.

J Symon ACA  
Head of Finance  
Perth & Kinross Council  
25 September 2013



## **TAYSIDE FIRE AND RESCUE BOARD**

### **STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL**

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.

The system of internal financial control can provide only reasonable and not absolute 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.

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.

A key financial control is the existence of an internal audit service. The Board utilises the services of Perth & Kinross Council's internal audit section who work to defined standards which are governed by their own Code of Practice. The Chief Internal Auditor carries out independent reviews and submits them to the Performance Monitoring Sub-Committee of Tayside Fire and Rescue Board.

In the Chief Internal Auditor's opinion, and on the basis of a review of policies and procedures in place and the work completed during 2012/13, including a review of the Board's implementation of agreed actions from previous years' audits, reasonable reliance can be placed on the Board's system of overall internal financial control.

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 above; and
- External auditors in their annual report and other reports.

Currently no material weaknesses have been identified; however, any points of note raised by both internal and external audit as a result of audits carried out in 2012/13 have been reported to the Board. In some cases it has not been practical to implement actions arising from these points of note due to the financial strategies, policies and procedures being implemented nationally on behalf of the Scottish Fire and Rescue Service being centrally directed and fundamentally different from the Board's existing financial policies and procedures.

The Board's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

J Symon ACA  
Head of Finance  
Perth & Kinross Council  
25 September 2013

## **TAYSIDE FIRE AND RESCUE BOARD**

### **REMUNERATION REPORT**

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI 2011/64) introduced the requirement for Scottish local authorities to produce a Remuneration Report as a part of the statutory accounts. Tayside Fire and Rescue Board is governed by these regulations.

All information disclosed within the tables in this Remuneration Report is audited by the appointed auditors to the Board, Audit Scotland. The other sections of the Remuneration Report, including the statement on exit packages, are reviewed by Audit Scotland to ensure they are consistent with the financial statements.

#### **Remuneration of Board Members**

The Convener, Vice-Convenors and other members of the Board are remunerated by the individual councils of which they are elected members. The Board do not pay any salaries or other remuneration to its members for the services they provide.

#### **Remuneration of the Treasurer and Clerk to the Board**

The Board has two officials who undertake tasks within their specialised areas, these being the Treasurer to the Board and the Clerk to the Board. However these officers are employed and remunerated by Perth & Kinross Council and are not included within the Board's Remuneration Report.

#### **Remuneration of Senior Employees**

The National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Services sets minimum salaries for Chief Fire Officers (CFOs) in the United Kingdom. However, a two-track approach exists and the NJC encourage individual Fire and Rescue services to regularly review their CFO's salary in line with local needs and conditions. The last such review was carried out by the Board in 2005.

The salaries of Deputy Chief Fire Officers and Assistant Chief Fire Officers are based as a fixed percentage of the Chief Fire Officer's salary. The Deputy Chief Fire Officer receives 80% of the salary of the Chief Fire Officer and the Assistant Chief Fire Officer receives 75% of the CFO's salary. These arrangements were agreed by the NJC many years ago and are still adopted by the Board.

Other benefits received by Brigade Managers include a car and access to an occupational pension scheme.

The NJC for Local Authority Fire and Rescue Services also sets the salaries for firefighters and fire control staff on a national basis. Senior uniformed managers are remunerated under the terms of this agreement. Other benefits received by senior uniformed managers include enhanced pay for being on continuous emergency call, provision of a leased car and access to an occupational pension scheme.

The salaries of non-uniformed employees are set by reference to the Single Status agreement reached with the Board in 2008. Other benefits received by other senior non-uniformed managers comprise the provision of a leased car and access to an occupational pension scheme.

#### **Remuneration**

The senior employees of the Board include any employee:

- who has responsibility for management of the Board's services to the extent that the person has power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the report relates, whether solely or collectively with other persons; or

- who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989. The following tables provide details of the remuneration paid to the Board's senior employees during 2012/13.

The following employees fall in to these categories:

Name and Post Title	Total Remuneration 2012/13	Comprising			Total Remuneration 2011/12
		Salary, Fees & Allowances	Compensation for Loss of Office	Benefits other than in Cash	
	£	£	£	£	£
<b>Stephen Hunter:</b> Chief Fire Officer (retired 31/03/2012)	0	0	0	0	116,715
<b>Alasdair Hay:</b> Acting Chief Fire Officer appointed 01/04/2012, left 12/10/2012	60,533	55,734	0	4,799	102,618
<b>David Boyle:</b> Acting Deputy Chief Fire Officer appointed 01/04/2012, then Acting Chief Fire Officer from 13/10/2012	107,342	97,876	0	9,466	93,027
<b>John Iannetta:</b> Head of Corporate Services until 12/08/2012, then seconded to the Scottish Government until retirement from service 31/03/2013	68,791	18,693	45,886	4,212	55,322
<b>Marion Nicholson:</b> Head of Personnel from 13/08/2012	32,527	32,527	0	0	0
<b>Kenneth Fraser:</b> Head of Community Safety until 22/07/2012, then seconded to the Scottish Government until 03/01/2013, then returned to the Board's employment on 04/01/2013 as an Area Manager	42,538	37,026	0	5,512	71,064
<b>David Stapley:</b> Head of Risk Management until 22/07/2012, then Head of Community Safety and Risk Management from 23/07/2012	74,473	67,526	0	6,947	66,744
<b>Andrew Hermiston:</b> Head of Technical Services and Personnel until 12/08/2012, then Head of Technical Services and Corporate Services from 13/08/2012	71,575	65,795	0	5,780	64,641
<b>Ross Haggart:</b> Area Manager	64,349	59,483	0	4,866	13,060
<b>Steven Gunning:</b> Area Manager (from 25/07/2012)	44,591	38,902	0	5,689	0
<b>Stewart Edgar:</b> seconded to Highlands & Islands Fire and Rescue Service during 2012/13	0	0	0	0	76,452

No employees of the Board receive annual remuneration of £150,000 per annum or more.

### Employees' Remuneration by Pay Band

The number of employees (including those named above) whose remuneration was £50,000 or more in bands of £5,000 were:

Remuneration band	Number of Employees	
	2011/12	2012/13
£50,000 – £54,999	8	5
£55,000 – £59,999	4	4
£60,000 - £64,999	6	6
£65,000 - £69,999	1	-
£70,000 - £74,999	1	4
£75,000 - £79,999	1	-
£80,000 – £84,999	-	-
£85,000 – £89,999	-	-
£90,000 - £94,999	1	1
£95,000 - £99,999	-	1
£100,000 - £104,999	1	1
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
<b>Total</b>	<b>24</b>	<b>22</b>

### Pension Benefits

Pension benefits for firefighters are provided through either the 1992 Firefighters Pension Scheme or the 2006 Firefighters Pension Scheme, dependent on the employee's date of entry to the service. All of the

Board's senior uniformed employees are members of the 1992 Scheme which is a final salary scheme. Pension benefits are based on the best of the final three years' pay and the number of years that person has been a member of the scheme. The normal retirement age is 55, though members can retire when they achieve 30 years qualifying service from age 50 onwards.

In the year to 31 March 2013 employees' contributions to the 1992 scheme varied dependent on the member's whole-time equivalent pay, as shown below:

<b>Contribution Rate</b>		<b>Whole-time Equivalent Pay 2012/13</b>	<b>Whole-time Equivalent Pay 2011/12</b>
11.0%	Whole-time equivalent pay less than	£15,000	11.0% - all earnings
11.6%	Whole-time equivalent pay between	£15,001 - £30,000	
11.7%	Whole-time equivalent pay between	£30,001 - £40,000	
11.8%	Whole-time equivalent pay between	£40,001 - £50,000	
11.9%	Whole-time equivalent pay between	£50,001 - £60,000	
12.2%	Whole-time equivalent pay between	£60,001 - £100,000	
12.5%	Whole-time equivalent pay between	£100,001 - £120,000	
13.0%	Whole-time equivalent pay greater than	£120,001	

The employer's contribution rate is 21.8% of pensionable pay. There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the 1992 Firefighters Pension Scheme regulations. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service.

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

Pension benefits for non-uniformed employees and control staff are provided through the Local Government Pension Scheme (LGPS). This is a final salary scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The LGPS normal retirement age is 65. The employer's contribution rate is 18.0% of pensionable pay in 2012/13 (18.5% in 2011/12).

Contributions from scheme members are based on a tiered system as follows:

<b>Contribution Rate</b>		<b>Whole-time Equivalent Pay 2012/13</b>	<b>Whole-time Equivalent Pay 2011/12</b>
5.5%	On all earnings up to and including	£19,400	£18,500
7.25%	On all earnings between	£19,401 - £23,700	£18,501 - £22,600
8.5%	On all earnings between	£23,701 - £32,500	£22,601 - £30,900
9.5%	On all earnings between	£32,501 - £43,300	£30,901 - £41,200
12.5%	On all earnings above	£43,300	£41,200

If a person works part-time their contribution rate is worked out on the whole-time pay rate for their role, with actual contributions paid on actual pensionable pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

#### **Accrued Pension Benefits**

The value of the accrued benefits below have been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension entitlements of Senior Employees for the year to 31 March 2013 are shown in the table below, together with the contributions made to the pension schemes during the year. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total service, and not just their current appointment.

Name and Post Title	In-year pension contributions		Accrued pension benefits	
	Year to 31/03/2012	Year to 31/03/2013	As at 31/03/13	Increase from 31/03/12
	£000	£000	£000	£000
Alasdair Hay: Acting Chief Fire Officer, left 15 October 2012	21	12	-	n/a
David Boyle: Acting Deputy Chief Fire Officer until 15 October 2012, then Acting Chief Fire Officer until 31 March 2013	18	21	59	11
John Iannetta: Head of Corporate Services until 12 August 2012, then seconded to the Scottish Government until 31 March 2013	9	11	25	5
Marion Nicholson: Head of Personnel from 13 August 2012	8	9	10	2
Kenneth Fraser: Head of Community Safety from 1 April 2012 until 22 July 2012; then Area Manager from 4 January 2013 until 31 March 2013	14	15	39	4
David Stapley: Head of Risk Management and Community Safety	13	15	43	7
Andrew Hermiston: Head of Technical Services and Personnel until 12 August 2012, then Head of Technical Services and Corporate Services until 31 March 2013	13	14	30	4
Ross Haggart: Area Manager	12	13	24	2
Steven Gunning: Area Manager from 25 July 2012	12	13	34	3
Stephen Hunter: Chief Fire Officer retired 31 March 2012	24	-	-	n/a
Stewart Edgar: seconded to Highlands & Islands Fire and Rescue Service during 2012/13	15	-	-	n/a

All senior employees shown in the preceding tables with the exception of John Iannetta and Marion Nicholson are members of the 1992 Firefighters Pension Scheme. Mr Iannetta and Mrs Nicholson are members of the Local Government Pension Scheme.

There is no automatic entitlement to a lump sum payment on retiral under the 1992 Scheme. In contrast, the LGPS offers an automatic entitlement to a lump sum on retiral for members who joined the scheme before 2009. As pre-2009 members of the LGPS, Mr Iannetta's automatic lump sum entitlement at 31 March 2013 was £63k, an increase of £9k from 31 March 2012; and Mrs Nicholson's automatic lump sum entitlement at 31 March 2013 was £20k, an increase of £2k from 31 March 2012.

#### Termination Benefits & Exit Packages

As part of measures aimed to reduce support staff numbers prior to the transfer to the Scottish Fire and Rescue Service, the Board approved a Voluntary Severance Scheme for support staff during 2012/13. This was opened up to support staff in January 2013 and the costs of all resultant benefits and packages were funded entirely by Scottish Government transitional funding.

The table below shows the total number and cost of staff departures agreed under this scheme, split over various cost bandings. The total cost of these exit packages includes the strain on fund payable by the Board to the relevant pension scheme, employer's contribution to any enhancement of service awarded (i.e. added years benefits), and redundancy/lump sum payments made. These costs are included on an actuarial basis and have been calculated by the Board's appointed actuary, Barnet Waddingham. All retirements were voluntary; there were no compulsory redundancies during the year.

Exit Package Cost Band	Number of Departures agreed		Total Cost of Exit Packages in each band	
	2011/12	2012/13	2011/12	2012/13
£0 - £20,000	0	3	£0	£52,624
£20,001 - £40,000	0	0	£0	£0
£40,001 - £60,000	0	4	£0	£201,087
£60,001 - £300,000	0	3	£0	£418,230
<b>Total</b>	<b>0</b>	<b>10</b>	<b>£0</b>	<b>£671,941</b>

**Mr J Symon ACA**  
**Head of Finance**  
**Perth & Kinross Council**  
**25 September 2013**

## **TAYSIDE FIRE AND RESCUE BOARD**

### **STATEMENT OF THE BOARD'S AND RESPONSIBLE OFFICER'S RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

#### **THE BOARD'S RESPONSIBILITIES TO 31 MARCH 2013**

The Board was required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers held the responsibility for the administration of those affairs. For this Board, that officer was the Treasurer, who is the Head of Finance for Perth & Kinross Council.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

#### **PERTH & KINROSS COUNCIL'S RESPONSIBILITIES FROM 1 APRIL 2013**

The Police and Fire Reform (Scotland) Act 2012 (Supplementary, Transitional, Transitory and Savings Provisions) Order 2013 makes Perth & Kinross Council responsible for the production of the 2012-13 Statement of Accounts and associated functions. The administration of these affairs is the responsibility of the Council's Head of Finance.

#### **THE HEAD OF FINANCE, PERTH & KINROSS COUNCIL'S, RESPONSIBILITIES:**

The Head of Finance 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 Board Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### **CERTIFICATE OF THE HEAD OF FINANCE, PERTH & KINROSS COUNCIL**

I certify that:

- a) the Statement of Accounts for the year ended 31 March 2013 on pages 9 to 72 has been prepared in the form directed by the Code of Practice and in accordance with the accounting policies set out on pages 20 to 30.
- b) in my opinion the Statement of Accounts gives a true and fair view of the financial position of the Board at the 31 March 2013 and of its expenditure and income for the year ended 31 March 2013.

J Symon ACA  
Head of Finance  
Perth & Kinross Council  
25 September 2013

## TAYSIDE FIRE AND RESCUE BOARD

### MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and unusable reserves. The Deficit on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance.

	General Fund Balance £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves of the Board £000
<b>Balance at 1 April 2012</b>	<b>566</b>	<b>33</b>	<b>599</b>	<b>(187,326)</b>	<b>(186,727)</b>
<b>Movement in Reserves during 2012/13</b>					
Deficit on the Provision of Services	(8,209)		(8,209)		(8,209)
Other Comprehensive Income and Expenditure			0	(13,005)	(13,005)
<b>Total Comprehensive Income and Expenditure</b>	<b>(8,209)</b>	<b>0</b>	<b>(8,209)</b>	<b>(13,005)</b>	<b>(21,214)</b>
Adjustment between accounting basis & funding basis under regulations (Note 11)	7,643	(33)	7,610	(7,610)	0
<b>Increase/Decrease in Year</b>	<b>(566)</b>	<b>(33)</b>	<b>(599)</b>	<b>(20,615)</b>	<b>(21,214)</b>
<b>Balance at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(207,941)</b>	<b>(207,941)</b>
<b>Comparative Figures</b>					
<b>Balance at 1 April 2011</b>	<b>1,306</b>	<b>59</b>	<b>1,365</b>	<b>(171,246)</b>	<b>(169,881)</b>
<b>Movement in Reserves during 2011/12</b>					
Deficit on the Provision of Services	(9,703)		(9,703)		(9,703)
Other Comprehensive Income and Expenditure			0	(7,142)	(7,142)
<b>Total Comprehensive Income and Expenditure</b>	<b>(9,703)</b>	<b>0</b>	<b>(9,703)</b>	<b>(7,142)</b>	<b>(16,845)</b>
Adjustment between accounting basis and funding basis under regulations (Note 11)	8,963	(26)	8,937	(8,938)	(1)
<b>Increase/Decrease in Year</b>	<b>(740)</b>	<b>(26)</b>	<b>(766)</b>	<b>(16,080)</b>	<b>(16,846)</b>
<b>Balance at 31 March 2012</b>	<b>566</b>	<b>33</b>	<b>599</b>	<b>(187,326)</b>	<b>(186,727)</b>



## TAYSIDE FIRE AND RESCUE BOARD

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from council requisitions. The Board receives funding from its constituent councils and this is used to cover expenditure in accordance with regulations; this may be different from the accounting cost.

31/03/12 Net Expend. (Restated) £000		Notes	Gross Expend. £000	Gross Income £000	31/03/13 Net Expend. £000
1,256	Community Fire Safety		1,235	0	1,235
18,591	Fire Fighting and Rescue Operations	39	23,909	(5,193)	18,716
323	Fire Service Emergency Planning and Civil Defence		331	0	331
3,507	Firefighters Pensions	38,39	7,938	(4,262)	3,676
122	Corporate and Democratic Core		112	0	112
0	Non Distributed Costs		560	(1,758)	(1,198)
<b>23,799</b>	<b>Net Cost of Services</b>		<b>34,085</b>	<b>(11,213)</b>	<b>22,872</b>
(128)	Other Operating Income	12			(12)
10,765	Financing and Investment Income and Expenditure	13			9,641
(24,733)	Requisition Income and Non-Specific Grant Income	14			(24,292)
<b>9,703</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>8,209</b>
7,142	Actuarial losses on Pension Assets/Liabilities	31			12,304
0	Deficit on Revaluation of Non-Current Assets	19			701
<b>7,142</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>13,005</b>
<b>16,845</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>21,214</b>

## TAYSIDE FIRE AND RESCUE BOARD

### BALANCE SHEET AS AT 31 MARCH 2013

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net liabilities of the Board (liabilities less assets) are matched by the reserves held by the Board.

31st March 2012 (Restated) £000		Notes	31st March 2013 £000
34,647	Property, Plant & Equipment	15	33,178
<b>34,647</b>	<b>Long Term Assets</b>		<b>33,178</b>
122	Inventories	22	116
1,974	Short Term Debtors	20,39	1,896
239	Cash and Cash Equivalents	24	5,465
7	Assets Held for Sale	18	0
<b>2,342</b>	<b>Current Assets</b>		<b>7,477</b>
2,818	Short Term Borrowing	32	8,814
2,778	Short Term Creditors	21,39	3,100
258	Provisions	25	5
<b>5,854</b>	<b>Current Liabilities</b>		<b>11,919</b>
2,331	Long Term Borrowing	32	1,531
215,531	Other Long Term Liabilities	31	235,146
<b>217,862</b>	<b>Long Term Liabilities</b>		<b>236,677</b>
<b>(186,727)</b>	<b>Net Liabilities</b>		<b>(207,941)</b>
599	Usable Reserves	8/9	0
(187,326)	Unusable Reserves	10	(207,941)
<b>(186,727)</b>	<b>Total Reserves</b>		<b>(207,941)</b>

The unaudited accounts were issued on 25 June 2013 and the audited accounts were authorised for issue on 25 September 2013.

J Symon ACA  
Head of Finance  
Perth & Kinross Council  
25 September 2013

## TAYSIDE FIRE AND RESCUE BOARD

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

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

<b>2011/12</b>		<b>Notes</b>	<b>2012/13</b>
<b>£000</b>			<b>£000</b>
369	Net Cash inflows from Operating activities	<b>35</b>	563
(668)	Net Cash outflows from Investing Activities	<b>36</b>	(537)
<u>1,200</u>	Net Cash inflows from Financing Activities	<b>37</b>	<u>5,200</u>
<b>901</b>	<b>Net increase in Cash and Cash Equivalents</b>		<b>5,226</b>
(662)	Cash and cash equivalents at the beginning of the reporting period		239
<u><b>239</b></u>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>24</b>	<u><b>5,465</b></u>

# TAYSIDE FIRE AND RESCUE BOARD

## NOTES TO THE STATEMENT OF ACCOUNTS

### Note 1 – Statement of Accounting Policies

#### General Principles

The Statement of Accounts summarises the Board's transactions for the 2012/13 financial year and its financial position at 31 March 2013. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS).

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

#### 1.1 Accruals of Income and Expenditure

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

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

#### 1.2 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown inclusive of bank overdrafts and overnight borrowing as these are repayable on demand and form an integral part of the Board's cash management arrangements.

### **1.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates, and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

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

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **1.4 Events after the Balance Sheet Date**

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

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

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

### **1.5 Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Board's financial performance.

### **1.6 Property, Plant and Equipment**

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

#### **Recognition**

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

## **Measurement**

With the exception of assets held mainly for their contribution to knowledge and culture, assets are initially measured at cost. This comprises:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

With the exception of assets held mainly for their contribution to knowledge and culture, the cost of any assets acquired other than by purchase is deemed to be its fair value.

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

- Assets under construction – depreciated historical cost.
- Assets held for their contribution to knowledge and culture (where the cost of obtaining a valuation is considered to be commensurate with the benefits to the users of the accounts) - insurance valuation or independent heritage asset expert's valuation.
- All other assets – IAS 16 (Property, Plant and Equipment) states that fair value, determined by the amount that would be paid for the asset in its existing use (EUV), should be used to measure the value of property, plant and equipment. However, as there is no market-based evidence of fair value because of the specialist nature of the Board's assets IAS 16 allows the depreciated replacement cost (DRC) method to be used as an estimate of fair value. The fair value of the Board's other assets is therefore estimated on a DRC basis.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

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

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

## **Impairment**

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

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

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

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

### **Disposals and Assets Held For Sale**

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

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

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

Amounts received for the disposal of Property, Plant and Equipment or Assets Held for Sale are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Board's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund balance in the Movement in Reserves Statement.

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

### **Depreciation**

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

Depreciation is calculated on the following bases:

- Property – straight-line allocation over the standard useful life of the property.
- Vehicles, plant and equipment –straight-line allocation over the standard useful life of the item as advised by the Board's various asset replacement strategies.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and whose useful life is materially different from the overall asset, the components are depreciated separately.

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

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

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the Board.
- Revaluation and impairment losses on assets used by the Board where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the Board.

The Board is not required to raise funds to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual payment from revenue towards the reduction of its overall borrowing requirement, this being the loans principal repayment. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the actual loans principal repayment, by way of an adjusting transaction between the General Fund balance and the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two amounts.

### **1.7 Intangible Assets**

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

### **1.8 Employee Benefits**

#### **Benefits Payable during Employment**

Short-term employee benefits are those that fall due wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. provided leased vehicles) for current employees, and are recognised as an expense in the year in which employees render service to the Board. An accrual is made for the cost of holiday entitlements (or any material form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out of the General Fund balance by a credit to the Accumulating Compensated Absences Adjustment Account via the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The accrual is made at the remuneration rates applicable in the current financial year.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Board to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. Where the Board is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, costs are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account.



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

### **Post-Employment Benefits**

Employees of the Board are members of one of three separate pension schemes:

- The Local Government Superannuation Scheme (the Tayside Superannuation Fund)
- The 1992 Firefighters Pension Scheme
- The 2006 Firefighters Pension Scheme

The schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Board.

### **The Tayside Superannuation Fund**

#### **The Scheme**

The Tayside Superannuation Fund is accounted for as a defined benefits scheme.

The liabilities of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate based on the annualised yield at the 23 year point on the Merrill Lynch AA rated corporate bond curve. This has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is a departure from previous years where the yield on the iBoxx AA Over 15 year Corporate Bond index was used.

The assets of the Tayside Superannuation Fund attributable to the Board can be broadly split into equities, gilts, bonds property and cash. They are included in the Balance Sheet on a bid value to bid value basis.

The change in the net pension liability is analysed into seven components:

- 1) Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- 2) Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- 3) Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- 4) Expected return on assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long-term return – credited to the Financing and

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

- 5) Gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- 6) Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
- 7) Contributions paid to the Tayside Superannuation Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

#### **Discretionary Benefits**

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

#### **The 1992 Firefighters Pension Scheme and the 2006 Firefighters Pension Scheme**

##### **The Schemes**

Both Firefighters Pension Schemes are accounted for as defined benefits schemes.

The liabilities of the schemes attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate based on the annualised yield at the 18 year point on the Merrill Lynch AA rated corporate bond curve. This has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer’s liabilities. This is a departure from previous years where the yield on the iBoxx AA Over 15 year Corporate Bond index was used.

The Firefighters Pension Schemes are unfunded and as such have no attributable assets.

The change in the net pension liability is analysed into six components:

- 1) Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- 2) Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- 3) Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- 4) Gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- 5) Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
- 6) Contributions paid – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

### **Discretionary Benefits**

All uniformed employees, irrespective of whether they are a member of a pension scheme, can receive an injury award if they are forced to retire due to an injury sustained whilst on operational duty. This is in addition to any pension award they may receive from the formal pension schemes. The level of injury award is dependent on the level of injury sustained and length of service. Actuarial estimations assume that 1% of active pensioners will receive an injury benefit at some point in the future. The scheme is unfunded.

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

## **1.9 Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Board becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for

the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Board has a policy whereby it chooses not to spread the premium payable or discount receivable over future years, but instead recognises them in the General Fund in the year in which they are incurred.

### **1.10 Foreign Currency Translation**

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

### **1.11 Government Grants and Contributions**

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

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

Amounts recognised as due to the Board are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

## **1.12 Inventories**

Inventories are included in the Balance Sheet on an average cost basis. This does not comply with IAS 2 (Inventories) which requires that inventories held for consumption in the production process of goods be measured at the lower of cost and current replacement cost, and other inventories be measured at the lower of cost and net realisable value.

This departure from the standard international accounting practice is immaterial to the presentation of the Board's financial position.

## **1.13 Leases**

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

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

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

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

## **1.14 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

## **1.15 Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Board becomes aware of the obligation, and measured at the

best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **1.16 Reserves**

Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge to the Board for the expenditure.

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

## **1.17 VAT**

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

## **Note 2 – Accounting Standards that have been Issued but not yet been Adopted.**

The International Accounting Standards Board have published a final version of the revised IAS19 (Employee Benefits) standard, which will apply for accounting periods beginning on or after 1 January 2013. The Board's actuary has confirmed that the effect of this change will not be material for the Board. There will be some labelling and narrative changes but the figures will not be affected.

## **Note 3 – Critical Judgments in Applying Accounting Policies**

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

- i) There is a degree of uncertainty about future levels of funding for the fire and rescue service in Scotland and the way the new national body will deliver its services. However, the Board has determined that this uncertainty is not sufficient to provide an indication that the assets of the Board, as they stand at 31 March 2013, might be impaired as a result of a need to close facilities and reduce levels of service provision.
- ii) The Balance Sheet shows net liabilities of £207.941m. This net liability position reflects the inclusion of net pension liabilities and injury benefits liabilities of £235.146m falling due in future years and arising from the application of IAS19 (Employee Benefits). However, it is appropriate to adopt a going concern basis for the preparation of the financial statements. This is because the Scottish Government, under the Police and Fire Reform (Scotland) Act 2012, has a legal obligation to provide the service with the funding it needs in the future to meet all pension liabilities as and when they fall due. The changes introduced by this Act are fundamentally a transfer to another public body which is classified as a machinery of government change.

## **Note 4 – Material Items of Income and Expense**

There have been no material items of income or expenditure that have not been disclosed on the face of the Comprehensive Income and Expenditure Statement.

## **Note 5 – Events after the Balance Sheet Date**

The unaudited Statement of Accounts was authorised for issue by the Head of Finance, Perth & Kinross Council on 25 June 2013.

Where events taking place before this date provide information about conditions existing at 31 March 2013, the figures in the financial statements and notes must be adjusted in all material respects to reflect the impact of this information. There were no adjusting events that took place after the 31 March 2013 but before the date the Head of Finance, Perth & Kinross Council authorised the accounts for issue that would have had a material impact on the figures disclosed in the financial statements or notes.

The following non-adjusting event is sufficiently significant as to potentially affect the understanding of the Board's financial position at 31 March 2013. Under the Police and Fire Reform (Scotland) Act 2012 all existing Fire and Rescue Joint Boards in Scotland ceased to exist as separate legal entities at midnight on 31 March 2013 and all assets, liabilities, interests and obligations transferred to the Scottish Fire and Rescue Service. However, it is still appropriate to adopt a going concern basis for the preparation of the Board's financial statements as the changes being implemented are a transfer from one public body to another, which is classified as a machinery of government change.

Events taking place after the date of issue are not reflected in the financial statements or notes.

## Note 6 - Assumptions made about the Future and Other Uncertain Events

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

The items in the Board's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Board and its successor will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for property, plant and equipment would increase by £0.328m for every year that useful lives had to be reduced (2011/12: £0.258m).</p>
Pensions Liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £3.211m (2011/12: £4.785m).</p> <p>However, the assumptions interact in complex ways. During 2012/13, the Board's actuaries advised that the net pension liability had actuarially increased by £12.304m (2011/12: £7.143m). The 2012/13 increase was caused by various factors: a £13.684m increase in the liability as a result of updating the underlying assumptions was offset by a decrease of £0.019m as a result of corrections to estimates and a decrease of £1.361m in the actual return on scheme assets.</p> <p>The corresponding increase in 2011/12 was caused by a decrease of £17.665m as a result of corrections to estimates, offset by an increase of £0.860m as a result of the actual return on scheme assets being lower than the expected return, and increased further by £23.948m attributable to updating of the underlying assumptions.</p>



## Note 7 - Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Account is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Board on the basis of budget reports that assume the Board as one service unit with one management team. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisation are charged to services in the Comprehensive Income and Expenditure Account)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the Board, recorded on the same basis as the Board reports for each specific year, is as follows:

2011/12 £000		2012/13 £000
19,165	Employee expenses	19,024
4,759	Other expenses	4,416
475	Loan Principal Repaid	457
156	Interest Payments	120
<b>24,555</b>	<b>Total Expenditure</b>	<b>24,017</b>
405	Fees, charges & other income	499
4	Interest Income	5
<b>409</b>	<b>Total Income</b>	<b>504</b>
<b>24,146</b>	<b>Net Expenditure before receipt of Requisitions</b>	<b>23,513</b>
<b>24,140</b>	<b>Requisition Income</b>	<b>23,584</b>
<b>6</b>	<b>(Surplus) / Deficit reported to Management</b>	<b>(71)</b>

This can be reconciled to the Cost of Services in the Comprehensive Income and Expenditure Statement as follows:

2011/12 £000		2012/13 £000
24,146	Net Expenditure before receipt of requisitions	23,513
(1,983)	Amounts reported to management but not included in the CIES	(1,378)
1,636	Amounts in the CIES not reported to management	737
<b>23,799</b>	<b>Cost of Services in the CIES</b>	<b>22,872</b>

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

<b>2012/13</b>	<b>Board Reporting Format</b>	<b>Amounts reported but not included in the CIES</b>	<b>Amounts not reported but to be included in the CIES</b>	<b>Cost of Services</b>	<b>Corporate Amounts</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employee expenses	19,024	(552)	3,877	<b>22,349</b>	225	<b>22,574</b>
Firefighters' Pension Costs	0	0	5,154	<b>5,154</b>	9,301	<b>14,455</b>
Other expenses	4,416	(254)	25	<b>4,187</b>	0	<b>4,187</b>
Depreciation/ Amortisation	457	(457)	2,395	<b>2,395</b>	0	<b>2,395</b>
Interest Payments	120	(120)	0	<b>0</b>	120	<b>120</b>
<b>Total Expenditure</b>	<b>24,017</b>	<b>(1,383)</b>	<b>11,451</b>	<b>34,085</b>	<b>9,646</b>	<b>43,731</b>
Fees, charges & other income	(499)	0	0	<b>(499)</b>	0	<b>(499)</b>
Firefighters' Pension Income	0	0	(4,418)	<b>(4,418)</b>	0	<b>(4,418)</b>
Interest and investment income	(5)	5	0	<b>0</b>	(5)	<b>(5)</b>
Constituent Council Requisitions	0	0	0	<b>0</b>	(22,971)	<b>(22,971)</b>
Disposal of Non-Current Assets	0	0	0	<b>0</b>	(12)	<b>(12)</b>
Govt. Grants and Contributions	0	0	(6,296)	<b>(6,296)</b>	(1,321)	<b>(7,617)</b>
<b>Total Income</b>	<b>(504)</b>	<b>5</b>	<b>(10,714)</b>	<b>(11,213)</b>	<b>(24,309)</b>	<b>(35,522)</b>
<b>(Surplus)/deficit on the provision of services</b>	<b>23,513</b>	<b>(1,378)</b>	<b>737</b>	<b>22,872</b>	<b>(14,663)</b>	<b>8,209</b>

<b>2011/12</b>	<b>Board Reporting Format</b>	<b>Amounts reported but not included in the CIES</b>	<b>Amounts not reported but included in the CIES</b>	<b>Cost of Services</b>	<b>Corporate Amounts</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employee expenses	19,165	(565)	3,258	<b>21,858</b>	113	<b>21,971</b>
Firefighters' Pension Costs	0	0	5,026	<b>5,026</b>	10,500	<b>15,526</b>
Other expenses	4,759	(791)	0	<b>3,968</b>	0	<b>3,968</b>
Depreciation/ Amortisation	475	(475)	2,276	<b>2,276</b>	0	<b>2,276</b>
Interest Payments	156	(156)	0	<b>0</b>	156	<b>156</b>
<b>Total Expenditure</b>	<b>24,555</b>	<b>(1,987)</b>	<b>10,560</b>	<b>33,128</b>	<b>10,769</b>	<b>43,897</b>
Fees, charges & other income	(405)	0	(4)	<b>(409)</b>	0	<b>(409)</b>
Firefighters' Pension Income	0	0	(2,766)	<b>(2,766)</b>	0	<b>(2,766)</b>
Interest and investment income	(4)	4	0	<b>0</b>	(4)	<b>(4)</b>
Constituent Council Requisitions	0	0	0	<b>0</b>	(23,402)	<b>(23,402)</b>
Disposal of Non-Current Assets	0	0	0	<b>0</b>	(128)	<b>(128)</b>
Govt. Grants and Contributions	0	0	(6,154)	<b>(6,154)</b>	(1,331)	<b>(7,485)</b>
<b>Total Income</b>	<b>(409)</b>	<b>4</b>	<b>(8,924)</b>	<b>(9,329)</b>	<b>(24,865)</b>	<b>(34,194)</b>
<b>(Surplus)/deficit on the provision of services</b>	<b>24,146</b>	<b>(1,983)</b>	<b>1,636</b>	<b>23,799</b>	<b>(14,096)</b>	<b>9,703</b>

## Note 8 – Usable Reserves: General Fund Balance

### General Fund: Movement

The movement on the General Fund during 2012/13 is as follows:

31/03/12 £000		31/03/13 £000
1,306	Opening General Fund Balance	566
(740)	Deficit for Year	(566)
<u>566</u>	<b>General Fund Balance as at 31 March</b>	<u>0</u>

In accordance with the Board's Reserves Strategy, the General Fund balance shown above includes any amounts earmarked for future commitments. The committed amounts set aside at 31 March 2013 were:

31/03/12 £000		31/03/13 £000
24	Community Safety Partnership Grant Income	0
<u>24</u>	<b>Total amount committed under the Reserves Strategy</b>	<u>0</u>

Therefore, the uncommitted balance remaining on the General Fund at 31 March 2013 was £nil.

## Note 9 – Other Usable Reserves

### Capital Receipts Reserve

These are cash receipts from the sale of the Board's assets, which have not yet been used to finance capital expenditure.

31/03/12 £000		31/03/13 £000
0	Balance on 1 April	0
182	Capital Receipts received in year	41
<u>182</u>		<u>41</u>
	<b>Less:</b>	
(182)	Capital Receipts used for financing	(41)
<u>0</u>	<b>Balance on 31 March</b>	<u>0</u>

### Capital Grants Unapplied

This represents unspent (unapplied) capital grant remaining at the 31 March 2013 which is then carried forward to be spent (transferred to the Capital Adjustment Account) in future years.

31/03/12 £000		31/03/13 £000
59	Balance on 1 April	33
33	Unapplied Capital Grants received in year	0
(59)	Unapplied Capital Grants transferred to the Capital Adjustment Account in year	(33)
<u>33</u>	<b>Balance on 31 March</b>	<u>0</u>

## Note 10 – Unusable Reserves

31/03/12		31/03/13
£000		£000
19,402	Capital Adjustment Account	19,556
9,027	Revaluation Reserve	7,854
(211,683)	Pensions Reserve	(230,933)
(3,848)	Employee Statutory Adjustment Account (Employee Benefits)	(4,213)
(193)	Accumulating Compensated Absences Adjustment Account	(174)
(31)	Financial Instruments Adjustment Account	(31)
<b>(187,326)</b>	<b>Total Unusable Reserves</b>	<b>(207,941)</b>

### Capital Adjustment Account

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

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

Note 11 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31/03/12		£000	31/03/13
£000		£000	£000
<b>18,455</b>	<b>Balance at 1 April</b>		<b>19,402</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>		
(2,276)	Charges for depreciation and impairment of non-current assets	(2,376)	
0	Revaluation Losses on Property, Plant and Equipment	(19)	
(54)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(29)	
<b>(2,330)</b>		<b>(2,424)</b>	
472	Adjusting amounts written out of the Revaluation Reserve	472	
<b>(1,858)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(1,952)</b>
	<b>Capital financing applied in the year:</b>		
182	Use of the Capital Receipts Reserve to finance new capital expenditure	41	
475	Loans principal repayments	457	
1,298	Application of current year grants to capital financing from the Capital Grants Unapplied Account	1,321	
59	Application of previous years' grants to capital financing from the Capital Grants Unapplied Account	33	
791	Capital expenditure charged against the General Fund	254	
<b>2,805</b>			<b>2,106</b>
<b>19,402</b>	<b>Balance at 31 March</b>		<b>19,556</b>

### Revaluation Reserve

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

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

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

31/03/12		31/03/13
£000		£000
<b>9,499</b>	<b>Balance at 1 April</b>	<b>9,027</b>
(472)	Difference between fair value depreciation and historical cost depreciation	(472)
0	Downward revaluation of assets not charged to the Surplus/Deficit on the Provision of Services	(701)
<b>9,027</b>	<b>Balance at 31 March</b>	<b>7,854</b>

### Pensions Reserve

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

31/03/12		31/03/13
£000		£000
<b>(195,090)</b>	<b>Balance at 1 April</b>	<b>(211,683)</b>
(7,394)	Actuarial losses on pensions assets and liabilities	(12,108)
(9,198)	Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the CIES	(7,142)
(1)	Adjustment due to the effects of rounding	0
<b>(211,683)</b>	<b>Balance at 31 March</b>	<b>(230,933)</b>

### Employee Statutory Adjustment Account (Employee Benefits)

The Employee Statutory Adjustment Account (Employee Benefits) absorbs the timing differences arising from the different arrangements for accounting for post-employment injury benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post-employment injury benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed by the Board.

The debit balance on the account shows a substantial shortfall between the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31/03/12 £000		31/03/13 £000
(3,886)	<b>Balance at 1 April</b>	(3,848)
252	Actuarial gains or (losses) on pensions assets and liabilities	(196)
(214)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(169)
<u>(3,848)</u>	<b>Balance at 31 March</b>	<u>(4,213)</u>

#### **Accumulating Compensated Absences Adjustment Account**

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

31/03/12 £000		31/03/13 £000
(192)	<b>Balance at 1 April</b>	(193)
192	Settlement or cancellation of accrual made at the end of the preceding year	193
(193)	Amounts accrued at the end of the current year	(174)
<u>(193)</u>	<b>Balance at 31 March</b>	<u>(174)</u>

#### **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

31/03/12 £000		31/03/13 £000
(32)	<b>Balance at 1 April</b>	(31)
1	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0
<u>(31)</u>	<b>Balance at 31 March</b>	<u>(31)</u>

## Note 11 – Adjustments between Accounting Basis and Funding Basis under Regulations

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

Adjustments between accounting basis and funding basis under regulations – 2012/13	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account</b>				
<b>Reversal of items debited or credited to the CIES:</b>				
Charges for depreciation and impairment of non-current assets	2,376			(2,376)
Revaluation deficit charged to CIES	19			(19)
Current Year's capital grants and contributions applied in Year	(1,321)			1,321
Previous years' unapplied capital grants carried forward which have been used for financing in this year.			(33)	33
Carrying amount of non-current assets sold	29			(29)
Loans principal repayments during the year	(457)			457
<b>Insertion of items not debited or credited to the CIES:</b>				
Capital Expenditure financed from revenue proceeds	(254)			254
<b>Adjustments primarily involving the Capital Receipts Reserve</b>				
Proceeds from the sale of non-current assets	(41)	41		0
Use of the Capital Receipts Reserve to finance new capital expenditure		(41)		41
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES (Note 31)	13,892			(13,892)
Actual Employer's pensions contributions and direct payments to pensioners payable in the year	(6,750)			6,750
<b>Adjustments primarily involving the Injury Pensions Employee Statutory Adjustment Account:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES (Note 31)	330			(330)
Actual Employer's pensions contributions and direct payments to pensioners payable in the year	(161)			161
<b>Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account</b>				
Adjustments in relation to Short-term compensated absences	(19)			19
<b>Total Adjustments shown in Movement in Reserves Statement – 2012/13</b>	<b>7,643</b>	<b>0</b>	<b>(33)</b>	<b>(7,610)</b>

Adjustments between accounting basis and funding basis under regulations – 2011/12 Comparative Figures	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account</b>				
<b>Reversal of items debited or credited to the CIES:</b>				
Charges for depreciation and impairment of non-current assets	2,276			(2,276)
Current Year's capital grants and contributions applied in Year	(1,298)			1,298
Current Year's capital grants received but unapplied at year end.	(33)		33	0
Previous years' unapplied capital grants carried forward which have been used for financing in this year.			(59)	59
Carrying amount of non-current assets sold	54			(54)
Loans principal repayments during the year	(475)			475
<b>Insertion of items not debited or credited to the CIES:</b>				
Capital Expenditure financed from revenue proceeds	(791)			791
<b>Adjustments primarily involving the Capital Receipts Reserve</b>				
Proceeds from the sale of non-current assets	(182)	182		0
Use of the Capital Receipts Reserve to finance new capital expenditure		(182)		182
<b>Adjustment primarily involving the Financial Instruments Adjustment Account</b>				
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	(1)			1
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Rounding Adjustment				(1)
Reversal of items relating to retirement benefits debited or credited to the CIES (Note 31)	15,882			(15,882)
Actual Employer's pensions contributions and direct payments to pensioners payable in the year	(6,684)			6,684
<b>Adjustments primarily involving the Injury Pensions Employee Statutory Adjustment Account:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES (Note 31)	367			(367)
Actual Employer's pensions contributions and direct payments to pensioners payable in the year	(153)			153
<b>Adjustment primarily involving the Accumulating Compensated Absences Adjustment Account</b>				
Adjustments in relation to Short-term compensated absences	1			(1)
<b>Total Adjustments shown in Movement in Reserves Statement – 2011/12</b>	<b>8,963</b>	<b>0</b>	<b>(26)</b>	<b>(8,938)</b>



## Note 12 – Other Operating Income

2011/12 £000		2012/13 £000
(128)	Gains on the disposal of non-current assets	(12)
<u>(128)</u>	<b>Total</b>	<u>(12)</u>

## Note 13 – Financing and Investment Income and Expenditure

2011/12 £000		2012/13 £000
156	Interest payable and similar charges	120
10,613	Pensions interest cost and expected return on pensions assets (Note 31)	9,526
(4)	Interest receivable and similar income	(5)
<u>10,765</u>	<b>Total</b>	<u>9,641</u>

## Note 14 – Requisition Income and Non-Specific Grant Income

2011/12 £000		2012/13 £000
(23,402)	Council Requisitions	(23,584)
0	Return of Reserves	613
(1,331)	Capital Grants	(1,321)
<u>(24,733)</u>	<b>Total Council Requisitions and Non-Specific Grant Income</b>	<u>(24,292)</u>

## Note 15 – Property, Plant and Equipment

### Valuations

The Board carries out a revaluation programme periodically to ensure that all land and property required to be measured at fair value is revalued at least once every five years. Valuations of land and buildings are carried out by a professional valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The effective date of the last valuation of all land and buildings was 31 March 2009, with the exception of four properties that had incurred significant levels of capital expenditure since this date. These four properties were revalued during 2012/13 with an effective date of 31 March 2013.

Valuations of vehicles, plant, furniture and equipment are based on the depreciated historic cost existing at the Balance Sheet date.

The significant assumptions applied in estimating the fair values are:

- Given the specialised nature of the property assets which are rarely, if ever, sold on the open market, Depreciated Replacement Cost provides a suitable fair value for the assets.
- The Board has elected to adopt a depreciated historic cost basis as a proxy for fair value for non-property assets.

### Movement on Property, Plant and Equipment 2012/13

2012/13	Land & Buildings £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PP&E £000
<b>Cost or Valuation</b>					
At 1 April	30,575	14,160	167	196	<b>45,098</b>
Additions (Note 17)	1,092	336	0	221	<b>1,649</b>
Revaluation decreases recognised in the Revaluation Reserve	(701)	0	0	0	<b>(701)</b>
Revaluation decreases recognised in the Deficit on the Provision of Services	(19)	0	0	0	<b>(19)</b>
Depreciation previously charged on Revalued Assets	(3,084)	0	0	0	<b>(3,084)</b>
De-recognition - Disposals	0	(64)	0	0	<b>(64)</b>
De-recognition - Other	0	(656)	(167)	0	<b>(823)</b>
Reclassifications & Transfers	0	41	376	(417)	<b>0</b>
<b>Balance at 31 March</b>	<b>27,863</b>	<b>13,817</b>	<b>376</b>	<b>0</b>	<b>42,056</b>
<b>Depreciation and Impairment</b>					
At 1 April	3,792	6,531	128	0	<b>10,451</b>
Depreciation Charge	1,405	932	39	0	<b>2,376</b>
De-recognition - Disposals	0	(42)	0	0	<b>(42)</b>
De-recognition - Other	0	(656)	(167)	0	<b>(823)</b>
Reclassifications & Transfers	0	(347)	347	0	<b>0</b>
Depreciation previously charged on Revalued Assets	(3,084)	0	0	0	<b>(3,084)</b>
<b>Balance at 31 March</b>	<b>2,113</b>	<b>6,418</b>	<b>347</b>	<b>0</b>	<b>8,878</b>
<b>Net Book Value at 31 March 2013</b>	<b>25,750</b>	<b>7,399</b>	<b>29</b>	<b>0</b>	<b>33,178</b>
<b>Net Book Value at 31 March 2012</b>	<b>26,783</b>	<b>7,629</b>	<b>39</b>	<b>196</b>	<b>34,647</b>

### Comparative Movement on Property, Plant and Equipment 2011/12

2011/12	Land & Buildings £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total PP&E £000
<b>Cost or Valuation</b>					
At 1 April	29,454	13,578	17	564	<b>43,613</b>
Additions (Note 17)	1,121	312	0	897	<b>2,330</b>
De-recognition - Disposals	0	(399)	0	0	<b>(399)</b>
De-recognition - Other	0	(432)	0	0	<b>(432)</b>
Reclassifications & Transfers	0	1,115	150	(1,265)	<b>0</b>
Reclassified to Held for Sale	0	(224)	0	0	<b>(224)</b>
Reclassified from Held for Sale	0	210	0	0	<b>210</b>
<b>Balance at 31 March</b>	<b>30,575</b>	<b>14,160</b>	<b>167</b>	<b>196</b>	<b>45,098</b>

<b>Depreciation and Impairment</b>					
At 1 April	2,454	6,496	17	0	<b>8,967</b>
Depreciation Charge	1,338	938	0	0	<b>2,276</b>
De-recognition - Disposals	0	(353)	0	0	<b>(353)</b>
De-recognition - Other	0	(432)	0	0	<b>(432)</b>
Reclassifications & Transfers Eliminated on reclassification to Held for Sale	0	(111)	111	0	<b>0</b>
Reinstate on reclassification from Held for Sale	0	(217)	0	0	<b>(217)</b>
	0	210	0	0	<b>210</b>
<b>Balance at 31 March</b>	<b>3,792</b>	<b>6,531</b>	<b>128</b>	<b>0</b>	<b>10,451</b>
<b>Net Book Value at 31 March 2012</b>	<b>26,783</b>	<b>7,629</b>	<b>39</b>	<b>196</b>	<b>34,647</b>
<b>Net Book Value at 31 March 2011</b>	<b>27,000</b>	<b>7,082</b>	<b>0</b>	<b>564</b>	<b>34,646</b>

### Effects of Changes in Estimates

In 2012/13 the Board made no material changes to its accounting estimates for property, plant and equipment.

### Note 16 - Heritage Assets

Where no information is available as to the cost or valuation of assets classed as Heritage Assets, nor, due to their highly specific and historic nature, can a valuation be obtained at a cost which is commensurate with the benefits to users of the Statement of Accounts, the Code allows that such assets do not have to be recognised in the Balance Sheet. The Board considers this to be the case with two historic steam tenders in its ownership, and therefore, in accordance with the Code, the Board's heritage assets are not recognised in the Balance Sheet.

### Note 17 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

2011/12 £000		2012/13 £000
	<i><u>Capital Investment</u></i>	
2,330	Property, Plant and Equipment	1,649
<b>2,330</b>	<b>Total Capital Investment</b>	<b>1,649</b>
	<i><u>Sources of Finance</u></i>	
(182)	Capital receipts	(41)
(1,298)	Government grants and contributions	(1,321)
(59)	Other Contributions (Unapplied grant b/fwd.)	(33)
(791)	Direct revenue contributions	(254)
<b>(2,330)</b>	<b>Total Sources of Finance</b>	<b>(1,649)</b>

## Note 18 - Assets Held For Sale

Current Assets 31/03/12 £000	Non-Current Assets 31/03/12 £000		Current Assets 31/03/13 £000	Non-Current Assets 31/03/13 £000
8	0	Balance outstanding at start of year	7	0
7	0	Assets newly classified as held for sale in Year:	0	0
(8)	0	Disposal of Assets	(7)	0
<u>7</u>	<u>0</u>	Balance outstanding at year-end	<u>0</u>	<u>0</u>

## Note 19 - Impairment Losses

Four properties were identified that had incurred significant capital expenditure since the date of the last valuation (31 March 2009). These were revalued as at 31 March 2013 and the result was that the revalued amounts were lower than the current depreciated carrying amount. As a result the four buildings were impaired by £0.720m, of which £0.701m was charged to balances available within the Revaluation Reserve, and the remaining £0.019m charged to Cost of Services within the CIES.

## Note 20 - Debtors

2011/12 £000	Short Term Debtors	2012/13 £000
599	Government Departments	380
596	Other Local Authorities	761
29	Public corporations and trading funds	0
271	Value Added Tax	246
479	Other	509
<u>1,974</u>	<b>Total Short Term Debtors</b>	<u>1,896</u>

The comparative figure for Government Departments in 2011/12 has been reduced by £0.112m. Please refer to Note 39.

There were no long-term debtors at 31 March 2013 (31 March 2012: £nil).

## Note 21 – Creditors

2011/12 £000	Short Term Creditors	2012/13 £000
357	Government Departments	376
827	Other Local Authorities	1,518
115	Public corporations and trading funds	57
193	Accumulated Absences	174
1,286	Other	975
<u>2,778</u>	<b>Total Short Term Creditors</b>	<u>3,100</u>

The comparative figure for Government Departments in 2011/12 has been reduced by £0.112m. Please refer to Note 39.

There were no long-term creditors at 31 March 2013 (31 March 2012: £nil).

## Note 22 - Inventories

	<b>Fuel £000</b>	<b>Consumable Stores £000</b>	<b>Vehicle Parts £000</b>	<b>Total £000</b>
<b>2012/13</b>				
Balance held at start of year	40	35	47	122
Purchases	189	62	41	292
Expensed in Year	(198)	(55)	(45)	(298)
Written off Balances	0	0	0	0
Balance remaining at end of year	<b>31</b>	<b>42</b>	<b>43</b>	<b>116</b>
<b>Comparative Figures 2011/12</b>				
Balance held at start of year	42	36	52	130
Purchases	186	42	38	266
Expensed in Year	(188)	(42)	(44)	(274)
Written off Balances	0	(1)	1	0
Balance remaining at end of year	<b>40</b>	<b>35</b>	<b>47</b>	<b>122</b>

The value of inventories expensed in the year to 31 March 2013 was £0.298m (31 March 2012: £0.274m).

## Note 23 - Construction Contracts and other Capital Commitments

At 31 March 2013 the Board had no construction contracts in progress (31 March 2012: £0.843m).

## Note 24 - Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include current assets, such as cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), and current liabilities such as outstanding bank overdrafts and temporary overnight loans.

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

<b>2011/12 £000</b>		<b>2012/13 £000</b>
	<b>Assets</b>	
0	Cash and Bank balances	5,465
519	Short Term Deposits (considered to be Cash Equivalents)	0
<b>519</b>		<b>5,465</b>
	<b>Liabilities</b>	
(280)	Bank Overdraft	0
<b>(280)</b>		<b>0</b>
<b>239</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>5,465</b>

## Note 25 – Provisions

The Board hold no long term provisions. The provision disclosed below is a current provision.

<b>2012/13</b>	<b>Balance as at 1 April 2012 £000</b>	<b>Increase/ (Decrease) in provision during year £000</b>	<b>Utilised during year £000</b>	<b>Balance as at 31 March 2013 £000</b>
Compensation Payments	258	4	(257)	5
	<b>258</b>	<b>4</b>	<b>(257)</b>	<b>5</b>

<b>2011/12</b>	<b>Balance as at 1 April 2011 £000</b>	<b>Increase/ (Decrease) in provision during year £000</b>	<b>Utilised during year £000</b>	<b>Balance as at 31 March 2012 £000</b>
Compensation Payments	187	71	0	258
	<b>187</b>	<b>71</b>	<b>0</b>	<b>258</b>

### Outstanding Legal Cases

Trade Union representatives of Retained Duty System (RDS) employees in the UK made a national claim to the Employment Tribunal in 2001 alleging unfavourable treatment in comparison to their full-time counterparts. During 2008 the Employment Tribunal found in favour of the claimants and instructed that RDS employees were to receive a 10 year compensation settlement backdated to 1 July 2000. In addition, the Board reached a local agreement with its own RDS staff to make an additional compensation payment to extend the compensation to an 11<sup>th</sup> year, up to 30 June 2011.

The Board received formal permission to settle the vast majority of the compensation payments in 2012/13; however it has been necessary to increase the provision by another £4,000 to allow for a slight under-provision in the estimated amount still required to settle the handful of claims that are still to be accepted.

## Note 26 - External Audit Fees

The Board has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Board's external auditors.

<b>2011/12 £000</b>		<b>2012/13 £000</b>
26	External Audit Fees	26
(2)	Rebate received for previous year's External Audit Fee	(1)
<b>24</b>		<b>25</b>

There were no other fees payable in respect of any other services provided by the appointed auditor over and above the cost of the external audit fees described above (2011/12: £nil).

## Note 27 – Agency Services

The Board receives certain agency and support services from other public bodies and the Board reimburses these bodies for their services. The Board also provides assistance and expertise to other public bodies from time to time, for which it can choose to recharge the costs. The expenditure and income incurred as a result of these arrangements was as follows:

2011/12 £000		2012/13 £000
	<i>Services received from:</i>	
	<b><u>Dundee City Council</u></b>	
10	Insurance and Risk Management Services	10
41	Payroll Services	39
29	Pension Administration Services	24
	<b><u>Perth &amp; Kinross Council</u></b>	
2	Convenor	0
9	Treasurer	9
27	Secretarial and Clerking	27
10	Legal Services	10
15	Internal Audit Services	15
3	Banking Services	3
9	Treasury Management Services	9
	<b><u>Scottish Police Services Association</u></b>	
52	Radio and Communication Maintenance Services	54
207	Total Payments for Services	200
	<i>Services provided to:</i>	
	<b><u>Scottish Ambulance Service</u></b>	
(20)	Supply and rental of accommodation	(21)
<b>187</b>	<b>Total Net Expenditure</b>	<b>179</b>

## Note 28 - Grant Income

### Capital Grants and Other Contributions

The Board credited the following grants, contributions and donations to the CIES in 2012/13.

2011/12 £000		2012/13 £000
1,298	Scottish Government Capital Grant	1,321
59	Previous Year's Unused Capital Grant	33
<b>1,357</b>	<b>Total</b>	<b>1,354</b>

## Note 29 - Related Parties

### Related Parties

The Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence, or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board. There are no payments made to Board members by the Board.

### The Scottish Government and Constituent Councils

The Scottish Government and the constituent councils of the Board (Angus, Dundee City and Perth & Kinross Councils) exercise significant influence over the activities of the Board. The Scottish Government determines the statutory framework within which the Board operates and provides direct funding to the Board in the form of specific pension top-up grant. The constituent councils of the Board fund the majority of the Board's expenditure through an annual requisition which is agreed, in consultation with the constituent councils, by the Board in determining its budget.

The funding received from the constituent councils is set out in the subjective analysis in Note 7 (Amounts reported to Decision Makers). Note 28 (Grant Income) shows the capital grant received from the Scottish Government during the year to 31 March 2013. Note 38 (Firefighters' Pension Account) shows the pension grant received from the Scottish Government during the year. The costs of services provided to the Board by these bodies are disclosed within Note 27 (Agency Services).

## Note 30 - Leases

### Operating Leases

The Board provides a fleet of senior officers' emergency response vehicles and enters into an individual three year operating lease with a leasing company for each vehicle. The Board also provides a small fleet of standard vehicles for use by on-call non-uniformed employees, again by entering into individual three year operating leases for each vehicle. All of these leasing arrangements can be cancelled at any time (e.g. on retirement of the car-user) and the vehicle returned to the lessor at no cost other than a liability for an early termination penalty.

The expenditure charged to services in the CIES during the year in relation to these leases was:

<b>2011/12</b>		<b>2012/13</b>
<b>Vehicles</b>		<b>Vehicles</b>
<b>£000</b>		<b>£000</b>
141	Minimum lease payments	141
<b>141</b>		<b>141</b>

Assuming all operating leases run for their 3-year term the future minimum lease payments due in future years are set out below:

<b>2011/12</b>		<b>2012/13</b>
<b>Vehicles</b>		<b>Vehicles</b>
<b>£000</b>	Minimum lease rentals payable:	<b>£000</b>
12	- No later than 1 year	21
88	- Later than 1 year and no later than 5 years	93
<b>100</b>		<b>114</b>

### Other Leasing Arrangements

Other than the vehicle leasing arrangements referred to above, the Board is not involved in any other finance or operating leasing arrangement with any other party, either as lessor or lessee.



## Note 31 - Pension Schemes

### Participation in Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board (and any subsequent employing authority) has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Board participates in four post-employment schemes: one of which is a funded occupational pension scheme; two of which are unfunded occupational pension schemes; and the remaining scheme being an injury benefits scheme. All are administered by Dundee City Council.

- The Local Government Pension Scheme (LGPS) is disclosed at Note 31a.
- The 1992 Firefighters' Scheme is an unfunded scheme with no attributable assets and is disclosed at Note 31b.
- The 2006 Firefighters' Scheme is an unfunded scheme with no attributable assets and is disclosed at Note 31c.
- The Injury Benefits Scheme, not being an occupational pension scheme, is disclosed separately at Note 31d.

The liabilities disclosed at Notes 31a – 31d show the underlying commitments that the Board (and any other subsequent employing authority to which these commitments are transferred) has in the long term to pay retirement benefits under its occupational pension schemes and retirement benefit scheme. The total liability on all schemes of £235.146m has a substantial impact on the net worth of the Board as recorded in the Balance Sheet, contributing to an overall net liability of £207.941m. However, statutory arrangements for funding the deficit mean that the financial position of the Board remains healthy:

- i) The deficit on the Tayside Superannuation Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.
- ii) The deficit on the 1992 Firefighters' Pension Scheme will be made good by increased contributions over the remaining working life of employees, assessed by national pension administrators, and specific grant receivable from the Scottish Government to meet any funding shortfall that still exists.
- iii) The deficit on the 2006 Firefighters' Pension Scheme will be made good by increased contributions over the remaining working life of employees, assessed by national pension administrators, and specific grant receivable from the Scottish Government to meet any funding shortfall that still exists.
- iv) The deficit on the Injury Benefits scheme will be made good by future funding receivable from the Scottish Government as part of the Scottish Fire and Rescue Service's normal annual budgeting process.

**Transactions Relating To Retirement Benefits - Charges to the Comprehensive Income and Expenditure Statement:**

Notes 31a to 31d disclose in detail the charges to the CIES from each individual scheme. However, the overall charge to the CIES from all schemes in 2012/13 is as follows:

2012/13	LGPS £000	1992 Scheme £000	2006 Scheme £000	Injury Scheme £000	TOTAL £000
<b>Net cost of services</b>					
Current service cost	559	4,570	607	157	5,893
(Gains)/Losses on settlements and curtailments	285	(1,758)	0	0	(1,473)
Past service cost	276	0	0	0	276
	<u>1,120</u>	<u>2,812</u>	<u>607</u>	<u>157</u>	<u>4,696</u>
<b>Net operating expenditure</b>					
Interest cost	831	9,042	259	173	10,305
Expected return on scheme assets	(779)	n/a	n/a	n/a	(779)
	<u>52</u>	<u>9,042</u>	<u>259</u>	<u>173</u>	<u>9,526</u>
<b>Other comprehensive income and expenditure</b>					
Actuarial (gains)/losses on pension liabilities	(1,172)	13,024	256	196	12,304
	<u>(1,172)</u>	<u>13,024</u>	<u>256</u>	<u>196</u>	<u>12,304</u>
<b>Net charge to the CIES</b>	<b><u>0</u></b>	<b><u>24,878</u></b>	<b><u>1,122</u></b>	<b><u>526</u></b>	<b><u>26,526</u></b>

The corresponding position for the preceding year was:

2011/12	LGPS £000	1992 Scheme £000	2006 Scheme £000	Injury Scheme £000	TOTAL £000
<b>Net cost of services</b>					
Current service cost	457	4,467	559	153	5,636
(Gains)/Losses on settlements and curtailments	0	0	0	0	0
Past service cost/(gain)	0	0	0	0	0
	<u>457</u>	<u>4,467</u>	<u>559</u>	<u>153</u>	<u>5,636</u>
<b>Net operating expenditure</b>					
Interest cost	809	10,268	232	214	11,523
Expected return on scheme assets	(910)	n/a	n/a	n/a	(910)
	<u>(101)</u>	<u>10,268</u>	<u>232</u>	<u>214</u>	<u>10,613</u>
<b>Other comprehensive income and expenditure</b>					
Actuarial (gains)/losses on pension liabilities	1,931	4,899	564	(252)	7,142
	<u>1,931</u>	<u>4,899</u>	<u>564</u>	<u>(252)</u>	<u>7,142</u>
<b>Net charge to the CIES</b>	<b><u>2,287</u></b>	<b><u>19,634</u></b>	<b><u>1,355</u></b>	<b><u>115</u></b>	<b><u>23,391</u></b>

## Note 31a – Funded Occupational Pension Schemes – Tayside Superannuation Fund

The Local Government Pension Scheme is a funded defined benefit salary scheme open to the Board's support staff and Fire Control personnel, administered locally by Dundee City Council through the Tayside Superannuation Fund. The scheme is underwritten by investment assets. The Board and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with these investment assets.

### Transactions Relating To Retirement Benefits - Charges to the Comprehensive Income and Expenditure Statement:

The Board recognises the cost of retirement benefits in its Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund in the adjustments between accounting basis & funding basis under regulations line, in the Movement in Reserves Statement. The following transactions have been recorded in the Comprehensive Income and Expenditure Account and the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year:

2011/12 £000		2012/13 £000
	<b>Net cost of services:</b>	
457	Current service cost	559
0	Past service cost	276
0	Gains/losses on settlements or curtailments	285
	<b>Net operating expenditure:</b>	
809	Interest cost	831
(910)	Expected return on scheme assets	(779)
<b>356</b>	<b>Net charge to the CIES</b>	<b>1,172</b>
	<b>Adjustments between accounting basis &amp; funding basis under regulations:</b>	
(356)	Reversal of net charge made for retirement benefits in accordance with IAS19	(1,172)
	<b>Actual amount charged against the General Fund balance for pensions in the year:</b>	
411	Employers' contributions payable to scheme	391
<b>55</b>	<b>Net charge/(credit) to the General Fund Summary</b>	<b>(781)</b>

Service cost figures contain no allowance for scheme administration costs.

In addition to the recognised gains and losses included in the CIES, the following actuarial gains were included in other comprehensive income and expenditure in the CIES.

2011/12 £000		2012/13 £000
(1,931)	Actuarial Gains/(Losses) in Year	1,172
(3,909)	Accumulated Actuarial Losses Charged over Scheme Life	(2,737)

### Assets and Liabilities in Relation to Retirement Benefits

### Reconciliation of Present Value of the Scheme Liabilities:

2011/12		2012/13
£000		£000
16,026	<b>Balance as at 1 April</b>	18,182
457	Current service cost	559
809	Interest cost	831
138	Contributions by members	132
1,055	Actuarial losses/(gains)	189
0	Past service costs/(gains)	276
0	Losses/(gains) on settlements and curtailments	285
(10)	Estimated unfunded benefits paid	(13)
(293)	Estimated benefits paid	(377)
<b>18,182</b>	<b>Balance as at 31 March</b>	<b>20,064</b>

### Reconciliation of Present Value of the Scheme Assets:

2011/12		2012/13
£000		£000
12,353	<b>Balance as at 1 April</b>	12,632
910	Expected return on assets	779
138	Contributions by members	132
401	Contributions by employer	379
10	Contributions in respect of unfunded benefits	12
(876)	Actuarial gains/(losses)	1,361
(303)	Benefits paid	(390)
(1)	Rounding Adjustment	0
<b>12,632</b>	<b>Balance as at 31 March</b>	<b>14,905</b>

The expected return on scheme assets is based on the long-term future expected investment return for each asset class at the beginning of the period (i.e. as at 1 April 2012 for the year to 31 March 2013). The returns on gilts and other bonds are assumed to be the gilt yields and corporate bond yield respectively, along with an adjustment to reflect default risk, at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on the Board's share of the Tayside Superannuation Scheme assets in 2012/13 was £2.140m (2011/12: £0.050m).

### Plan Assets

31/03/12		31/03/13
£000		£000
8,590	Equity investments	10,582
1,011	Gilts	1,043
1,389	Bonds	1,640
1,389	Property	1,342
253	Cash	298
<b>12,632</b>		<b>14,905</b>

The above asset values are at bid value as required by IAS19.

## Fund Liability Included in the Balance Sheet:

31/03/12 £000		31/03/13 £000
12,632	Assets - Fair Value of Employer Assets	14,905
(18,182)	Liabilities - Present value of funded liabilities	(20,064)
(5,550)	Net Asset/(Liability)	(5,159)

## Scheme History

### Analysis of Scheme Assets and Liabilities

	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Fair Value of Assets in pension scheme	14,905	12,632	12,353	11,248	8,015
Present Value of Defined Benefit Obligation	(20,064)	(18,182)	(16,026)	(17,830)	(10,788)
Deficit in the Scheme	(5,159)	(5,550)	(3,673)	(6,582)	(2,773)

### Amount Recognised In Other Comprehensive Income And Expenditure:

	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Actuarial gains/(losses) recognised in Other Comprehensive Income and Expenditure	1,172	(1,931)	1,854	(3,702)	(1,597)
Cumulative actuarial gains and losses	(2,737)	(3,909)	(1,978)	(3,832)	(130)

### History of Experience gains and losses:

Experience gains and (losses) on assets	1,361	(876)	69	2,319	(3,008)
Experience gains and (losses) on liabilities	19	1,357	15	10	(378)

### Analysis of Projected Amount to be charged to the CIES for the Year to 31 March 2014

For accounting periods commencing on or after 1 January 2013, the expected return and interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate for future periods. This new treatment is reflected in the table below, with comparative figures as at 31 March 2013 provided.

	31/03/2014 £000	31/03/2014 %	31/03/2013 £000	31/03/2013 %
Service Cost	566	70.6	1,119	81.6
Net Interest on the Defined Liability/(Asset)	229	28.5	247	17.9
Administration Costs	7	0.9	7	0.5
	802	100.0	1,373	100.0

The total contributions expected to be made to the Tayside Superannuation Fund by the Scottish Fire and Rescue Service in the year to 31 March 2014 is £0.374m (corresponding estimate for the Board in 2012/13 was £0.391m).

### History of Experience Gains and Losses

The actuarial gains identified as movements on the Tayside Superannuation Fund over the last five years can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March of each year.

	31/03/13	31/03/12	31/03/11	31/03/10	31/03/09
Experience gains and (losses) on assets	9.1%	-6.9%	0.6%	20.6%	-37.5%
Experience gains and (losses) on liabilities	-0.1%	-7.5%	-0.1%	-0.1%	3.5%

### Major Categories of Plan Assets as Percentage of Total Plan Assets

The Tayside Superannuation Fund's assets consist of the following categories, by proportion of the total assets held:

31/03/12		31/03/13	
68%	Equity investments	71%	
8%	Gilts	7%	
11%	Bonds	11%	
11%	Property	9%	
2%	Cash	2%	
<b>100%</b>		<b>100%</b>	

## Note 31b – Unfunded Occupational Pension Schemes – The 1992 Firefighters’ Pension Scheme

The majority of the Board’s operational staff participate in the 1992 Firefighters’ Pension Scheme. The 1992 Scheme is an unfunded defined benefit scheme related to final salary and length of service. Being unfunded there are no investment assets built up to meet pension liabilities. Instead both the Board and scheme members pay contributions into a pensions account from which the costs of pension liabilities are met when they become payable. Entry to this scheme was halted to new members in April 2006.

### Transactions Relating To Retirement Benefits - Charges to the Comprehensive Income and Expenditure Statement:

The Board recognises the cost of retirement benefits in its Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund in the adjustments between accounting basis & funding basis under regulations line, in the Movement in Reserves Statement. The following transactions have been recorded in the Comprehensive Income and Expenditure Account and the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year:

2011/12 £000		2012/13 £000
	<b>Net cost of services:</b>	
4,467	Current service cost	4,570
0	Gains on settlements and curtailments	(1,758)
	<b>Net operating expenditure:</b>	
10,268	Interest cost	9,042
<b>14,735</b>	<b>Net charge to the CIES</b>	<b>11,854</b>
	<b>Adjustments between accounting basis &amp; funding basis under regulations:</b>	
(14,735)	Reversal of net charge made for retirement benefits in accordance with IAS19	(11,854)
	<b>Actual amount charged against the General Fund balance for pensions in the year:</b>	
6,543	Actuarial Loss as a result of removing actual costs and replacing with the actuarial valuation	6,730
<b>(8,192)</b>	<b>Net credit to the General Fund Summary</b>	<b>(5,124)</b>

Service cost figures contain no allowance for scheme administration costs.

In addition to the recognised gains and losses included in the CIES, the following actuarial gains were included in other comprehensive income and expenditure in the CIES.

2011/12 £000		2012/13 £000
(4,899)	Actuarial Losses in Year	(13,024)
(22,512)	Accumulated Actuarial Losses Charged over Scheme Life	(35,536)

## Unfunded Schemes - Liabilities In Relation To Retirement Benefits

### Reconciliation of Present Value of the Scheme Liabilities:

2011/12		2012/13
£000		£000
187,605	<b>Balance as at 1 April</b>	200,696
4,467	Current service cost	4,570
10,268	Interest cost	9,042
4,899	Actuarial losses	13,024
0	Liabilities extinguished on settlements	(1,758)
(7,719)	Estimated benefits paid	(7,927)
1,176	Contributions by members	1,197
<b>200,696</b>	<b>Balance as at 31 March</b>	<b>218,844</b>

### 1992 Firefighters Pension Scheme Liability Included in the Balance Sheet:

31/03/12		31/03/13
£000		£000
(200,696)	Present value of liabilities	(218,844)
<b>(200,696)</b>	<b>Net Liability</b>	<b>(218,844)</b>
<i>Amount in the Balance sheet:</i>		
(200,696)	Liabilities	(218,844)
<b>(200,696)</b>	<b>Net Liability</b>	<b>(218,844)</b>

## Scheme History

### Analysis of Scheme Liabilities – 1992 Firefighters' Pension Scheme

	31/03/13	31/03/12	31/03/11	31/03/10	31/03/09
	£000	£000	£000	£000	£000
Present Value of Defined Benefit Obligation	(218,844)	(200,696)	(187,605)	(213,008)	(144,360)
Deficit in the Scheme	<b>(218,844)</b>	<b>(200,696)</b>	<b>(187,605)</b>	<b>(213,008)</b>	<b>(144,360)</b>

### Amount Recognised in Other Comprehensive Income and Expenditure:

	31/03/13	31/03/12	31/03/11	31/03/10	31/03/09
	£000	£000	£000	£000	£000
Actuarial gains/(losses) recognised in Other Comprehensive Income and Expenditure	(13,024)	(4,899)	20,378	(62,396)	12,000
<b>Cumulative actuarial gains and (losses)</b>	<b>(35,536)</b>	<b>(22,512)</b>	<b>(17,613)</b>	<b>(37,991)</b>	<b>24,405</b>

### History of experience gains and losses:

Experience gains and (losses) on liabilities	0	16,210	0	0	(6,883)
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### Analysis of Projected Amount to be charged to the CIES for the Year to 31 March 2014

For accounting periods commencing on or after 1 January 2013, the expected return and interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate for future periods. This new treatment is reflected in the table below, with comparative figures as at 31 March 2013 provided.

	31/03/2014	31/03/2014	31/03/2013	31/03/2013
	£000	%	£000	%
Service Cost	5,116	36.1	4,670	33.7
Net Interest on the defined Liability/(Asset)	9,052	63.9	9,194	66.3
	<b>14,168</b>	<b>100.0</b>	<b>13,864</b>	<b>100.0</b>

The total contributions expected to be made to the 1992 Scheme by the Scottish Fire and Rescue Service in the year to 31 March 2014 for those scheme members employed by the Board at the date of transfer to the new service is £2.333m (corresponding estimate for 2012/13 as provided at 31 March 2012 was £2.295m).

### History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as a percentage of liabilities at 31 March 2013.

1992 Firefighters Pension Scheme	31/03/13	31/03/12	31/03/11	31/03/10	31/03/09
Experience gains and (losses) on liabilities	0.0%	-8.1%	0.0%	0.0%	4.8%

## Note 31c – Unfunded Occupational Pension Schemes – The 2006 Firefighters’ Pension Scheme

Since 2006 new operational employees are only permitted to join the 2006 Scheme. All aspects of scheme funding are the same as for the 1992 Scheme, except that the defined benefit is only related to final salary and is no longer tied in to length of service.

### Transactions Relating To Retirement Benefits- Charges to the Comprehensive Income and Expenditure Statement:

The Board recognises the cost of retirement benefits in its Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund in the adjustments between accounting basis & funding basis under regulations line, in the Movement in Reserves Statement. The following transactions have been recorded in the Comprehensive Income and Expenditure Account and the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year:

2011/12 £000		2012/13 £000
	<b>Net cost of services:</b>	
559	Current service cost	607
	<b>Net operating expenditure:</b>	
232	Interest cost	259
<b>791</b>	<b>Net charge to the CIES</b>	<b>866</b>
	<b>Adjustments between accounting basis &amp; funding basis under regulations:</b>	
(791)	Reversal of net charge made for retirement benefits in accordance with IAS19	(866)
	<b>Actual amount charged against the General Fund balance for pensions in the year:</b>	
(270)	Actuarial gain as a result of removing actual costs and replacing with the actuarial valuation	(371)
<b>(1,061)</b>	<b>Net credit to the General Fund Summary</b>	<b>(1,237)</b>

Service cost figures contain no allowance for scheme administration costs.

In addition to the recognised gains and losses included in the CIES, the following actuarial gains were included in other comprehensive income and expenditure in the CIES.

2011/12 £000		2012/13 £000
(564)	Actuarial Losses in Year	(256)
(421)	Accumulated Actuarial Losses Charged over Scheme Life	(677)

## Unfunded Schemes - Liabilities In Relation To Retirement Benefits

### Reconciliation of Present Value of the Scheme Liabilities:

2011/12 £000		2012/13 £000
3,812	<b>Balance as at 1 April</b>	5,437
559	Current service cost	607
232	Interest cost	259
564	Actuarial losses	256
32	Estimated benefits paid	83
238	Contributions by members	288
<b>5,437</b>	<b>Balance as at 31 March</b>	<b>6,930</b>

### 2006 Firefighters' Pension Scheme Liability Included in the Balance Sheet:

31/03/12 £000		31/03/13 £000
(5,437)	Present value of liabilities	(6,930)
<b>(5,437)</b>	<b>Net Liability</b>	<b>(6,930)</b>
<i>Amount in the Balance sheet:</i>		
(5,437)	Liabilities	(6,930)
<b>(5,437)</b>	<b>Net Liability</b>	<b>(6,930)</b>

### Scheme History

#### Analysis of Scheme Liabilities – 2006 Firefighters' Pension Scheme

	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Present Value of Defined Benefit Obligation	(6,930)	(5,437)	(3,812)	(3,307)	(1,158)
Deficit in the Scheme	<b>(6,930)</b>	<b>(5,437)</b>	<b>(3,812)</b>	<b>(3,307)</b>	<b>(1,158)</b>

#### Amount Recognised in Other Comprehensive Income and Expenditure:

	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Actuarial gains/(losses) recognised in Other Comprehensive Income and Expenditure	(256)	(564)	562	(1,308)	725
<b>Cumulative actuarial gains and losses</b>	<b>(677)</b>	<b>(421)</b>	<b>143</b>	<b>(419)</b>	<b>889</b>

#### History of experience gains and losses:

Experience gains and (losses) on liabilities	0	(311)	0	0	555
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## Analysis of Projected Amount to be charged to the CIES for the Year to 31 March 2014

For accounting periods commencing on or after 1 January 2013, the expected return and interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate for future periods. This new treatment is reflected in the table below, with comparative figures as at 31 March 2013 provided.

	<b>31/03/2014</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2013</b>
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Service Cost	640	68.2	509	65.5
Net Interest on the defined Liability/(Asset)	299	31.8	268	34.5
	<b>939</b>	<b>100.0</b>	<b>777</b>	<b>100.0</b>

The total contributions expected to be made to the 2006 Scheme by the Scottish Fire and Rescue Service in the year to 31 March 2014 for those scheme members employed by the Board at the date of transfer to the new service is £0.376m (corresponding estimate for 2012/13 as at 31 March 2012 was £0.323m).

## History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as a percentage of liabilities at 31 March 2013.

2006 Firefighters Pension Scheme	<b>31/03/13</b>	<b>31/03/12</b>	<b>31/03/11</b>	<b>31/03/10</b>	<b>31/03/09</b>
Experience gains and (losses) on liabilities	0.0%	5.7%	0.0%	0.0%	-47.9%

## Note 31d - Other Employee Benefit Schemes – The Injury Benefits Scheme

The Board offers an injury benefits scheme to all operational staff irrespective of pension scheme membership. Injury gratuities are payable to those operational personnel who are forced to retire due to an injury incurred whilst undertaking operational duties. This is payable in addition to any occupational ill-health pension they may receive via either of the Firefighters' Pension Schemes and the costs fall upon the Board.

### Transactions Relating To Retirement Benefits- Charges to the Comprehensive Income and Expenditure Statement:

The Board recognises the cost of retirement benefits in its Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund in the adjustments between accounting basis & funding basis under regulations line, in the Movement in Reserves Statement. The following transactions have been recorded in the Comprehensive Income and Expenditure Account and the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year:

2011/12 £000		2012/13 £000
	<b>Net cost of services:</b>	
153	Current service cost	157
	<b>Net operating expenditure:</b>	
214	Interest cost	173
<b>367</b>	<b>Net charge to the CIES</b>	<b>330</b>
	<b>Adjustments between accounting basis &amp; funding basis under regulations:</b>	
(367)	Reversal of net charge made for retirement benefits in accordance with IAS19	(330)
	<b>Actual amount charged against the General Fund balance for pensions in the year:</b>	
153	Actuarial loss as a result of removing actual costs and replacing with the actuarial valuation	161
<b>(214)</b>	<b>Net credit to the General Fund Summary</b>	<b>(169)</b>

Service cost figures contain no allowance for scheme administration costs.

In addition to the recognised gains and losses included in the CIES, the following actuarial gains were included in other comprehensive income and expenditure in the CIES.

2011/12 £000		2012/13 £000
252	Actuarial Gains/(Losses) in Year	(196)
(1,855)	Accumulated Actuarial Losses Charged over Scheme Life	(2,051)

## Liabilities In Relation To Other Employment Benefit Schemes

### Reconciliation of Present Value of the Scheme Liabilities:

2011/12 £000		2012/13 £000
3,886	<b>Balance as at 1 April</b>	3,848
153	Current Service Cost	157
214	Interest cost	173
(252)	Actuarial losses/(gains)	196
(153)	Estimated benefits paid	(161)
<b>3,848</b>	<b>Balance as at 31 March</b>	<b>4,213</b>

### Injury Benefits Liability Included in the Balance Sheet:

31/03/12 £000		31/03/13 £000
(3,848)	Present value of funded liabilities	(4,213)
<b>(3,848)</b>	<b>Net Liability</b>	<b>(4,213)</b>
<i>Amount in the Balance sheet:</i>		
(3,848)	Liabilities	(4,213)
<b>(3,848)</b>	<b>Net Liability</b>	<b>(4,213)</b>

## Scheme History

### Analysis of Scheme Liabilities

	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Present Value of Defined Benefit Obligation	(4,213)	(3,848)	(3,886)	(3,307)	(2,332)
Deficit in the Scheme	<b>(4,213)</b>	<b>(3,848)</b>	<b>(3,886)</b>	<b>(3,307)</b>	<b>(2,332)</b>

### Amount Recognised in Other Comprehensive Income and Expenditure:

	31/03/13 £000	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Actuarial gains/(losses) recognised in Other Comprehensive Income and Expenditure	(196)	252	(1,171)	(973)	37
<b>Cumulative actuarial gains and losses</b>	<b>(2,051)</b>	<b>(1,855)</b>	<b>(2,107)</b>	<b>(936)</b>	<b>37</b>

### History of experience gains and losses:

Experience gains and (losses) on liabilities	0	426	(1,574)	(114)	0
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### Analysis of Projected Amount to be charge to the CIES for the Year to 31 March 2014

For accounting periods commencing on or after 1 January 2013, the expected return and interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate for future periods. This new treatment is reflected in the table below, with comparative figures as at 31 March 2013 provided.

	31/03/2014	31/03/2014	31/03/2013	31/03/2013
	£000	%	£000	%
Service Cost	156	47.3	153	46.4
Net Interest on the defined Liability/(Asset)	174	52.7	177	53.6
	<b>330</b>	<b>100.0</b>	<b>330</b>	<b>100.0</b>

The Board makes no contributions to the Injury Benefits Scheme.

### History of Experience Gains and Losses

The actuarial gains identified as movements on the Injury Benefits Scheme can be analysed into the following categories, measured as a percentage of liabilities at 31 March 2013.

	31/03/13	31/03/12	31/03/11	31/03/10	31/03/09
Experience gains and (losses) on liabilities	0.0%	-11.1%	40.5%	3.4%	0.0%

## Note 31e – Basis for Estimating Pension Assets and Pension Liabilities

Liabilities have been assessed for the scheme on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. by an independent firm of actuaries. The Injury Benefits Scheme liabilities have been assessed by rolling forward the value of the employer's liabilities reported as at the latest valuation for IAS19 purposes, allowing for the different financial assumptions required under IAS19.

	Tayside Superannuation Fund		1992 & 2006 Firefighters Pension Schemes		Injury Benefits Scheme	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
<b>Mortality assumptions:</b>						
<i>Longevity at 65 for current pensioners:</i>						
Men	20.6 years	20.6 years	20.5 years	20.4 years	20.5 years	20.4 years
Women	22.9 years	22.8 years	22.6 years	22.5 years	22.6 years	22.5 years
<i>Longevity at 65 for future pensioners:</i>						
Men	21.9 years	21.8 years	21.9 years	21.8 years	21.9 years	21.8 years
Women	24.5 years	24.4 years	24.1 years	24.1 years	24.1 years	24.1 years
Inflation/Pension Increase Rate	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%
Salary Increase Rate	4.8%	4.8%	4.7%	4.8%	n/a	n/a
Discount Rate	4.6%	4.8%	4.2%	4.6%	4.2%	4.6%
Expected Return on Assets	6.1%	6.1%	n/a	n/a	n/a	n/a
<b>Take-up of option to convert annual pension into retirement lump sum:</b>						
	50%	50%	100%	50%	50.0%	50.0%
<b>Long-term expected rate of return on assets in the scheme:</b>						
	<b>For 2013/14</b>	<b>For 2012/13</b>				
Equity investments	See below*	7.1%	n/a	n/a	n/a	n/a
Gilts		3.3%	n/a	n/a	n/a	n/a
Bonds		4.6%	n/a	n/a	n/a	n/a
Property		4.3%	n/a	n/a	n/a	n/a
Cash		3.0%	n/a	n/a	n/a	n/a

\*For accounting periods commencing on or after 1 January 2013, the expected return and interest cost will be replaced with a single net interest cost, which effectively sets the expected return equal to the IAS19 discount rate for future periods. Therefore, no expected return assumptions or forecasts are required for the year to 31 March 2014.



## Note 32 - Financial Instruments

The Following Categories of Financial Instrument are carried in the Balance Sheet:

	Long-term		Current	
	31/03/13 £000	31/03/12 £000	31/03/13 £000	31/03/12 £000
<b>Cash and Cash Equivalents</b>				
Deposit Account with immediate call	0	0	0	519
Bank Balance/(Overdraft)	0	0	5,465	(280)
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>5,465</b>	<b>239</b>
<b>Debtors</b>				
Trade and Other Debtors	0	0	1,896	1,974
<b>Total Debtors</b>	<b>0</b>	<b>0</b>	<b>1,896</b>	<b>1,974</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	1,531	2,331	8,814	2,818
<b>Total Borrowings</b>	<b>1,531</b>	<b>2,331</b>	<b>8,814</b>	<b>2,818</b>
<b>Creditors</b>				
Trade and Other Creditors	0	0	3,100	2,778
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>3,100</b>	<b>2,778</b>

The 2011/12 comparative figures for Trade and Other Debtors and Trade and Other Creditors have both been reduced by £0.112m. Please refer to Note 39.

### Reclassifications

There were no reclassifications of financial instruments carried out during the financial period.

### Income, Expense, Gains and Losses

	2012/13			2011/12		
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost	Loans and receivables	Total	Liabilities measured at amortised cost	Loans and receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	(120)	0	(120)	(156)	0	(156)
<b>Total expense in Deficit on the Provision of Services</b>	<b>(120)</b>	<b>0</b>	<b>(120)</b>	<b>(156)</b>	<b>0</b>	<b>(156)</b>
Interest income	0	5	5	0	4	4
<b>Total income in Deficit on the Provision of Services</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>4</b>	<b>4</b>
<b>Net gain/(loss) for the year</b>	<b>(120)</b>	<b>5</b>	<b>(115)</b>	<b>(156)</b>	<b>4</b>	<b>(152)</b>

## Fair Values of Assets and Liabilities

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

- For Public Works Loan Board (PWLB) debt the discount rate used is the rate for new borrowing as per Sector's interest rate notice number 124/13.
- For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender.
- No early repayment or impairment is recognised.
- Fair values have been calculated for all instruments in the portfolio, but only those which are materially different from the carrying value have been disclosed.
- The fair value of trade debtors and other receivables is taken to be the invoiced or billed amount.

The discount rate used in the Net Present Value calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by treasury management consultants Sector from the market on 31 March 2013, using bid prices where applicable.

The fair values calculated are as follows

Liabilities	31/03/2013		31/03/2012	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	10,345	10,519	5,149	5,294
Short Term Creditors	3,100	3,100	2,778	2,778

The fair value of financial liabilities is more than the carrying amount because the Board's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss based on economic conditions at 31 March 2013 arising from a commitment to pay interest to lenders above current market rates.

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

Assets	31/03/2013		31/03/2012	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
Loans and receivables	0	0	519	519
Short-term debtors	1,896	1,896	1,974	1,974

The fair value of the loans and receivables in 2012/13 was the same as the carrying amount because the Board's investments related only to cash deposited with Perth & Kinross Council on a short-term basis, the Board's cash imprest, and long term debtors. At 31 March 2013 the Board had no funds on deposit.

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

The comparative figures for the carrying and fair values of Short Term Debtors and Short Term Debtors as at 31 March 2012 have been reduced by £0.112m. Please refer to Note 39.

## Note 33 - Nature and Extent of Risks Arising From Financial Instruments

### Nature and Extent of Risks Arising From Financial Instruments

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

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

The Board's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out through a Service Level Agreement with Perth & Kinross Council. Therefore the Board has effectively adopted Perth & Kinross Council's treasury management practices, which include written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Credit Risk

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

The Board minimises its exposure to credit risk by placing surplus cash deposits with Perth & Kinross Council on a short term basis. However, the Police and Fire Reform (Scotland) Act 2012, which places Fire under central government control and accounting arrangements from 1 April 2013, prohibits the investment of surplus funds in money markets. Therefore all surplus cash deposits were recalled to the main bank account for 31 March 2013 and none remains on deposit as at the Balance Sheet date. However, it is not anticipated that the Board's exposure to credit risk will increase to any great degree as a result of this.

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

	<b>Amount at 31/03/13</b>	<b>Historical experience of Default</b>	<b>Adjustment for Market Conditions at 31/03/13</b>	<b>Estimated Maximum Exposure to Default</b>
	<b>£000</b>	<b>%</b>	<b>%</b>	<b>£000</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>(A x C)</b>
Deposits with banks and financial institutions	5,465	0%	0%	0
Debtors	830	0%	0%	0
<b>Total</b>	<b>6,295</b>			<b>0</b>

The Board does not expect any losses from non-performance by any of its counterparties in relation to its deposit with its bank.

The Board does not generally allow credit for customers, such that all of the remaining £0.830m balance is past its due date for payment.

The past due amount for Trade Debtors can be analysed by the age of the debt as follows:

<b>31/03/12</b>		<b>31/03/13</b>
<b>£000</b>		<b>£000</b>
985	Less than three months	829
0	Three to six months	1
1	Six months to one year	0
4	More than one year	0
<b>990</b>		<b>830</b>

The comparative figures for Trade Debtors as at 31 March 2012 have been reduced by £0.112m. Please refer to Note 39.

### **Liquidity Risk**

The Board has a Service Level Agreement with Perth & Kinross Council for the provision of a comprehensive cash flow management system. Perth & Kinross Council seeks to ensure that cash is available to the Board as required. If unexpected movements happen the Board has ready access to borrowings from the money markets and the Public Works Loan Board.

There is no significant risk that the Board will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Board will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Board has effectively adopted Perth & Kinross Council's treasury management practices which ensure that new loans are taken out and, where it is economical to do so, early repayments are made. The maturity analysis of financial liabilities is as follows:

<b>31/03/12</b>		<b>31/03/13</b>
<b>£000</b>		<b>£000</b>
2,818	Less than one year	8,814
800	Between one and two years	0
0	Between two and five years	0
1,500	More Than 5 Years	1,500
<b>5,118</b>		<b>10,314</b>

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

### **Market Risk – Interest Rate Risk**

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

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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and

investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance.

Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Board has adopted Perth & Kinross Council's treasury management practices and was subject to the Council's strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, Perth & Kinross Council look to repay the Board's fixed rate loans early to limit exposure to losses.

Perth & Kinross Council's treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out should be fixed or variable.

According to this assessment strategy, at 31 March 2013, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

<b>31/03/12</b>		<b>31/03/13</b>
<b>£000</b>		<b>£000</b>
15	Increase in interest payable on variable rate borrowings	15
0	Increase in interest receivable on variable rate investments	0
<b>15</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>15</b>

During 2012/13, as interest rates remained historically low, the average interest rate received on the Board's variable rate investments was only 0.24%. This is a composite rate of the actual daily rates received throughout the year.

Under Perth & Kinross Council's treasury management policy, during times when the Bank of England's base rate is 3% or below the interest rate receivable on the Board's variable rate investments varies between 0.1% and 0.25% depending on the amount invested on a day-to-day basis. The daily rate is set with reference to these bandings until such time as the Bank of England's base rate rises above 3% again. At this point the interest rate payable on the Board's variable rate investments will revert to Base Rate less 2%. As the base rate was only 0.5% for the duration of 2012/13 a 1% rise in this rate would have had no effect on the interest receivable on variable rate investments.

If interest rates had been 1% lower with all other variables held constant, the financial effect would be:

<b>31/03/12</b>		<b>31/03/13</b>
<b>£000</b>		<b>£000</b>
0	Decrease in interest payable on variable rate borrowings	0
(2)	Decrease in interest receivable on variable rate investments	(3)
<b>(2)</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(3)</b>

A 1% reduction in interest rates would not result in a reduction in interest payable on variable rate borrowings, as it is unlikely that such a decrease would be passed on by the lender under the Lender Option Borrower Option (LOBO) terms of the debt.

The impact of a 1% fall in interest rates would have been a negative base rate and the minimum rate receivable on variable rate investments under the Council's treasury management policy is 0.1%. If the rate had reduced to 0.1% the interest receivable on variable rate investments would have fallen by £3k.

#### **Market Risk - Foreign Exchange Risk**

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

#### Note 34 - Contingent Assets and Liabilities

At 31 March 2013, the Board held no material contingent assets or liabilities (31 March 2012: £nil).

#### Note 35 - Cash Flow from Operating Activities

2011/12 £000		2012/13 £000
18,044	Cash paid to and on behalf of employees	17,371
3,363	Cash paid to suppliers of goods and services	4,744
12,350	Other operating cash payments	12,441
180	Interest Paid	106
33,937	Cash Outflows generated from operating activities	34,662
(6,159)	Grants	(6,272)
(23,402)	Requisitions from constituent councils	(24,197)
(4,740)	Other receipts from operating activities	(4,751)
(5)	Interest Received	(5)
(34,306)	Cash inflows generated from operating activities	(35,225)
(369)	<b>Net Cash Inflows from Operating Activities</b>	<b>(563)</b>

#### Note 36 - Cash Flow from Investing Activities

2011/12 £000		2012/13 £000
2,220	Purchase of Property, Plant & Equipment	1,899
(182)	Proceeds from the sale of Property, Plant & Equipment	(41)
(1,370)	Capital Grants and Contributions Received	(1,321)
668	<b>Net Cash Outflows from Investing Activities</b>	<b>537</b>

#### Note 37 - Cash Flow from Financing Activities

2011/12 £000		2012/13 £000
(5,000)	Cash Receipts from Short and Long Term Borrowing	(13,500)
3,800	Repayment of Short and Long Term Borrowing	8,300
(1,200)	<b>Net Cash Inflow from Financing Activities</b>	<b>(5,200)</b>

## Note 38 – Firefighters’ Pension Account

The Scottish Government requires the Board to maintain a Firefighters Pension Account in respect of the unfunded Firefighters’ Pension Schemes.

The Pensions Account bears the cost of all pension benefits payable, the funding for which comes from a combination of employer and employee contributions. Where these contributions are insufficient to meet the amounts payable the shortfall is funded by a Scottish Government top-up grant. In practice the top up grant is based on estimated pension costs and is payable in advance. Consequently the General Fund will reflect a debtor or creditor at the end of each financial year in respect of any deficit or surplus on the Firefighters Pension Account. In the case of a deficit, the debtor will represent funding for firefighters’ pensions which the Scottish Government is committed to meeting. In the case of a surplus the creditor will represent the excess pensions funding received for the year which is repayable to the Scottish Government.

Although the Firefighters Pension Account operates on an accruals basis, provisions for potential retirement costs (pension commutation lumps sums for eligible retirees) are not included as charges against the Pension Account until the actual payments are made.

The transactions on the Firefighters Pension Account for 2012/13 are shown below. Details of the Board’s long-term Firefighters’ pension obligations can be found in Notes 31b and 31c.

2011/12 £000		£000	2012/13 £000
	<b><u>Contributions Receivable</u></b>		
	Board Contributions:		
(2,647)	- Contributions Based on Pensionable Pay	(2,620)	
(119)	- Ill Health Capital Equivalent Amounts	(42)	
(1,415)	Employees' Contributions	(1,481)	
(86)	Pensions Transferred In	(119)	
(4,267)			(4,262)
	<b><u>Benefits Payable</u></b>		
5,989	Pensions	6,449	
1,689	Commutations and lump sum retirement benefits	1,489	
7,678			7,938
	<b><u>Payments to and on Account of Scheme Leavers</u></b>		
96	Transfer Values Paid		0
3,507	Sub-Total for the year before transfer of deficit to the General Fund		3,676
(3,507)	Transfer of deficit to the General Fund		(3,676)
0	Net amount payable/receivable for the Year		0

The deficit on the Pensions Account at 31 March 2013 was £3.676m, indicating that amounts paid out for Firefighters’ pensions during the year exceeded pension contributions paid in by both employers and employees by this amount. This deficit was transferred to the General Fund at 31 March 2013.

In the year to 31 March 2013 the Board received £6.287m from the Scottish Government to fund firefighters’ pensions. £2.620m was used to fund the Board’s contributions to the Pensions Account. Despite this contribution the deficit on the pensions account at 31 March 2013 was £3.676m. This was partly funded from the remaining grant available (£3.667m), with the remaining £0.009m being credited to the Cost of Services within the CIES, and matched with a debtor being created in the Balance Sheet to recognise the grant receivable from the Scottish Government during the forthcoming year.

### Note 39 – Changes to Previous Year’s Comparative Figures

The comparative figures relating to firefighters’ pensions have been changed throughout the 2012/13 Statement of Accounts. This is due to guidance on best practice received during 2012/13 in relation to the accounting treatment of Pensions Account transactions and the treatment of pension grant income being followed.

In the 2011/12 Statement of Accounts the pension grant income was treated as having been credited directly into the Pensions Account, offsetting the pension costs therein, with the deficit remaining on the Pensions Account (£3.507m) being funded by a transfer from the General Fund. The cost of this General Fund transfer was shown as a charge to Firefighting and Rescue Operations within Net Cost of Services. The net cost of Firefighters’ Pensions was therefore disclosed as £nil, supported by disclosure in Note 38.

The Board has now been advised that the true cost of firefighters’ pensions should be shown as a cost against Firefighters Pensions in Net Cost of Services, because this represents the true cost to the Board of providing firefighters’ pension benefits. Pension Grant income is credited directly to the General Fund and the resulting year-end deficit on the Pensions Account is transferred to the General Fund and matched to the grant income. Therefore, the 2011/12 comparative figures have been adjusted as follows:

	<b>2011/12 Statement of Accounts</b>	<b>Adjustments</b>	<b>2012/13 Statement of Accounts</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fire Fighting and Rescue Operations	22,098	(3,507)	18,591
Firefighters’ Pensions	0	3,507	3,507

In addition, in 2011/12 pension grant receivable from the Scottish Government was assumed to be from two separate streams. At 31 March 2012 one stream was estimated to be overfunded, resulting in a £0.112m creditor repayable to the Scottish Government at year end; whilst the other stream was estimated to be underfunded, resulting in a £0.682m debtor receivable from the Scottish Government at year end.

During 2012/13 it became apparent that the Scottish Government only considers the grant provision to be a single funding stream, with a single, net amount overpaid or underpaid at year end. The net amount owed by the Scottish Government to the Board at 31 March 2012 was therefore £0.570m. To reflect this 2011/12 comparative figures for creditors and debtors have been adjusted as follows:

	<b>2011/12 Statement of Accounts</b>	<b>Adjustments</b>	<b>2012/13 Statement of Accounts</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Short Term Debtors	2,086	(112)	1,974
Short Term Creditors	(2,890)	112	(2,778)

### Note 40 – Changes in Accounting Policies

There were no changes in accounting policies introduced in the year to 31 March 2013.



# **INDEPENDENT AUDITOR'S REPORT**

## **TAYSIDE FIRE AND RESCUE BOARD**

### **Independent auditor's report to the members of Perth & Kinross Council 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 2013 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the 2012/13 Code).

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 for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

#### **Respective responsibilities of the Responsible Financial Officer and auditor**

As explained more fully in the Statement of the Board's and Responsible Officer's Responsibilities for the Statement of Accounts, the Head of Finance for Perth & Kinross Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance for Perth & Kinross Council; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

#### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2012/13 Code of the state of the affairs of Tayside Fire and Rescue Board as at 31 March 2013 and of the income and expenditure of Tayside Fire and Rescue Board for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

### **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2012/13 Code; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Pearl Tate

Senior Audit Manager  
Audit Scotland  
18 George Street  
Edinburgh  
EH2 2QU

25 September 2013

## **GLOSSARY**

### **ACCRUALS**

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

### **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

### **ASSET**

An item having value to the Board in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year. A non-current asset provides benefits to the Board and to the services it provides for a period of more than one year and may be tangible e.g. a fire appliance, or intangible, e.g. computer software licences.

### **BALANCE SHEET**

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

### **CAPITAL FINANCING**

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

### **CAPITAL RECEIPT**

The proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

### **COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT (CIES)**

The statement of the Board's financial position, reporting the net cost of delivering the service for the year, and demonstrating how that cost has been financed from requisitions, grants and other income.

### **CONSISTENCY**

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

### **CONSTITUENT COUNCILS**

The local councils who provide funding to the Board and also provide Board Membership, leadership, and direction. There are three constituent councils in partnership with the Board: Angus Council, Dundee City Council and Perth & Kinross Council. Funding is provided by these councils in pre-determined percentages, i.e. Angus (19%), Dundee (52%) and Perth & Kinross (29%).

### **CONTINGENT ASSET**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Board's accounts.

### **CONTINGENT LIABILITY**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Board's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

### **CREDITOR**

Amount owed by the Board for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

### **CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

### **DEBTOR**

Amount owed to the Board for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

#### **DEFINED BENEFIT PENSION SCHEME**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

#### **DEPRECIATION**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Board's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

#### **EVENTS AFTER THE BALANCE SHEET DATE**

Those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts are authorised for issue.

- Adjusting Events: those events that require the Statement of Accounts to be adjusted to reflect the financial effect of the event.
- Non-adjusting Events: those events that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events.

#### **EXCEPTIONAL ITEMS**

Material items which derive from events or transactions that fall within the ordinary activities of the Board and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

#### **EXPECTED RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

#### **EXTRAORDINARY ITEMS**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Board and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

#### **FAIR VALUE**

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

#### **GOING CONCERN**

The concept that the Statement of Accounts is prepared on the assumption that the Board will continue in operational existence for the foreseeable future.

#### **GOVERNMENT GRANTS**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Board. These grants may be specific to a particular scheme or may support the revenue spend of the Board in general.

#### **IMPAIRMENT**

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

#### **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

#### **LIABILITY**

A liability is where the Board owes payment to an individual or another organisation:

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

#### **LIQUID RESOURCES**

Current asset investments that are readily disposable by the Board without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

#### **MATERIALITY**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

#### **NET BOOK VALUE**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

**PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

**PENSION SCHEME LIABILITIES**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**PRIOR YEAR ADJUSTMENT**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**PROVISION**

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

**REMUNERATION**

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

**RESERVES**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent at the discretion of the Board. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.

**RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

**STOCKS**

Items of raw materials and stores the Board has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

**TEMPORARY BORROWING**

Money borrowed for a period of less than one year.

**WORK IN PROGRESS (WIP)**

The cost of work performed on an uncompleted project at the balance sheet date.



# Appendix C

# Tayside Fire and Rescue Board

## Draft Annual report on the 2012/13 audit



Prepared for Members of Perth & Kinross Council and the Controller of Audit for Scotland  
September 2013

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.



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# Key Messages

We have given an unqualified opinion that the financial statements of Tayside Fire and Rescue Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

The Police and Fire Reform (Scotland) Act 2012 wound up Tayside Fire and Rescue Board on 31 March 2013 and transferred the Board's functions to the Scottish Fire and Rescue Service. The Board therefore ceased to exist as a separate legal entity at midnight on 31 March 2013 and all assets, liabilities, interests and obligations transferred to the Scottish Fire and Rescue Service (classified as a machinery of government change).

The Board's Balance Sheet at 31 March 2013 had an excess of liabilities over assets largely due to pension commitments. However we are satisfied that the process which the Board has undertaken to consider the organisation's ability to continue as a going concern is reasonable as the Scottish Government has a legal obligation to provide the service with the funding it needs in the future to meet all pension liabilities as and when they fall due.

An annual report giving the Chief Internal Auditor's overall opinion on the systems of internal financial control was not considered by those charged with governance. Our review of the key financial systems used by the Board found that overall a satisfactory level of control was in place which enabled us to take assurance for our audit opinion.

On the basis of the audit testing undertaken, there were no issues of concern in relation to the operation of the Board's corporate governance arrangements.

An overview report on *Best Value in fire and rescue services in Scotland* was issued in July 2012 by the Accounts Commission. It focused on the opportunities and challenges facing fire and rescue in moving towards the new Scottish Fire and Rescue Service (SFRS), which came into operation on 1 April 2013. The new service will be subject to scrutiny by Her Majesty's Fire Service Inspectorate in Scotland (HMFSI) and the Auditor General for Scotland. Audit Scotland is working with HMFSI on an early inspection of SFRS.

# Introduction

1. The Police and Fire Reform (Scotland) Act 2012 wound up Tayside Fire and Rescue Board on 31 March 2013 and transferred the Board's functions to the new Scottish Fire and Rescue Service (SFRS). Residual accounting and reporting obligations were transferred to Perth & Kinross Council which had previously been the lead authority for financial advice and support to the outgoing board.
2. This report is the summary of our findings arising from the 2012/13 audit of Tayside Fire and Rescue Board. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
3. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect.
4. This report is also addressed to the Controller of Audit and will be published on our website after consideration by Perth & Kinross Council's Audit Committee.

## Acknowledgements

5. We would like to express our thanks to the staff of the Board for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

# Financial statements

## Conduct and scope of the audit

6. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan presented to the Board on 25 March, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
7. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2012/13 agreed fee for the audit was disclosed in the Annual Audit Plan and remains unchanged.

## Audit opinion & accounting issues

8. We have given an unqualified opinion that the financial statements of Tayside Fire and Rescue Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The audit opinion was formally issued and signed on **25 September 2013**.
9. We received the unaudited financial statements on 25 June 2013 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team to enable us to complete our on-site fieldwork by early July. The Board is required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

## Significant findings

10. During the course of the audit we identified a few issues regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.

## Going concern

11. The Board's balance sheet as at 31 March 2013 discloses an excess of liabilities over assets of £207.9 million due to the accrual of pension liabilities in accordance with International Accounting Standard 19 (Employee Benefits). The Explanatory Foreword by the Treasurer to the Board and Note 3 to the accounts confirms that the Board has adopted a 'going concern' basis for the preparation of the financial statements as the Scottish Government, under the Police and Fire Reform (Scotland) Act 2012, has a legal obligation to provide the service with the funding it needs in the future to meet all pension liabilities as and when they fall due.

12. The accounts detail the Police and Fire Reform (Scotland) Act 2012 as an event taking place after the balance sheet date whereby all existing Fire and Rescue Joint Boards in Scotland ceased to exist as separate legal entities at midnight on 31 March 2013 and all assets, liabilities, interests and obligations transferred to the SFRS. Note 5 to the accounts highlight that it is still appropriate to adopt a going concern basis for the preparation of the Board's financial statements as the changes being implemented are a transfer from one public body to another, which is classified as a machinery of government change.
13. We are satisfied, therefore, that the process which the Board has undertaken to consider the organisation's ability to continue as a going concern and the conclusion reached is reasonable.

### Statement on the system of internal financial control

14. The Board included a statement on the system of internal financial control (SSIFC) within the audited financial statements in line with requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. The SSIFC reported that no material weaknesses had been identified during the course of the year. Assurances for this should include the annual assessment and year end opinion from internal audit. The Chief Internal Auditor's opinion has not been formally reported in an annual assessment but it is detailed in the SSIFC that *"on the basis of a review of policies and procedures in place and the work completed during 2012/13, including a review of the Board's implementation of agreed actions from previous years' audits, reasonable reliance can be placed on the Board's system of overall internal financial control"*.

### Remuneration report

15. We are satisfied that the remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Act 1985 and Scottish Government finance circular 8/2011. The disclosures within the 2012/13 financial statements include all eligible remuneration for the relevant officers and Board members.
16. The exit packages disclosed in the Remuneration Report relate to severance agreements reached with ten individuals. A voluntary severance scheme had been agreed which identified nine posts surplus to the requirements of the Scottish Fire and Rescue Service (SFRS) when it took over its full range of powers on 1 April 2013. The Scottish Government funded the costs (£0.348 million) associated with redundancy and additional cost of paying pensions early for these posts. The other voluntary severance agreement related to efficiencies identified by the Board during the year. The £0.672 million expenditure detailed in the remuneration report relates to the costs of these ten exit packages evaluated on an actuarial basis in accordance with International Accounting Standard 19 (Employee Benefits).

### Legality

17. Through our planned audit work we consider the legality of the Board's financial transactions. The Head of Finance has confirmed that, to the best of his knowledge and belief, and having

made appropriate enquiries that the financial transactions of the Board were in accordance with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to members' attention.

# Financial position

## Financial results

18. The Board's net expenditure before receipt of requisitions in 2012/13 was £23.513 million compared to the net budgeted expenditure of £23.584 million giving a net underspend of £0.071 million. In the Explanatory Foreword, the Head of Finance outlines the key variances against budgeted expenditure including:
- additional income to reimburse salary costs for employees seconded to assist with the national fire reform
  - voluntary severance costs of £0.348 million funded through the Scottish Government's scheme
  - additional spend to purchase or maintain equipment to ensure there was no negative impact on operational activities
19. The net expenditure differs from the Net Cost of Services in the Comprehensive Income and Expenditure Statement of £22.872 million by £0.641 million. This is because reports prepared for the Board's monitoring purposes are prepared on a different basis from the accounting policies used in the financial statements, for example, capital investment is accounted for as it is financed, rather than when the assets are consumed and retirement benefits are based on cash flows rather than the current service costs of benefits accrued in the year. Note 7 to the accounts reconciles the figures in the budget performance report to the figures in the Comprehensive Income and Expenditure Statement.
20. Capital expenditure in 2012/13 totalled £1.649 million financed by capital grants of £1.354 million, disposal proceeds of £0.041 million with the balance of £0.254 million being funded from revenue.

## Financial position

21. In 2012/13 the usable reserve balance was adjusted to nil in the accounts to reflect the agreement for the repayment of the £0.6 million uncommitted reserves to the constituent councils.
22. The Board's balance sheet at 31 March 2013 had net liabilities of £207.9 million due largely to the requirements of IAS 19 (employee benefits) which requires the full pension obligations to be recognised in the year they are earned. The pension liabilities of the Board at 31 March 2013 were £230.9 million. In addition to the pension liability there was a £4.2 million liability for the IAS 19 adjustments for injury benefits. These technical accounting requirements have no impact on the underlying basis for meeting current and on-going pension/injury benefit liabilities which will be met, as they fall due, by the SFRS from 1 April 2013.
23. As at 31 March 2013 the Board had significant cash & cash equivalent balances. These balances had been accumulated to allow the Board to pay its short term borrowing prior to

transfer of functions to SFRS. However the repayment of borrowing was subsequently not required prior to 31 March 2013. This resulted in the Board having a significant level of short term borrowing (£8.8 million) and cash & cash equivalents (£5.5 million) as at 31 March 2013.



# Corporate governance and systems of internal control

## Overall governance arrangements

24. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the Board had sound governance arrangements in place.

## Accounting and internal control systems

25. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
26. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
27. Internal audit is an important element of the Board's governance structure. Our review established that the work of internal audit is satisfactory. Our Annual Audit Plan indicated that we intended to place formal reliance on internal audit's review of payroll for our assurances for the financial statements. However due to the timing of internal audit's work we were unable to place reliance on internal audit. To obtain the necessary assurances for the financial statements unplanned audit testing had to be undertaken in this area.

## NFI in Scotland

28. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The latest exercise started in January 2013 but is not due to report until May 2014.
29. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate. With regard to the Board there were a number of matches identified. All the Board matches have been investigated and cleared with no fraud or irregularities highlighted.

## **Standards of conduct and arrangements for the prevention and detection of fraud and irregularity**

30. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. In our opinion the overall arrangements in place are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

# Performance

## Best value

31. In July 2012, the Accounts Commission published its overview report on *Best Value in fire and rescue services in Scotland*. This report drew on the findings of Best Value audits of Scotland's eight fire and rescue services published between January and March 2012. It focused on the opportunities and challenges facing fire and rescue in moving towards the SFRS, which came into operation on 1 April 2013. The SFRS will be subject to scrutiny by Her Majesty's Fire Service Inspectorate in Scotland (HMFSI) and the Auditor General for Scotland. Audit Scotland is working with HMFSI on an early inspection of the SFRS during 2013.
32. The report on Tayside Fire and Rescue was published in February 2012 and highlighted that it provided a highly effective emergency response service but identified several areas in an improvement agenda including how the Board carried out its governance and scrutiny roles.

## Performance management

33. The Board prepared an annual performance report in *Towards a Safer Tayside 2012-13*. This detailed the performance of the Board against 8 strategic objectives under four headings: prevention, intervention, people and performance. The service's performance was considered during 2012/13 by the Board through quarterly activity reports.
34. The prescribed Statutory Performance Indicators (SPIs) contained in the Accounts Commission's 2008 Direction were submitted to Audit Scotland by the 31 August 2013 deadline. The information and arrangements in place for the collation and checking of data for fire service specific indicators were adequate. However the sickness absence information contained in its public performance report *Towards a Safer Tayside 2012-13* was significantly different from the audited information. This information is gathered through a UK-wide performance management system called IRS (Incident Reporting System).

## Overview of performance in 2012/13

### Strategic outcomes

35. Overall the Board's performance outcomes against its strategic objectives have been detailed in *Towards a Safer Tayside 2012/13* and are fairly positive. The statutory performance indicators are included within the strategic objectives. Some of the measures of performance in the year include:
  - the target of 15,000 home fire safety visits was exceeded
  - the number of incidents resulting in fire casualties increased (89 to 93) although the number of fire casualties fell (128 to 103)

- downward trends in the number of fires and other emergencies attended although road traffic collision incidents have increased (164 to 211)
  - a continued decrease in the number of malicious calls to 1% (2011/12 2%) of total calls received although there has been an increase in the number of unwanted fire signals from automatic fire alarms over the past 5 years
  - the days lost due to sickness and light duties per uniformed staff has increased to 8.6 days in 2012/13 (2011/12 - 6 days). There has also been an increase in overall sickness days from 3.5 to 4.7 days. The national averages were 7.2 and 6.8 respectively in 2011/12
36. *Towards a Safer Tayside 2012/13* highlights the progress against actions relating to the strategic objectives. Due to the reform process and the formation of the SFRS, some actions were considered no longer applicable or superseded by the reform agenda.

## National performance reports

37. Audit Scotland carries out a national performance audit programme on behalf of the Auditor General and Accounts Commission. The Board has not been directly involved in any reviews during the year however *Improving community planning in Scotland* issued in March 2013 notes that a fresh drive to realise community planning's full potential, particularly in the light of severe budget pressures on all public services, has been outlined in a Statement of Ambition from the Scottish Government and the Convention of Scottish Local Authorities. Any action arising from this review should be considered by the SFRS.



# TAYSIDE FIRE AND RESCUE BOARD

TOWARDS A SAFER TAYSIDE



*Protecting the Community*

## Annual Public Performance Report 2012 – 2013

# OUR MISSION & AIMS



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**

Working together for a safer Scotland

Scottish Fire and Rescue Service  
Service Delivery Area North  
Blackness Road  
Dundee DD1 5PA

[www.firescotland.gov.uk](http://www.firescotland.gov.uk)

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# CONVENER'S REMARKS

Writing this foreword is a bitter-sweet experience for me. As the last Convener of Tayside Fire and Rescue Joint Board, I have had the privilege of working with some very talented professionals and following on from those who have built the reputation of the Board. But this is the final report of its kind by a Convener of Tayside Fire and Rescue Joint Board and my experience of this role has been a very positive one.

We are now into a new era for the fire and rescue service in Scotland, but the activities of the new Scottish Fire and Rescue Service will continue to be monitored and scrutinised locally. We can expect the new national service to maintain the same level of service that we have become accustomed to for the foreseeable future, at least.

We have been very fortunate to have been served by the calibre of management we have seen in Tayside. This is evidenced by the appointment of Alasdair Hay as Chief Officer of the new Scottish Fire and Rescue Service, and the appointment of Dave Boyle as Assistant Chief Officer, and Director of Service Delivery for the West of Scotland.

This report is a further demonstration of the excellent service that the citizens and communities of Tayside have enjoyed. Once again, the fire and rescue service in Tayside have produced excellent results and every member of the service should be proud of their achievements.

There are one or two areas where the Board wished to see improvement and I commend the work of the Board Members in ensuring that there was no complacency when scrutinising the work of the service. I must also commend the firefighters and management, who have maintained very high performance levels throughout a very difficult period of transition.

The challenge for us all is to maintain the service at the very high levels which have been set and it is one that those of us who serve on the new local committee's and the local fire and rescue service seem ready to accept.

Paul Valentine  
Convener Tayside Fire and Rescue Board



# The Board



Alistair Munro -Vice Convener  
LAB-P&k



Paul Valentine-Convener  
SNP-Angus



Christina Roberts-Vice Convener  
SNP-Dundee



Helen Oswald  
SNP-Angus



Robert (Bob) Myles  
IND-Angus



Bill Bowles  
IND-Angus



S Welsh  
SNP-Angus



Jack Coburn  
SNP-P&K



Elspeth MacLachlan  
SNP-P&K



Douglas Pover  
SNP-P&K



Alexander Stewart  
CON-P&K



Willie Wilson  
LIBDEM-P&K



John Alexander  
SNP-Dundee



Lesley Brennan  
LAB-Dundee



David Bowes  
SNP-Dundee



Jimmy Black  
SNP-Dundee



Georgia Cruickshank  
Labour-Dundee



Richard McCready  
LAB-Dundee



David Boyle  
Chief Fire Officer

# CHIEF'S REMARKS

This final annual public performance report under the auspices of Tayside Fire and Rescue Board, relates to the activities and performance of Tayside Fire and Rescue for the period 1 April 2012 to 31 March 2013, in pursuit of its mission of Protecting the Community by providing the highest standard of community safety and emergency response services to all the communities we serve.

As a demonstration of Tayside Fire and Rescue's commitment to its mission and duty of continuous improvement, despite the challenges and uncertainty of fire service reform, the service delivered a number of successful outcomes during reporting period 1 April 2012 to 31 March 2013. Some of the more notable outcomes are highlighted below and therefore build on the previous successes and excellent performance of Tayside Fire and Rescue, which as the last Chief Fire Officer of Tayside Fire and Rescue, I feel privileged and very proud to have been a part of.

## **Prevention**

Through the hard work, dedication and commitment of our staff, we exceeded our annual target of conducting 15,000 Home Fire Safety Visits last year. Since introducing this initiative approximately six years ago, Tayside Fire and Rescue has delivered in the region of 60,000 potentially life-saving Home Fire Safety Visits across the Tayside area. These visits, supported by our high profile, hard hitting "Don't Bring Death to Your Home" campaign, are a vital means of increasing the safety of our communities from the devastating consequences of fires, and I have no doubt that the drop in the number of fire fatalities from 6 down to 2 last year is proof that our prevention work is saving lives. We cannot, however, afford to become complacent and I can reassure you that in the new Scottish Fire and Rescue Service, local resources will continue to be focussed on reducing these numbers further.

Young people have an important role to play in helping to protect our communities from fire and other emergencies, whereby through engagement we aim to inspire them and make them safer and more responsible members of the community as they progress into adulthood. Initiatives such as the Safe Drive Stay Alive roadshow, Fire College, Fire Academy and Safe Taysider's were key elements of our youth engagement strategy last year, and along with other engagement opportunities, led to over 1000 community safety engagement initiatives being delivered across the Tayside area in pursuit of the prevention aim.

## **Intervention**

Continuing to place more emphasis on prevention has not been at the expense of the development of our emergency response capabilities. The project to provide an Advanced Water Rescue Capability was completed last year. All staff based at Kingsway East and Perth Fire Stations are now well equipped and trained for performing complex water and land based rescues using enhanced ropework techniques. In December, an Aerial Rescue Pump was introduced at Macalpine Road Fire Station. This state-of-the-art fire appliance carries out the roles currently performed by two separate appliances, and was the third Aerial Rescue Pump to be introduced within Tayside since 2010, as part of a strategy to deliver more effective and efficient emergency response services to the communities. Through our Integrated Risk Management Planning Process, we also reviewed the disposition of our specialist fire appliances to ensure that they were in the most appropriate locations for responding to national and local emergencies. The outcome of this review has been implemented and the location of specialist appliances and skills now better match the local and national risk profile.

## **People**

Our investment in the development of the skills of our personnel continued last year with the opening of a new training facility at Kingsway East Fire Station. This £2,000,000 investment completed a 10 year, £9.5 million programme of capital investment to upgrade training facilities across Tayside and allows local fire fighters to train for a number of different scenarios. The facility will now form part of the national approach to rope rescue training along with two other training locations in Scotland. In partnership with Dundee Airport operator – Highlands and Islands Airports Limited, a Carbonaceous Real Fire Training Unit was built and work commenced to site the unit on the grounds of Dundee Airport. The unit will now be used to give our firefighters ‘real life’ training on how to deal with fire phenomena such as backdraught and flashover. These capital investments, coupled with the investment we have made in the development of our people leave a legacy of Tayside Fire and Rescue’s commitment to having a highly skilled and motivated workforce, which I’m sure, will greatly benefit the new Scottish Fire and Rescue Service and the delivery of local fire and rescue services.

## **Performance**

Tayside Fire and Rescue has been described as a continually high performing public sector organisation, a reputation, which I feel is richly deserved, and one that will benefit the people of Tayside and beyond in the new Scottish Fire and Rescue Service. Over the past year we saw fire deaths in Tayside drop by more than half and continued to experience downward trends in the number of fires and other emergencies we are attending, including dwelling fires, secondary fires and malicious calls. These successes coupled with our reduction in firefighter injuries, therefore highlights the tangible benefits being realised by our firefighter safety and community safety agenda. It also reinforces the effectiveness of ‘partnership working’. I have no doubt that the benefits our communities are experiencing would not have been achieved if it weren’t for the partnership approach we have adopted, coupled with the enthusiasm and dedication shown by the members of the Board, the personnel of Tayside Fire and Rescue and the communities of Tayside.

The influence and outcomes achieved by the former Tayside Fire and Rescue will be evident in the new Scottish Fire and Rescue Service, as the best of Scotland’s former services have been brought together to deliver a world class fire and rescue service. It was therefore very pleasing for me to be in the fortunate position of handing over to Assistant Chief Officer Robert Scott – the Director of Service Delivery for the North of Scotland SDA (formerly Highlands and Islands, Grampian and Tayside), and Area Manager Dave Stapley – and Local Senior Officer for Angus, Dundee and Perth and Kinross, a high performing and resilient local fire and rescue service, which will continue to make a difference to the wellbeing of all Scotland’s communities.

David Boyle  
Chief Fire Officer

# INTRODUCTION

**Tayside Fire and Rescue's aim is to provide the highest standard of community safety and emergency response services to all the communities we serve.**

During the reporting period of 2012/13, Tayside Fire and Rescue remained committed to providing the highest standard of community safety and emergency response services to all the communities it served. This high level of commitment was maintained despite the challenges of fire service reform and the subsequent merger of Scotland's existing fire and rescue services into the new single Scottish Fire and Rescue Service on 1 April 2013.

The former Tayside Fire and Rescue served a population of around 400,000 across 2,896 square miles in the Angus, Dundee City and Perth and Kinross council areas, representing around 7.7 per cent of Scotland's population and 9.7 per cent of its area. Under the new Scottish Fire and Rescue Service, the communities of Angus, Dundee City and Perth and Kinross will notice no difference to the fire and rescue service. It will continue to be delivered at local level and the high levels of community safety and emergency response services enjoyed by our local communities under the former Tayside Fire and Rescue will be maintained to the same standards under the new single service.

During the reporting period of 2012/13, Tayside Fire & Rescue employed around 800 staff, including whole time, retained and volunteer firefighters, fire control staff and support staff. As well as its headquarters in Dundee, the services staff were based in 24 fire stations throughout the area. Of these, four were staffed by whole time fire crews (Blackness Road, Macalpine Road and Kingsway East in Dundee, and Perth), two through a combination of whole time and retained crews (Balmossie and Arbroath), 15 by retained fire crews and three by volunteer crews. Fifty emergency response vehicles operated from these stations, including Rescue Pumps, Aerial Rescue Pumps (ARPs), and a range of specialist units, such as water rescue and urban search and rescue. All of these resources have now transferred to the new Scottish Fire and Rescue Service, whereby the Local Senior Officer for Angus, Dundee City and Perth and Kinross has been given delegated authority by the Scottish Fire and Rescue Service, for using the resources to carry out fire and rescue functions within the area formerly served by Tayside Fire and Rescue.

Up until 31 March 2013, Tayside Fire and Rescue was governed by a Joint Fire and Rescue Board, made up of councillors from each of the constituent councils of Angus Council (5 members), Dundee City Council (7 members) and Perth and Kinross council (6 members). On 1 April 2013, governance of the Scottish fire and rescue service was transferred to the Chief Officer and Board of the new Scottish Fire and Rescue Service and coincided with the implementation of Local Scrutiny and Engagement Arrangements giving individual local authorities a more formal role in the shaping of local fire and rescue services including scrutinising and monitoring local performance.

During the reporting period of 2012/13, the service was led by Interim Chief Fire Officer Alasdair Hay until his appointment as the new Chief Officer of the Scottish Fire and Rescue Service in October 2012. For the remainder of the reporting period, Tayside Fire and Rescue was led by Interim Chief Fire Officer Dave Boyle who was supported by a Principal Management Team. The organisation was structured into two strategic functions – Service Delivery, which overseen the Community Safety and Risk Management Departments, driving forward the Prevention and Intervention Aims of the organisation, and Service Support, which overseen Technical Services, Corporate Services and Personnel Services, driving forward the People and Performance Aims of the organisation.

Despite the enactment of the Police and Fire Reform (Scotland) Act 2012 to create the new Scottish Fire and Rescue Service, during the reporting period of 2012/13 the Fire (Scotland) Act 2005 continued to be the key piece of legislation governing the statutory duties of the former Tayside Fire and Rescue. These duties now apply to the new Scottish Fire and Rescue Service and include the provision for:

- Fire Safety promotion
- Firefighting
- Rescues from Road Traffic Collisions
- Fire Investigation
- Responding to other civil emergencies such as Chemical, Biological, Radiological, Nuclear, Explosives (CBRNE); Search and Rescue; Serious Flooding; Serious Transport Incidents

The Local Government (Scotland) Act 2003 places a statutory duty on each local authority and its partners to secure Best Value and continuous improvement, and participate in Community Planning. The act also requires them to report to the public on the outcomes of its performance. This final Tayside Fire and Rescue Board annual Public Performance Report therefore details Tayside Fire and Rescue's performance against the action points listed in the Towards a Safer Tayside Action Plan 2012/13. The action points were identified as being key to Tayside Fire and Rescue delivering its mission, aims and strategic objectives, whilst taking cognisance of other key drivers, including fire service reform and the transition to the new Scottish Fire and Rescue Service.

# PREVENTION

## STRATEGIC OBJECTIVE ONE

What the Board aims to do:-

### SO1 Improve safety and promote social cohesion.

#### Action Points for Achieving This Objective

	What We Said We Would Do	What We Have Done
AP1	<p>Evaluate the effectiveness of the revised service delivery model to ensure that it continues to deliver improved outcomes for our communities and local area partnerships.</p> <p><b>Intended Outcome</b> – To ensure that we continue to improve the expected outcomes for our communities and local area partners.</p>	<p>Work has been undertaken throughout the year to fully implement our service delivery model and this has been reviewed during routine performance meetings with staff. Extensive consultation work to develop our local priorities and objectives has been undertaken in Angus, Dundee and Perth &amp; Kinross as part of the Local Fire and Rescue Plans that will be established within the new service. This involved focus group meetings for our community based groups and partners, locally elected leaders, business community and various staff groups to review our current service delivery and establish future direction to ensure that the expected outcomes of our communities and partners are being met. We received very positive feedback regarding our current performance to date along with suggested actions, some of which will be implemented in our plans, to further improve our service delivery and ensure we continue to reflect the needs of our communities.</p>
AP2	<p>Review the technology and processes deployed to ensure the efficient provision of operational risk information to our frontline firefighters</p> <p><b>Intended Outcome</b> – To provide frontline firefighters with operational risk information on premises/sites within their station area in a timely manner.</p>	<p>We have developed and implemented an Operational Risk Information (ORI) process for managing the identification of premises/sites and the subsequent gathering, analysis, provision, audit and review of ORI, whereby the principles of ‘Integrated Risk Management Planning’ (IRMP) and ‘Risk Assessment’ form the foundations of the ORI Process. ORI is disseminated to frontline</p>

firefighters using wireless updating software, nightly, from the server to the Mobile Data Terminals situated on each fire appliance.

**AP3** Develop and implement suitable policies and procedures to support the integration of Tayside Fire and Rescue's (TFR) web based services with appropriate social networking sites thereby extending our channels of communication.

**Intended Outcome** – To enhance the way we communicate to the wider public through the use of social media platforms.

We engaged with other emergency services to get a greater insight into the level of service typically provided and the social media platforms used. Through this analysis we identified that Twitter was the most effective platform to develop. The Corporate Communications team arranged for all senior managers to receive training in the appropriate and effective use of social media. A corporate account was subsequently introduced while senior managers were encouraged to develop their own accounts that would support this. The corporate account proved very effective with a significant following achieved in a short period of time.

**AP4** Introduce a case review process in conjunction with community safety partners to provide a targeted approach to the delivery of life saving prevention strategies.

**Intended Outcome** – Work in partnership to identify the needs of those most at risk from fire and agree interventions to be put in place to greatly reduce this risk.

We have introduced a formalised process for establishing a case study for all fires involving casualties as well as a process for conducting/ contributing to case conferences for all fatal fires and in cases where there is considered to be a risk to occupants and/ or evidence of chaotic lifestyles. Various managers have been provided with awareness training of this new process which allows the facility to gather additional information in relation to the circumstances and identify any learning outcomes and partnership working opportunities.



*Students aged 12 to 15 from Kinross and surrounding areas participated in the Young Firefighters course. All the students had various personal issues in their lives which affected their confidence and abilities to interact with others. During the three days they attended the station this problem was combatted and all the kids worked well with minimum direction from TFR personnel. The kids most enjoyed the final exercise where they had to extricate a casualty from a car using the skills and techniques they had learnt.*

- AP5** Consider the findings of the community safety survey to determine whether the appropriate services and outcomes are being delivered to our communities.
- Intended Outcome** – Ensure that we continue to provide an efficient and effective prevention and intervention service to all our communities.
- We have introduced a formalised process for seeking feedback on the prevention and intervention services delivered to our communities. As part of this process we have compiled a number of reports on the services delivered by TFR. This has provided the opportunity to analyse our performance across a number of departments and has led to a number of our procedures being reviewed to ensure ensure that we continue to provide an efficient and effective service.
- AP6** Evaluate the effectiveness of our volunteering strategy, designed to improve local community resilience.
- Intended Outcome** – More effective use of resources to increase the safety of our communities from fire and other emergencies.
- We have evaluated our partnership working with the third sector as well as various other partnership working arrangements that were previously implemented with a range of organisations where their staff have been trained to conduct Home Fire Safety Visits (HFSVs) on our behalf. One of the major benefits of these partnerships has been the targeting of HFSVs with hard to reach service users and we plan to continue to build on these arrangements.

### Monitoring Performance

	What We Said We Would Measure	How We Have Performed Against The Objective	
		2011/12	2012/13
<b>PI-1</b>	Number of deliberate fires per 10,000 population for primary fires.	4.05	3.38
<b>PI-2</b>	Number of deliberate fires per 10,000 population for secondary fires.	23.59	13.11
<b>PI-3</b>	Number of accidental dwelling fires per 10,000 population.	10.53	9.41
<b>PI-4</b>	Number of incidents resulting in casualties per 10,000 population.	2.21	2.31
<b>PI-5</b>	Number of fatal casualties per 10,000 population.	0.12	0.05
<b>PI-6</b>	Number of non-fatal casualties per 10,000 population.	2.21	2.63



<b>PI-7</b>	Number of deliberate fires as a percentage of total fires.	54%	21%
<b>PI-8</b>	Number of fatal casualties in each type of non-domestic premises expressed as a ratio per 1,000 premises of the total registered number of premises type defined within the FSEC risk modelling software.	0.11	0.04
<b>PI-9</b>	Number of non-fatal casualties in each type of non-domestic premises expressed as a ratio per 1,000 premises of the total registered number of premises type defined within the FSEC risk modelling software.	2.67	2.30
<b>PI-10</b>	Number of HFSV's per 1,000 dwellings resulting in provision of advice.	85.19 <small>(15,420 visits carried out)</small>	85.48 <small>(15,472 visits carried out)</small>
<b>PI-11</b>	Number of HFSV's per 1,000 dwellings resulting in smoke detectors being installed.	31.95 <small>(5783 smoke alarms fitted)</small>	26.07 <small>(4720 smoke alarms fitted)</small>



*On the 18th of July on Rosefield Street, The White Watch at Station 1 joined forces with Dundee Community Safety Partnership and Tayside Police to launch a new campaign urging landlords and residents of tenements and communal properties to take in their wheelie bins. This initiative was in response to a number of serious fires in the area and will hopefully prevent them from happening in the future. It also underlines the difficulties created on pavements for the elderly, children and people with disabilities.*

*Picture supplied by DC Thomson and the Courier.*

## TAYSIDE FIRE DEATHS APRIL 2012 – MARCH 2013

WHO ...

SEX	AGE	CIRCUMSTANCE	ALCOHOL/SMOKING FACTOR
Male	74	Combination of burns and overcome by gas/ smoke	None
Female	76	Effect of Fire and the Complications	None

WHEN ...

DATE	DAY OF WEEK	TIME
7 April 2012	Saturday	05:02
23 June 2012	Saturday	22:06

WHERE ...

AREA	PROPERTY TYPE	LOCATION OF FATALITY
Errol	Flat	Different room on floor of origin
Dundee	House	Different room on floor of origin

WHY ...

SMOKE DETECTOR	CAUSE OF FIRE
Yes and Alarm Raised	Smoking Materials
Yes and Alarm Raised	Localised overheating of transformer

## STRATEGIC OBJECTIVE TWO

What the Board aims to do:-

### SO2 Protect our environment and heritage both built and natural.

#### Action Points for Achieving This Objective

	<b>What We Said We Would Do</b>	<b>What We Have Done</b>
<b>AP7</b>	<p>Continue to progress existing and planned carbon management projects.</p> <p><b>Intended Outcome</b> – To reduce the impact of our activities on the environment and meet the Scottish Government target on reduction of emissions.</p>	<p>We incorporated energy saving measures including new heating boilers, installation of solar and photovoltaic panels, lighting and heating controls in the new Training Centre Project at Kingsway East Fire Station.</p>
<b>AP8</b>	<p>Following the purchase of an integrated Risk Management software system establish a project team to ensure the effective implementation of the audit management element.</p> <p><b>Intended Outcome</b> – The Legislative Fire Safety Function will operate in a more efficient and effective manner.</p>	<p>Due to the reform process and impending changes brought about by the formation of the Scottish Fire and Rescue Service including national compliance requirements, this action point has been considered no longer applicable.</p>
<b>AP9</b>	<p>Review and update the Legislative Fire Safety information held within the audit management software system ensuring its accuracy and relevance.</p> <p><b>Intended Outcome</b> – Accurate and up-to-date information on all relevant premises within Tayside.</p>	<p>Due to the reform process and impending changes brought about by the formation of the Scottish Fire and Rescue Service including national compliance requirements, this action point has been considered no longer applicable.</p>
<b>AP10</b>	<p>Establish a suitable database to ensure the effective planning and co-ordination of Public Event activities.</p> <p><b>Intended Outcome</b> – We want to ensure that with anticipated staff movements as we approach reform</p>	<p>We have successfully archived all the historical information on the Events and Emergency Planning intranet site. We have reviewed our planning process for events and created a calendar based site which makes this information available to all our personnel. The information gets signposted to all personnel via the services</p>

to a single Scottish Fire and Rescue Service, the information received from partners and other agencies is catalogued and available to assist the planning process.

weekly Operational Intelligence Brief. This ensures that information regarding events and emergency planning is current and readily available.

**AP11** Examine the opportunity to engage with other agencies to better prepare our communities for periods of severe weather or other unforeseen events, as a consequence of climate change.

**Intended Outcome** – To improve the resilience of our communities from the consequences of severe weather events in partnership with other agencies.

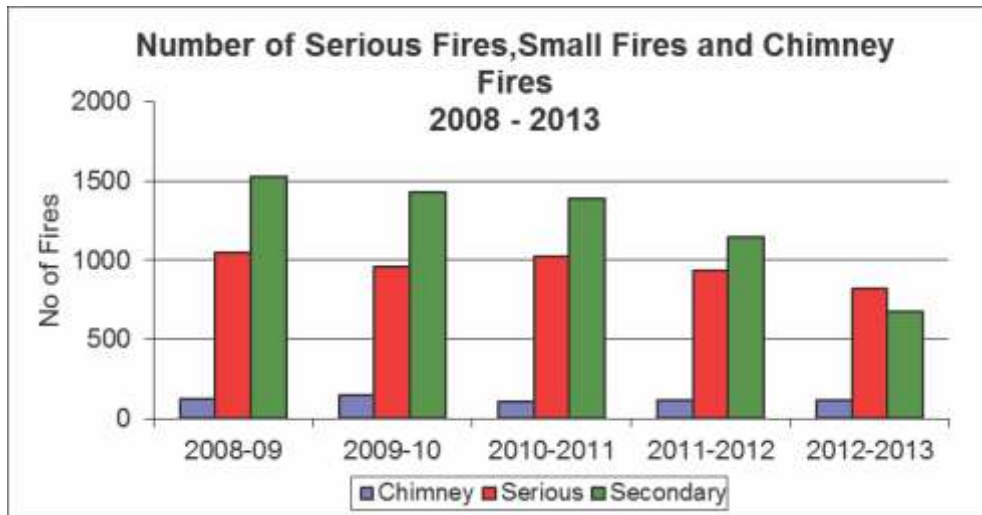
At the beginning of the year a local partnership group was formed within Perth & Kinross to examine initiatives that could be undertaken to support local communities primarily from the effects of flooding. Support has been given to voluntary groups within Aberfeldy and Comrie to assist in the development of local emergency plans whilst a targeted event was facilitated specifically for the Perth business community. This initiative has evolved and now forms part of Tayside Strategic Coordinating Group (SCG) – Community Resilience Development Group. Similar practice will be extended to Angus and Dundee within a wider role to encompass all forms of severe weather to further improve shared communications and community resilience to mitigate the impact of these events.

## Monitoring Performance

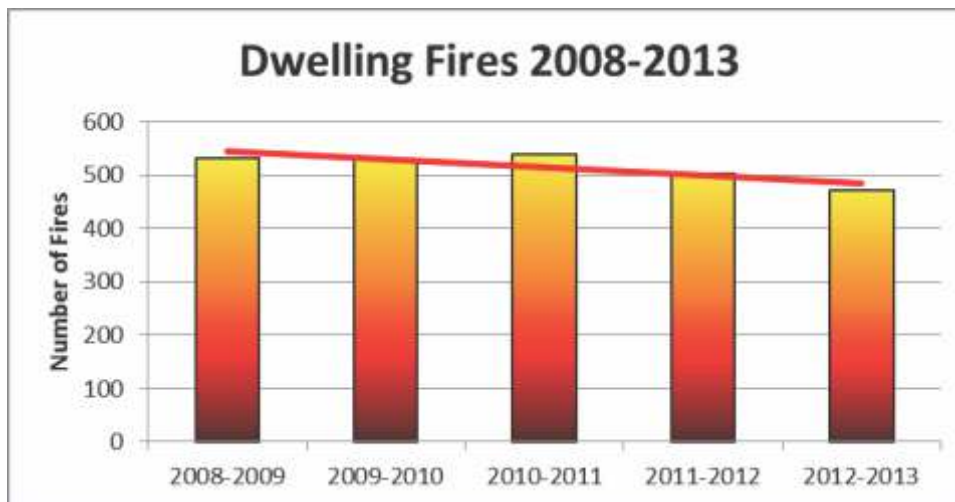
### What We Said We Would Measure

### How We Have performed Against The Objective

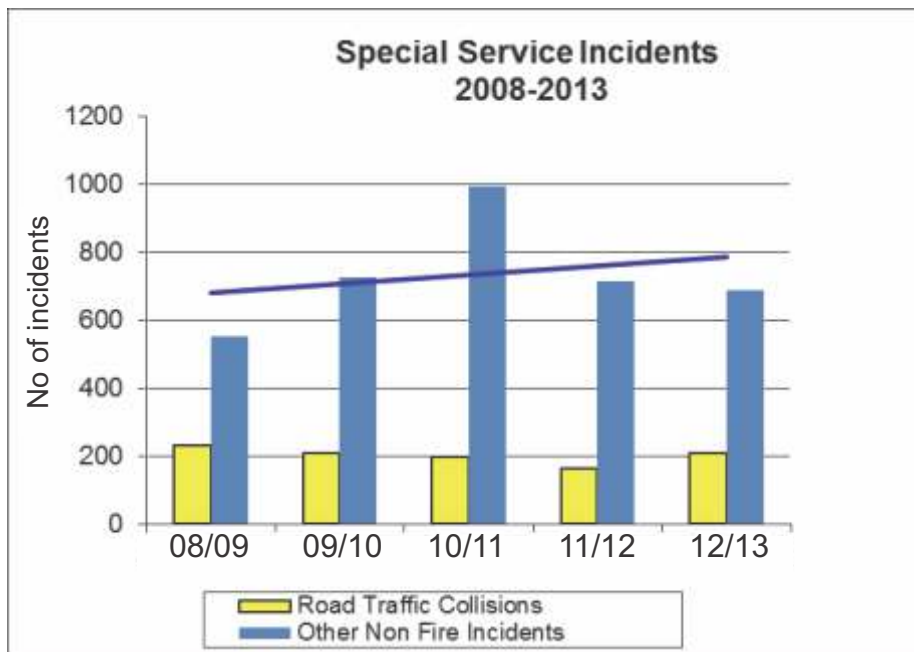
		2011/12	2012/13
<b>PI-12</b>	Number of fires attended.	932	824
<b>PI-13</b>	Number of road traffic collisions (RTC's) attended.	164	211



The number of fires in Tayside continues to decline, in particular Small/Secondary Fires (e.g. grassland, bins etc.) where we have experienced a 56% reduction over the past 5 years. This reduction can be attributed to the wide ranging youth engagement initiatives we have been conducting across Tayside.



We are continuing to experience a longer term reduction of fires in the home in Tayside with an 11% reduction over the last 5 years.



There was a 5% reduction in the number of other non-fire incidents (e.g. flooding, severe weather events, lift rescues etc.) last year. The spike experienced in 2010/11 was attributed to the prolonged winter conditions and subsequent demand on our resources for dealing with incidents such as the removal of unsafe icicles.

#### What We Said We Would Measure

#### How We Have performed Against The Objective

		2011/12	2012/13
<b>PI-14</b>	Number of other incidents attended.	714	686
<b>PI-15</b>	Number of fires in each type of non-domestic premises expressed as a ratio per 1,000 premises of the total registered.	12.66	11.60
<b>PI-16</b>	Number of high risk premises expressed as a ratio per 1,000 premises of the total registered number of premises type for each of the categories of premises defined within the FSEC risk modelling software.	47.63	27.02
<b>PI-17</b>	Percentage of overall energy consumption in relation to previous years total.	10%	12.5%
<b>PI-18</b>	Percentage of vehicle fuel consumption in relation to previous years total.	Reduction of 9.3%	Increase of 1.14%

### Legislative Fire Safety Audits Conducted Under Fire (Scotland) Act 2005, Part 3

As the enforcing authority for the Fire (Scotland) Act 2005, Part 3 Tayside Fire and Rescue (on behalf of Tayside Fire and Rescue Board) ensures relevant non-domestic premises within the Local Authority areas of Angus, Dundee and Perth & Kinross comply with this legislation. The principal means of measuring compliance is a fire safety audit of a premise. The figures in the table below show how many audits have been planned and conducted on relevant premises between 2008/09 and 2011/12.

	2009/10	2010/11*	2011/12*	2012/13*
<b>Audit Target</b>	1,665	2,255	1,900	2,257
<b>Audits Conducted</b>	1,699	2,732	2,044	2,430
<b>Percentage of Target Achieved</b>	102% - target exceeded by 2%	121% - target exceeded by 21%	108% - target exceeded by 8%	107.6% - target exceeded by 7.6%

The increasing audit targets, and those conducted, between 2009/10 and 2012/13 demonstrates Tayside Fire and Rescue’s commitment to working with duty holders to help improve safety in non-domestic premises.

\*The audit target and audits conducted for 2010/11, 2011/12 and 2012/13 include those undertaken for Houses in Multiple Occupation, which is not the case for the figures for 2009/10.



*A multi- agency response, involving Perth and Kinross Council, Ambulance, Police and Fire and Rescue swung into action during the flooding in Comrie, in November 2012. Approx 200 residents were evacuated from their homes after the river Ruchil burst its bank, affecting 100 properties.*

# INTERVENTION

## STRATEGIC OBJECTIVE THREE

What the Board aims to do:-

**SO3 Provide the appropriate response founded on risk based evidence.**

### Action Points for Achieving This Objective

#### What We Said We Would Do

**AP12** Continue to work with our partners to develop joint risk reduction strategies to mitigate the impact of fires and other emergencies on our communities.

**Intended Outcome** – Effective targeting and use of resources to reduce the incidences of fire and other emergencies.

**AP13** Review the availability of intelligence sources from other agencies to inform our contingency planning process and emergency response.

**Intended Outcome** – To ensure that any risk critical information which comes to light during our normal business streams is managed and communicated to our own staff and any partner agencies who may require it for their own benefit.

#### What We Have Done

Local Area Plans for each of the three Local Authority areas across Tayside have been developed setting out the priorities and objectives which support increased levels of community safety to our community safety. These documents and subsequent action plans have been developed taking cognisance of the risk within each of the local authority areas ensuring that resources are targeted appropriately utilising a partnership approach.

We have established an email address which is not personal and can be accessed by key staff at all times. Partner agencies have been encouraged to use this address for sending information to the emergency planning team from where it is accessed and processed. Tayside Fire and Rescue issue a weekly operational and dynamic intelligence bulletin as required. This information is shared with partner agencies.

Tayside Fire and Rescue senior staff now have access to the Tayside SCG document store which ensures that access can be made to the most up to date multi agency plans on a 24/7 basis should a significant event take place.



*Fire crews tackle a blaze in Dundee in April 2012. It took nine appliances including one Aerial Ladder Platform, one Aerial Rescue Pump to bring the fire under control.*



**AP14** Review the impact of the Reservoir Scotland Act 2011 and exploit the opportunity to share risk information with Scottish Environmental Protection Agency (SEPA) to inform Risk Management and contingency planning.

**Intended Outcome** – To ensure that we can share information with SEPA for the benefit of both organisations and the communities of Tayside who reside beside reservoirs.



Although the act has received Royal Assent it has still to be enacted. The Reservoirs (Scotland) Act 2011 will repeal and replace the Reservoirs Act 1975 which is currently enforced by Scotland's 32 local authorities. The Reservoirs (Scotland) Act 2011 introduces a risk-based approach to the regulation of reservoirs which aims to increase reservoir safety in Scotland. SEPA will become the enforcement authority (anticipated to commence in 2015) taking over responsibility from local authorities. We will continue to work with SEPA as necessary during this period.

*A large scale exercise involving operational personnel from Tayside Fire and Rescue, Civilian and Police Mountain Rescue teams, Coastguard and Ambulance SORT teams took place on Sunday 29 April 2012 within Bruar Gorge. The local beauty spot and waterfalls present technical difficulties and has been the scene of several incidents over the past few years including those involved in the adventure sport of canyoneering. That said, it is an ideal location for all agencies to train together and learn the lessons from these incidents to ensure successful outcomes in the future.*

*(Rope) Operators from Kingsway East Fire Station carry out a training exercise at Grainfax, Dundee using specialist skills and equipment*



**AP15** Examine the existing disposition of appliances and assets against local, regional and national risk profiles to maintain appropriate response founded on risk based evidence.

**Intended Outcome** – Ensure the allocation of resources provides the most effective response to local, regional and national emergencies.

We have conducted a review of the location of the resources required to perform activities such as Urban Search and Rescue Water Rescue, Mass Decontamination and Incident Command Support. Analysis of our emergency response data illustrated the location and frequency of incidents that specialist appliances are mobilised to. The allocation of appliances and associated skills has been amended to reflect the outcomes of the review whilst maintaining the appropriate response to local, regional and national risk profiles.

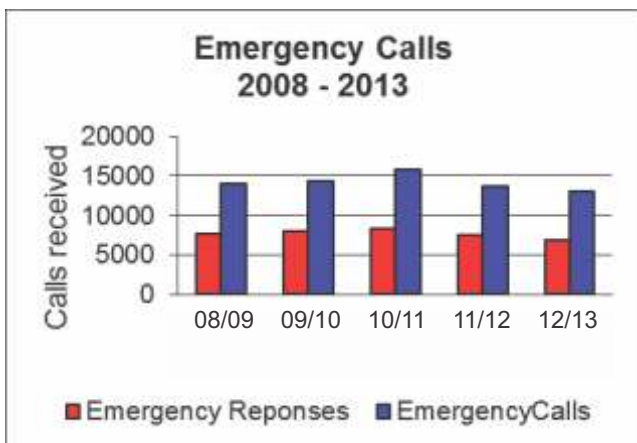
**AP16** Make more effective use of organisational resources through the introduction of an Aerial Rescue Pump (ARP) at Macalpine Road Fire Station.

**Intended Outcome** – Introduce an ARP at Macalpine Road and ensure that we provide an effective emergency response utilising the existing ARPs.

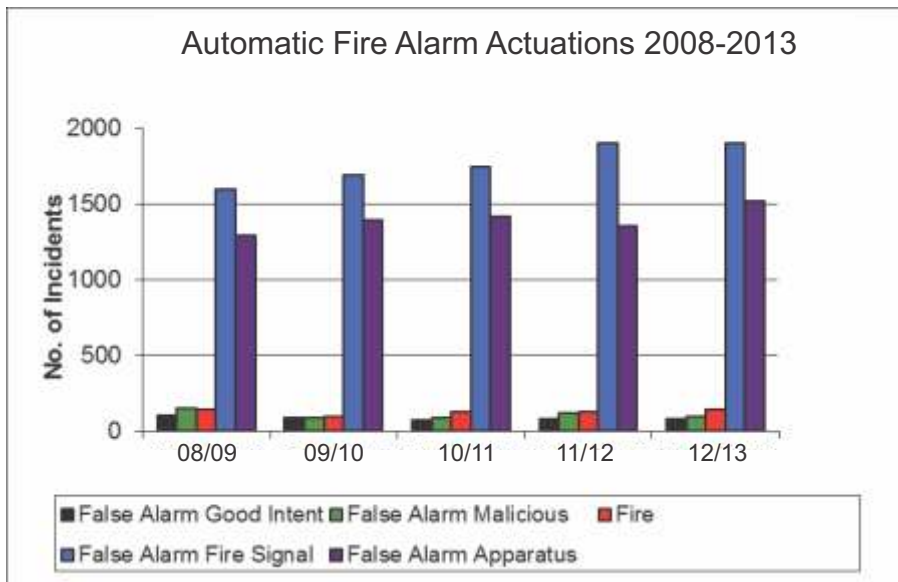
A working group consisting of community safety, risk management, personnel services and technical services was established to agree upon the design, training, mobilising and operational considerations relating to the new appliance whilst also reviewing the arrangements currently applied to ARPs. The mobilising and crewing arrangements of the three appliances have been aligned to ensure a robust and effective use of this type of resource. The third ARP became operational in December 2012.

**Monitoring Performance**

	<b>What We Said We Would Measure</b>	<b>How We Have Performed Against The Objective</b>	
		2011/12	2012/13
<b>PI-19</b>	Number of unwanted fire signals from automatic fire detection and warning systems per 1,000 AFA calls.	964.68	997.77
<b>PI-20</b>	Number of unwanted fire signals from automatic fire detection and warning systems per 1,000 registered non-domestic properties.	251.81	265.21
<b>PI-21</b>	Number of malicious calls as a percentage of total emergency calls.	2%	1%
<b>PI-22</b>	Number of malicious and ‘Due to Apparatus Fault’ unwanted automatic fire signals per 10,000 incidents attended.	2,507.47	2,986.12



The number of emergency calls and emergency responses are declining at similar rates. This overall reduction is attributed to the increase in prevention work we now carry out and people being better educated in fire safety.



We have experienced a gradual increase in the number of automatic fire alarms over the past 5 years. This rise appears to correlate with modern fire alarm systems becoming more complex in their design and installation. This issue has therefore been reflected in the priorities and objectives of the Local Fire and Rescue Plans for Angus, Dundee City and Perth and Kinross.



*Firefighters at Macalpine Road Station take delivery of the third Aerial Rescue Pump. These appliances are strategically placed throughout the Tayside area.*

**The number of emergency calls received differs from the number of emergency responses due to occasions when multiple calls are received for the one incident or where no action is taken.**

<b>Time Taken to handle Calls to Incidents by Fire Control Operators</b>					
<b>Call Handling Time</b>	<b>2008/09 Actual</b>	<b>2009/10 Actual</b>	<b>2010/11 Actual</b>	<b>2011/12 Actual</b>	<b>2012/13 Actual</b>
Handled within 1 minute	55.5%	54.85%	51.00%	58.00%	53%
Handled within 2 minutes	88.7%	88.12%	85.00%	89.00%	88%

Call response times measure the speed with which appliances are mobilised in response to an emergency 999 call. Callers to the Command and Control Centre who use mobile telephones and are unfamiliar with the surroundings, often take longer to provide a reliable address. Similarly, people contacting the centre who are in a distressed state may find it difficult to give exact details of the incident.

## STRATEGIC OBJECTIVE FOUR

What the Board aims to do:-

**SO4 Respond promptly and effectively to resolve local, regional and national emergencies.**

### Action Points for Achieving This Objective

#### What We Said We Would Do

**AP17** Implement a framework training strategy for ensuring competence in the area of Incident Command (IC).

**Intended Outcome** – To ensure IC skills are fully integrated at all levels within the organisation, reflecting the newly developed IC pathway for a single Scottish Fire and Rescue Service.



#### What We Have Done

We have implemented a structured framework for delivery of IC skills, to develop and maintain competence based around the national IC pathway. This ensures personnel responsible for performing the various roles within the Incident Command System are developed and assessed to robust national standards, confirming that operational personnel are comprehensively prepared for the demands of their role.

The framework enables national delivery of Supervisory Level IC development and assessment to be delivered locally, meeting stringent quality assurance principles set by the Scottish Fire Service College.



*An aerial appliance was used at this attic flat fire in George Street, Perth to tackle the fire from the roof as firefighters wearing breathing apparatus were given instructions from their sector commander to search the remainder of the building for fire spread.*

**AP18** In partnership with the Community Safety Department ensure the competency criteria for specialist and 'key core skills' meet the needs of the organisation.

**Intended Outcome** – Ensure specialist and key core skills training integrates fully with the embedded Operational Assurance process within the organisation.

Through continued partnership working with internal and external key stakeholders, we have ensured that specialist and 'key core skills' of personnel satisfy the organisation's strategic direction contained within the disposition of resources plan. (See AP15). These arrangements also fulfil our obligations of the Fire (Scotland) Act 2005 and Additional Function Order.

**AP19** Develop and embed a training maintenance programme for enhanced ropework to augment our current water rescue provision.

**Intended Outcome** – To improve and facilitate a maintenance phase development plan for personnel achieving the Advanced Water Rescue (AWR) qualification.

Confirmation of development events are planned for 2013 onward on a frequently recurrent basis for personnel at Kingsway East and Perth Fire Stations where AWR skills are provided. Additionally, AWR Instructor standardisation days are scheduled ensuring ‘best practice’ principles are fully embedded across the organisation to nationally recognised criteria. Each of these locations also has the benefit of self-sufficiency to manage their training locally, with necessary support provided by the Training Function as required.

**AP20** Carry out a review of the information, communication and technology infrastructure at our Command and Control Centre.

**Intended Outcome** – To ensure our Information and Communication Technology (ICT) infrastructure supports all aspects of the service by providing an effective system to manage our resources and maintain accurate risk information.

Due to the potential rationalisation of the 8 existing Command and Control Centres to a figure less than the current number this project has been re-prioritised and has not been progressed.

**AP21** Review our response arrangements to both local and national incidents involving, CBRNE substances.

**Intended Outcome** – Ensure that our response arrangements continue to provide the most effective response to CBRNE incidents.

We have reviewed the disposition of appliances attend CBRNE incidents and identified that the provision of mass decontamination resources at Perth fire station is no longer appropriate. This resource is now located at Blackness, Balmoisie and Arbroath fire stations following an extensive training programme. We have assigned a senior manager to a working group which is reviewing the National Response Models for Scotland. The outcomes of this review will be incorporated into our response plans.



*Fire, Police and Ambulance personnel work together to stabilise a casualty involved in a serious road traffic collision. Fire crews use a number of techniques and hydraulic tools to create space allowing the safe extrication of the casualty*

**AP22** Enhance our information management system to ensure that the information obtained from our Operational Assurance process informs the intended outcome of improved firefighter safety.

**Intended Outcome** – Develop a system which will provide information to be included in Community Safety planning whilst maintaining firefighter safety.

A review has been instigated which analysed the management of the information gathered during incident debriefs, emergency response audits, station performance audits and training events. The existing Operational Assurance intranet site has been improved and a monthly Operational Assurance report is being produced. This information along with plans developed by the Risk Information Working Group is used to produce safe systems of work for operational crews.

### Monitoring Performance

	What We Said We Would Measure	How We Have Performed Against The Objective	
		2011/12	2012/13
<b>PI-23</b>	Percentage of all fires in dwellings where smoke detector operated.	50%	53%
<b>PI-24</b>	Percentage of all fires in dwellings where smoke detector failed to operate.	15%	17%
<b>PI-25</b>	Percentage of all fires in dwellings where no smoke detector fitted.	34%	31%
<b>PI-26</b>	Percentage of calls handled within 1 minute.	58%	53%
<b>PI-27</b>	Percentage of calls handled within 2 minutes.	89%	88%

Number of Incidents Resulting in Fire Casualties per 10,000 Population				
2008/09	2009/10	2010/11	2011/12	2012/13
2.0	1.4	1.99	2.21	2.31

Number of Accidental Dwelling Fires per 10,000 Population				
2008/09	2009/10	2010/11	2011/12	2012/13
12.0	11.57	10.26	10.53	9.41

*A new incident recording system was introduced in 2009. The increase in fire casualties is therefore partly attributable to the way we now record fire casualties on this system.*

# PEOPLE

## STRATEGIC OBJECTIVE FIVE

What the Board aims to do:-

**SO5 Recruit, retain and develop a highly skilled workforce which supports equality and diversity.**

### Action Points for Achieving This Objective

	<b>What We Said We Would Do</b>	<b>What We Have Done</b>
<b>AP23</b>	<p>Using the principles of health and safety guidance (HSG65/ISO18001) review our operational assurance framework designed to improve firefighter and community safety.</p> <p><b>Intended Outcome</b> – Verify that the Operational Assurance framework is effectively contributing to the maintenance of Community and Firefighter safety.</p>	<p>A review of the Operational Assurance framework analysed the current auditing methodology including incident debriefs, emergency response audits, station performance audits and the core competency framework with peer review by the Health and Safety Manager. Recommendations from this have been incorporated into the revised framework. We have also participated in the The Scottish Fire and Rescue reform working group who are developing a national Operational Assurance strategy.</p>
<b>AP24</b>	<p>Continue to develop our enhanced water rescue capability and strengthen our relationships with specialist rescue teams to improve our intervention response.</p> <p><b>Intended Outcome</b> – To enhance our specialist rescue capability with the introduction of a rope access team and second powered rescue boat.</p>	<p>The continued development of water rescue teams at Kingsway East and Perth fire stations identified that additional resources were required to conduct specific types of rescue. From September 2012 teams can be deployed to perform rope rescues and provide a means of access at challenging locations such as steep embankments and gorges. The deployment of a second powered rescue boat in March 2013 enhances the range of activity that can be performed inland waterways, particularly the River Tay.</p>
<b>AP25</b>	<p>Develop suitable arrangements to ensure that we can manage the identified risks likely to impact upon our communities as a consequence of climate change.</p> <p><b>Intended Outcome</b> – To mitigate the effects of climate change on local communities. By doing this we will make our service and the community more resilient.</p>	<p>Due to the reform process and impending changes brought about by the formation of the Scottish Fire and Rescue Service this action point has been considered no longer applicable.</p>

**AP26** Monitor and review the Scottish Fire and Rescue Services Recruitment Portal to ensure that Tayside Fire and Rescue attracts applications from all groups within the communities we serve.

**Intended Outcome** – To ensure that the introduction of the online Recruitment Portal has not had an adverse impact on the calibre and diversity of applicants that we attract.

A recruitment campaign for wholetime firefighters was launched via the Recruitment Portal. With over 800 applications were received. Following the launch two Information Days were held with over 300 people attending. The composition of the candidates at each stage of the selection process were monitored. To confirm that applications had been received from a diverse range of people and the successful candidates were representative of these groups.



*Training Instructors at our Perth based facility teach a group of new trainees the skills required to safely use the equipment carried on fire appliances*

**AP27** Ensure we exceed our responsibilities towards Equality and Diversity by integrating staff awareness and training into daily working practices.

**Intended Outcome** – To ensure the mainstreaming of Equality and Diversity within Tayside Fire and Rescue.

The Diversity Manager held individual meetings with managers regarding the process for mainstreaming Equality and Diversity. Managers were given guidance on what would actually constitute an equality or diversity matter within their area of responsibility. Equality and Diversity was included as a standing agenda item for departmental meetings.

**AP28** Identify, source and introduce a new training recording database.

**Intended Outcome** – To provide a robust software application, enabling accurate learning and development data and attended training events to be captured.

The design, procurement and construction of a bespoke training recording database was achieved within the target timescales, and fully commissioned in January 2013, accessible via a web link on the organisation's intranet. The database is coordinated from Perth Training Centre, and satisfies

the recommendations contained within the recent consolidated HSE reports for UK Fire and Rescue Services, ensuring they 'maintain accurate records of training' and 'training records are complete and effective'.



**AP29** Review existing three year training delivery programmes to ensure they continue to meet the needs of our communities and organisation.

**Intended Outcome** – To further enhance existing delivery programmes, ensuring we maintain an effective balance of people with the correct skills.



Excellent progress has been achieved improving the wholetime delivery plan by facilitating direct electronic links to station specific training. RDS personnel also have similar links directly from training planners to the established E-learning packages, making access quicker and easier, during weekly training periods. Volunteer Stations Volunteer Stations have access to a bespoke 3 year plan, utilising modified learning material which includes access to station specific material.

*TFR and Mountain Rescue personnel receive familiarisation training from the RAF Search and Rescue team in Perth. This partnership working gives personnel an awareness of the procedures when working alongside Rescue Helicopters.*

**AP30** Develop and introduce a formal mentoring programme for our staff.

**Intended Outcome** – Provide staff with practical skills development, opportunities and ethics associated with participation in an in-house mentoring scheme.

Bespoke delivery of ‘developing your mentoring skills’ workshops were delivered by an external specialist executive coaching company, who have been engaged previously as part of the leadership and management pathway for the Scottish FRS. The emerging workstreams created as part of the Reform process to develop our new single service will see further development undertaken and has subsequently been transferred to the Reform Team to take forward.

**AP31** Continue to enhance our operational training facilities to ensure personnel remain highly skilled.

**Intended Outcome** – Invest in our staff, ensuring delivery of high quality facilities supporting the organisations firefighter and community safety strategies.

We have completed a project providing a new training facility at Kingsway East Fire Station, on schedule, through an effective partnership with our developers. The project was the final stage of a programme concluding a phased enhancement strategy to upgrade training facilities on wholetime stations, which commenced in 2002. The project, which spanned two financial years, was officially opened by Vice Convener Christina Roberts on 30<sup>th</sup> October 2012. The specialist facilities support our advanced water rescue capability both locally and nationally.



*The new training facilities at Kingsway East Fire Station provide the backdrop for fire crews to participate in an exercise involving a chemical spillage, search and rescue of casualties and decontamination.*

**AP33** Design, develop and construct a carbonaceous burning facility to support organisational and employee development.

**Intended Outcome** – To provide up to date and fit for purpose training provision in real fire fighting techniques.

**AP34** Investigate the opportunities to enable Control personnel to perform a wider organisational role whilst maintaining essential core skills.

**Intended Outcome** – To provide opportunities for Fire Control personnel to further integrate themselves into the organisation and to provide support to other departments. To provide Fire Control personnel the opportunity to familiarise themselves with other areas across Scotland in order to prepare for the single service.

Investigated various locations for locating such a facility within Tayside and have developed a formal partnership with Dundee Airport – Highland and Islands Airports Limited in relation to sharing at their facility in Riverside Dundee

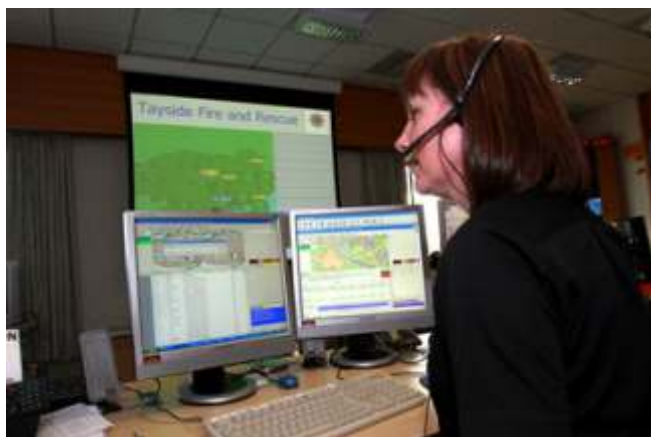
We have identified various temporary secondments out-with the Fire Control environment to enhance the experience of our staff. These include working within Learning and Development to provide standardised training across Scotland, leading on the organisation of the Safe Drive Stay Alive initiative, and a temporary secondment to the Community Fire Safety Department to work the NHS to deliver specialist Home Fire Safety Visits.

Fire Control staff were also given the opportunity to work with Fife Fire and Rescue Control to assist during staff shortages. This has improved communications between the two areas and provided information that will assist in enhancing our resilience and interoperability.

## Monitoring Performance

	What We Said We Would Measure	How We Have Performed Against The Objective	
		2011/12	2012/13
<b>PI-28</b>	Number of uniformed female personnel as a percentage of all uniformed staff.	4.9%	5.9%
<b>PI-29</b>	Number of uniformed female personnel in promoted posts as a percentage of all uniformed promoted personnel.	1.5%	2.6%
<b>PI-30</b>	Number of uniformed female personnel applying for promotion as a percentage of all uniformed female personnel.	9.7%	21.7%
<b>PI-31</b>	Number of female applicants as a percentage of total applications.	5.5%	17.9%
<b>PI-32</b>	Number of uniformed minority ethnic personnel as a percentage of total uniformed personnel.	0.65%	1.3%
<b>PI-33</b>	Number of minority ethnic applicants as a percentage of total applications.	2.1%	1.7%

(The minority ethnic population in Tayside is 1.93% based on the most recent census: 2001.



*WM Morven McDonald from Fire Control overseeing the quick and effective emergency response to incidents by Fire Control staff*

*Photograph courtesy and © D.C.Thomson&Co.,Ltd*

## STRATEGIC OBJECTIVE SIX

What the Board aims to do:-

**SO6 Ensure the health, safety and wellbeing of the workforce.**

### Action Points for Achieving This Objective

	<b>What We Said We Would Do</b>	<b>What We Have Done</b>
<b>AP35</b>	<p>Following the evaluation of alternative retained duty systems implement a solution which supports increased community safety activities and the delivery of better local outcomes.</p> <p><b>Intended Outcome</b> – To ensure the provision of the highest standard of community safety and emergency response services to all of our communities.</p>	<p>Due to the reform process and impending changes brought about by the formation of the Scottish Fire and Rescue Service this action point has been considered no longer applicable.</p>
<b>AP36</b>	<p>Continue with a planned and systematic approach to the development and monitoring of current procedures and safe systems of work.</p> <p><b>Intended Outcome</b> – Best practice approach to production of procedures and systems of work.</p>	<p>The formation of the Scottish Fire and Rescue Service has overtaken this action point in terms of the production of procedures and safe systems of work. However, the Formation of a risk information working group has enhanced the process of scrutiny and change for our safe systems of work.</p>
<b>AP37</b>	<p>Consider the Working Time Regulations and the methods by which this is monitored and reviewed to ensure legal compliance.</p> <p><b>Intended Outcome</b> – Compliance with the working time regulations.</p>	<p>Due to the reform process and impending changes brought about by the formation of the Scottish Fire and Rescue Service, this action point has been considered no longer applicable.</p>

**AP38** Identify a process by which the status of our safety culture is identified, with a view to implementing behavioural safety methods.

A Research and literature review has been carried out with a view to presenting a report and recommendations to the management team for consideration.

**Intended Outcome** – Specific auditing plan to identify cultural issues and the input of behavioural aspects on the safety culture of the organisation.

### Monitoring Performance

	What We Said We Would Measure	How We Have Performed Against The Objective	
		2011/12	2012/13
<b>PI-34</b>	Total reported injury rate per 100,000 personnel.	5,809	5,555
<b>PI-35</b>	Number of recorded acts of violence or hostility towards personnel at operational incidents per 1,000 incidents attended.	1.46 (11 recorded acts from 7,546 incidents)	0.87 (6 recorded acts from 6,933 incidents)
<b>PI-36</b>	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) injury rate per 100,000 personnel.	553	555
<b>PI-37</b>	Reported 'near misses' per 100,000 personnel.	2,489	2,222
<b>PI-38</b>	Average number of rider shifts lost due to sickness and modified duties per rider position.	5.98	5.41
<b>PI-39</b>	Average number of working days lost to sickness absence per employee for all other staff.	3.47	2.76

## SICKNESS ABSENCE LEVELS

These measure the proportion of both operational firefighting and non-operational staff time lost through sickness and injury.

	2008/09	2009/10	2010/11	2011/12	2012/13
Rider Shifts lost due to sickness absence and light duties	4.5%	5.7%	3.0%	3.8%	5.4%
Rider Shifts lost due to sickness absence	4.00%	3.6%	2.4%	2.6%	3.5%
Rider Shifts lost due to light duties	0.5%	0.7%	0.5%	1.2%	1.9%
Absence for all other staff directly employed	3.00%	3.7%	3.8%	1.6%	0.9%

### Points to bear in mind

Sickness absence levels in the fire and rescue service are generally high in comparison with the public sector average, partly as a result of the hazardous nature of the work, and the special needs in respect of fitness.

<b>Return to work interview following periods of sickness as a percentage of total incidences of sickness.</b>					
	2008/09	2009/10	2010/11	2011/12	2012/13
Community Safety	91%	90%	87.5%	88%	98%
Personnel Services	100%	100%	95%	100%	100%
Technical Services	96%	94%	100%	100%	100%
Risk Management (Includes Control)	100%	100%	98%	98%	100%
Corporate Services	84%	82%	95%	90%	100%

# PERFORMANCE

## STRATEGIC OBJECTIVE SEVEN

What the Board aims to do:-

**SO7 Demonstrate best practice and innovation.**

### Action Points for Achieving This Objective

#### What We Said We Would Do

**AP39** Work towards the achievement of Healthy Working Lives Gold Award.

**Intended Outcome** – To have commenced 3 year strategy and action plan of health promoting activities as outlined in the Healthy Working Lives Gold Award.



#### What We Have Done

TFR has continued to promote the health of employees through maintenance of the Bronze Award and by achieving 98% of the work required to attain the Silver Award. A scoping exercise was carried out with reference to the Gold Award however there is a collective commitment to achieve these awards on anational basis post-reform.

*The Healthy Living Award Certificate has been presented to Perth Fire Station by Liz Muir, Occupational Health and Well Being Manager for preparing and providing healthier food choices to staff and visitors.*

**AP40** Consider the recommendations of the Compressed Air Breathing Apparatus (CABA) review and the impact of reform of the Scottish Fire and Rescue Service on any replacement strategy in 2013/14.

**Intended Outcome** – To provide up to date and fit for purpose CABA provision for all operational personnel.

Due to the timescales involved and the possible involvement of other former FRS's this issue has been formally raised with the SFRS reform team explaining our requirements and timescale for this.

**AP41** Implement the recommendations of the structural fire fighting Personal Protective Equipment (PPE) review.

**Intended Outcome** – To provide up to date and fit for purpose structural fire fighting Personal Protective Equipment (PPE) for all operational personnel.

We have assessed the condition of our PPE and are participating in evaluation tests in conjunction with the Scottish Fire and Rescue plan to harmonise PPE across Scotland. These tests will determine the condition and allow the new Scottish Fire and Rescue Service to plan a phased replacement as required to continue the high standard of protection currently offered.



*A local bakery in Dundee is engulfed in flames when fire crews arrive. Firefighters are well equipped and trained to effectively deal with this incident*

**AP42** Progress our energy efficiency initiatives and property improvement programme by replacing the heating, cooling and ventilation system at our Command and Control Centre.

**Intended Outcome** – To reduce the impact of our activities on the environment and meet the Scottish Government target on reduction of emissions.

**AP43** Develop a Records Management Plan in accordance with the Public Records (Scotland) Act and review all records to ensure compliance with this legislation.

**Intended Outcome** – To ensure compliance with statutory obligations and establish a robust records management framework.

**AP44** Audit all Tayside Fire and Rescue premises to ensure compliance with information legislation and policies, including Data Protection Act 1998, Records Management and Retention Policy.

**Intended Outcome** – To ensure that the correct and most up-to-date processes and infrastructure are being applied throughout the service.

Due to budgetary constraints and the Reform of the Scottish Fire Services this project has not been progressed.

Due to Fire Reform the Records Management Plan will continue to develop in line with the Public Records (Scotland) Act 2011 including all other services information/systems/processes. We have entered into dialogue with the National Records of Scotland to ensure an efficient implementation of the Act within the new Scottish Fire and Rescue Service.

An information audit includes a series of questions/tests that guarantee that information security meets all expectations and requirements within the service. These questions shall be included in our overall Station Audits which allows Senior Managers the opportunity to assess each station during their scheduled visits.

*Rick Moore and Susan Lander attended an event to engage with families and promote fire safety in the home. Claire Ramsay and Laura McDermott from Dundee City Council also attended to promote Home Safety and Community Safety.*







*The Scottish National Party's Ms Roseanna Cunningham MSP, Member of the Scottish Parliament for Perthshire South and Kinross-shire paid a visit recently to Crieff Fire Station where she met with the retained firefighters based there on one of their regular training sessions.*

*Speaking following the visit, Roseanna said, "All our firefighters – full-time, retained and volunteer – do a fantastic job and the service they provide in keeping us safe is hugely important. These brave and committed men and women do a job that many of us simply could not contemplate but which makes our society a much safer place.*

**AP45** Investigate the conversion of all Fire Safety premises files into electronic format for Legislative Fire Safety.

**Intended Outcome** – To streamline our processes and ensure effective management of information.

This project was scoped and costed and it was deemed that due to the impact on resources in the lead up to Reform this project would not be undertaken until we are one service and can identify mechanisms to support this fully.

**AP46** Develop and implement a budgeting regime based on a pure 'needs-based' criteria.

**Intended Outcome** – Introduce a robust needs based budgeting regime by streamlining our funding requirements ensuring that the service is utilising public finances in the most efficient, effective and economical manner possible.

This Action Point was superseded by the Fire Reform agenda and was not therefore carried out. The 2013/14 revenue budget was built up nationally by the Scottish Fire and Rescue's Director of Finance and Contractual Services using national methodology and techniques. Tayside finance staff provided full assistance in this process but the techniques and parameters were set nationally.

**AP47** Configure existing software for use in e-delivery of training to improve efficiency and create capacity within the Training function.

**Intended Outcome** – To pursue efficient approaches for developing our staff, utilising alternative software applications to enhance the learning experience.

In recognition of our commitment to corporate social responsibility, we have continued a partnership with Dundee University providing an applied computing student with work experience to assist the development of simulated scenarios for incident command training. Economies of scale are being realised through the effective use of remote delivery in various aspects of training development and delivery. This reduces the need for travel to and from venues throughout the Tayside area, and the environmental friendly impact this has on reducing the carbon footprint of the organisation.

- AP48** Conduct a strategic review of our workshop facility including opportunities for sharing services to ensure effective and efficient use of our resources.
- Intended Outcome** – Investigate the options for sharing our Workshop facility either with other FRS’s or outside public agencies.
- We have agreed to undertake vehicle and plant maintenance for 8 of the former Fife Fire and Rescue Service’s stations under the reform of the Scottish Fire and Rescue Service. This commences on 1<sup>st</sup> April 2013 and will mean an increase in work for our current facility. Some minor building changes have been made to accommodate this increase.
- AP49** Implement phase one of the programme of works to install a computerised access control system utilising the Enterprise Single Sign On technology.
- Intended Outcome** –To ensure that we remain at the forefront of technological advances by utilising innovative and creative techniques in the management of all our resources and services including security.
- Initial scoping work was conducted in the provision of biometric security and coded security access. However due to the timescales involved and the reform of the service it was decided to await a national strategy in relation to security arrangements.

## Monitoring Performance

	What We Said We Would Measure	How We Have Performed Against The Objective	
		2011/12	2012/13
<b>PI-40</b>	Net revenue cost per head of population.	£53.59	£58.00
<b>PI-41</b>	Percentage of cashable efficiency gains achieved against revenue budget.	0.59%	0.42%
<b>PI-42</b>	Percentage of non-cashable efficiency gains achieved against revenue budget.	1.57%	0.00%

## STRATEGIC OBJECTIVE EIGHT

What the Board aims to do:-

**SO8 Ensure continuous improvement in all our activities.**

### Action Points for Achieving This Objective

What We Said We Would Do	What We Have Done
<p><b>AP50</b> Investigate measures which can be put into place to ensure we can share data more effectively with our partners.</p> <p><b>Intended Outcome</b> – Establish appropriate data sharing protocols/arrangements with other agencies to ensure compliance with relevant legislation.</p>	<p>Tayside Fire and Rescue have continued to proactively and effectively develop and maintain partnerships and positive working relationships with key agencies involved in data sharing. This includes the organisation of the successful “Fuss About Nothing” three day event in collaboration with the Tayside Data Sharing Partnership (TDSP) which comprises representation from Angus, Dundee and Perth &amp; Kinross Councils, Tayside Police, Tayside Fire and Rescue, NHS Tayside and the Voluntary Sector.</p>
<p><b>AP51</b> Develop a Contract Management System for the Scottish Fire and Rescue Service.</p> <p><b>Intended Outcome</b> – Identify and control risks to supply line.</p>	<p>The event was used to help staff within organisations make a more informed decision, help understand the parameters in which information can be shared and give the opportunity to put information sharing to the test.</p> <p>The event won the Divisional Award for Excellence from Tayside Police in the category of Partnership Working. It is hoped to run another similar event in the future.</p>
<p><b>AP52</b> Develop a business critical supplier/item list, along with a strategy for contingency planning in liaison with the Business Continuity Planning Group.</p> <p><b>Intended Outcome</b> – Identify and control Risks to supply line.</p>	<p>A Contract &amp; Supplier Management Process was to ensure contracts are operating at optimum levels both for customer and supplier. The contract management process includes Quarterly Business Reviews with key suppliers. Issuing of non conformance’s and requiring closed loop corrective actions. This is currently being rolled out across our critical suppliers.</p> <p>A Matrix was to identify high/low risk suppliers and supply line items. This establishes High Risk/High Value, High Risk/Low Value etc and allows us to understand which actions are appropriate. actions are then applied from the Supplier/Contract Management Process which has been implemented.</p>

**AP53** Establish an appraisal process which measures contractor performance against requirements for the Scottish Fire and Rescue Service.

A Contract Management Process was to ensure contracts and suppliers are operating at optimum levels. This includes Supplier Audits, Third party supply chain Audits and Quarterly Business Reviews.

**Intended Outcome** – Ensure both us and the supplier get maximum gains from each contract.

**AP54** Further expand our asset management system to incorporate information, communications and technology and facilities assets.

Due to the reform process and impending changes brought about by the formation of the Scottish Fire and Rescue Service this action point has been considered no longer applicable.

**Intended Outcome** – Ensure effective and efficient management of our business critical assets.



*WM Cameron McRae, CEP Susan Lander and firefighters from Kirriemuir attended the Jubilee Gathering at Glamis Castle on Sunday, 20 May 2012. A crowd of 23,000 flocked to the Queen Mother's childhood home for the Glamis Gathering, Scotland's biggest party to mark Her Majesty's 60-year reign.*

**AP55** Implement the necessary works to the core network equipment including a review of the data network infrastructure at Macalpine Road in line with the 7 year Information Technology replacement strategy.

A review into the resilience of the network at Macalpine Road was conducted. However, due to impending reform of the Scottish Fire and Rescue Service and the wider review to be conducted as part of this process, this project was not been progressed.

**Intended Outcome** – Review the ICT core network infrastructure at our Macalpine Road facility to ensure resilience as part of our 7 year replacement strategy.

**AP56** Carry out a cost benefit analysis on the location and requirements of a 'back-up' control facility.

Due to budgetary constraints and the Reform of the Scottish Fire Services this project was not progressed.

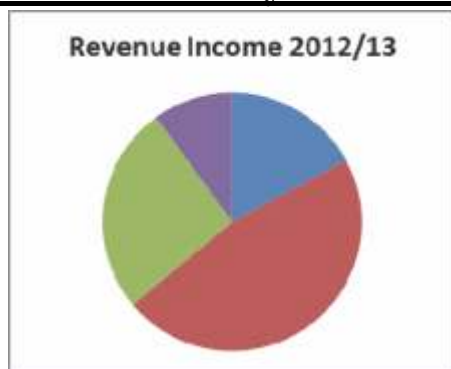
**Intended Outcome** – To consider and identify options through a cost benefit analysis in the provision of a fit for purpose and resilient secondary control suite as part of our business continuity arrangements.

- AP57** Investigate the opportunity for enforcement officers to use mobile data collection devices to support decentralised working.
- Intended Outcome** – To further develop the concept of utilising technology to its fullest potential in the Legislative Fire Safety function by enabling District Enforcement Officers to work in a more flexible manner.
- This action was investigated and the outcomes presented to the organisation Information Strategy Group. Due to the associated timescales and the reform of the service it was decided to await a national strategy in relation to the electronic recording of fire safety audits to ensure a consistent approach.
- AP58** Review the internal structures which we have implemented for interfacing with Tayside Strategic Co-ordinating Group.
- Intended Outcome** – To ensure that we have the most suitably qualified personnel representing TFR within all groups throughout the current SCG structure.
- We have consulted with the partners within TaysideSCG and reviewed the currency within any membership of all the groups. Tayside Fire and Rescue are now represented by the most suitable and appropriate people across all the groups who bring their own expertise to the multi-agency forums. The minutes of meetings are shared using the Dundee City Council Scriptstore document site and are available for all managers to reference.
- AP59** Conduct a customer survey with the business community to inform service delivery improvements in the provision of fire safety services within Non Domestic premises.
- Intended Outcome** – To analyse the customer perception of duty holders for premises audited by district enforcement officers to ensure compliance of district enforcement officers with Legislative Fire Safety policies and procedures and organisational values.
- We have carried out an evaluation and review of our existing methodology to collect and analyse customer perceptions of the legislative fire safety approach to the auditing of premises. We have analysed the feedback from duty holders to inform how our approach is improved to assist them to comply with Part 3 of the Fire (Scotland) Act 2005. The feedback has been very positive and validates the effectiveness of our approach to fire safety in non-domestic premises and our contribution to our strategic objectives.

## Monitoring Performance

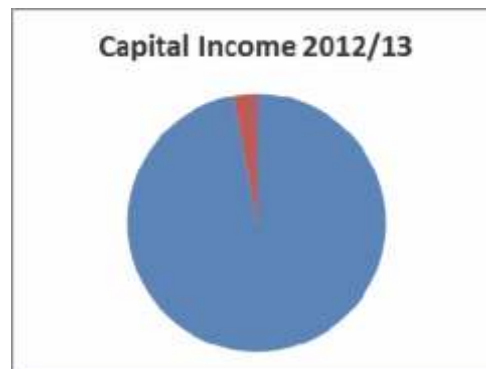
	What We Said We Would Measure	How We Have Performed Against The Objective	
		2011/12	2012/13
<b>PI-43</b>	Percentage of purchase invoices processed in line with credit terms.	64.3%	66.3%
<b>PI-44</b>	Percentage under/overspend against approved revenue budget.	0.23% under budget	0.42% under budget
<b>PI-45</b>	Percentage under/overspend against approved capital budget.	2.5% under budget	0.00% on budget
<b>PI-46</b>	Number of external complaints registered against Tayside Fire and Rescue.	8	2
<b>PI-47</b>	Number of letters/notes of appreciation received by Tayside Fire and Rescue.	37	9

## Where The Money Comes From....



<i>Funded By:</i>	<u>£'000</u>
◆ Angus Council (17.1%)	4,481
◆ Dundee City Council (46.9%)	12,264
◆ Perth & Kinross Council (26.2%)	6,839
◆ Scottish Government Specific Grant (9.8%)	<u>2,620</u>

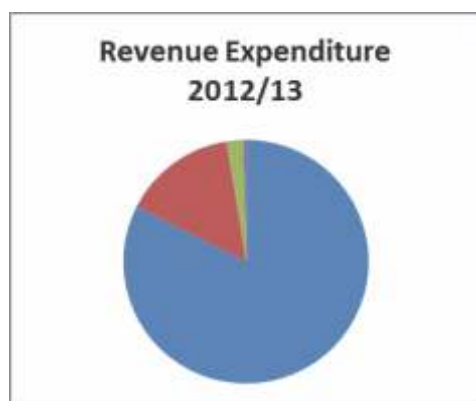
26,204



<i>Funded By:</i>	<u>£'000</u>
◆ Capital Formula Grant	1,354
◆ Sale of Assets	<u>41</u>

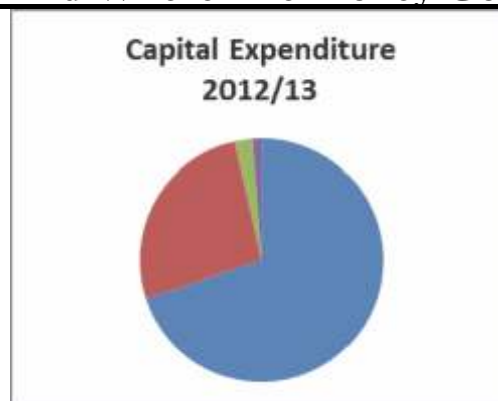
1,395

## .... And Where The Money Goes



<i>Spent On:</i>	<u>£'000</u>
◆ Staff Costs	21,620
◆ Running Costs	3,894
◆ Capital Financing Costs	576
◆ Surplus Added to General Fund	<u>114</u>

26,204



<i>Spent On:</i>	<u>£'000</u>
◆ Property	988
◆ Vehicles, Equipment and Plant	373
◆ ICT/Communications Infrastructure	34
◆ Unapplied Capital Grant C/fwd	<u>17</u>

1,395

# Get your free home fire safety visit now!

Keep you and your loved ones safe from fire - get your free home fire safety visit today.

We'll help you sort out a fire escape plan and if you don't have a smoke alarm we'll fit one free of charge!



Complete our online form



Call 0800 0731 999



Text 'Check' to 61611 from your mobile phone

## Alcohol and fire

Every year the Scottish Fire and Rescue Service attends a large number of alcohol related fires. Most of these fires start because people are cooking or smoking whilst under the influence of drink.

A person who has been drinking is less likely to be aware if a fire takes hold, particularly if they do not have a working smoke alarm. People under the influence of alcohol are also more likely to feel disorientated if fire breaks out, making it more difficult for them to escape. Don't fuel fire with alcohol - it only takes one act of carelessness when smoking or cooking to result in someone losing their home, their possessions or, ultimately, their life.

## Smoke Alarms

Having a working smoke alarm is the single most important step you can take to ensuring you and your family are safe from fire. If fire breaks out in your home, early detection and warning could save your life, especially at night when you'll be asleep and slow to react.

If you don't have a smoke alarm, get one now - test it weekly and never remove the batteries. For help and advice on the safe use of smoke alarms, arrange a free home fire safety visit from our firefighters. They'll tell you how to keep safe and will even fit an alarm for you free of charge.



SCOTTISH  
FIRE AND RESCUE SERVICE

Working together for a safer Scotland