# Central Scotland Joint Fire and Rescue Board

# Statement of Accounts

## for the year ended 31st March 2013

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2013

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# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## MEMBERS AND OFFICIALS

**CONVENER**

Councillor John Hendry, Stirling Council

**VICE CONVENERS**

Depute Provost Irene Hamilton, Clackmannanshire Council
Councillor Rosemary Murray, Falkirk Council

**APPOINTED MEMBERS**

**Falkirk Council**

Councillor David Alexander
Councillor Billy Buchanan
Councillor Dennis Goldie
Councillor Cecil Meiklejohn
Councillor Alan Nimmo

**Stirling Council**

Councillor Callum Campbell
Councillor Graham Lambie

**Clackmannanshire Council**

Provost Tina Murphy

**OFFICIALS**

| | | |
|---|---|---|
| Chief Fire Officer | - | Kenneth Taylor |
| Clerk | - | Rose Mary Glackin |
| Chief Finance Officer (Falkirk Council) | - | Bryan Smail (post of Treasurer until 31 March 2013 and authorising Annual Report and Accounts as Chief Finance Officer of lead constituent authority) |

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## FOREWORD BY THE TREASURER

## 1. INTRODUCTION

The purpose of this Foreword is to provide a brief guide to the most significant matters reported in these financial statements. To this end, the Foreword provides a short summary of the overall financial position of the Board as well as noting changes to the Accounts.

The Accounts present the financial performance of Central Scotland Joint Fire and Rescue Board which is administered jointly by Clackmannanshire Council, Falkirk Council and Stirling Council. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

These Accounts are the final Accounts of the Board following the merger on 1 April 2013 of the eight existing Scottish Fire and Rescue Services to form the Scottish Fire and Rescue Service.

## 2. FINANCIAL STATEMENTS

- **The Comprehensive Income and Expenditure Statement (CIES)**
  This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from government grant and requisition. The Board reviews council requisitions to cover expenditure in accordance with the regulations, which may be different from the accounting cost.

- **The Balance Sheet**
  The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first category of reserves is 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 are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

- **The Cash Flow Statement**
  The Cash Flow Statement shows the changes in cash and cash equivalents of the 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 Movement in Reserves Statement**
  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 other reserves. The Surplus or (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. The Net Increase/Decrease before Transfers to Other Statutory Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from other statutory reserves.

- **The Notes to the Core Financial Statements**
  These notes provide further information to the Core Financial Statements listed above.

- **Statement of Responsibilities for the Statement of Accounts**
  This statement sets out the respective responsibilities of the Board and the Treasurer for the financial statements.

- **Statement on the System of Internal Financial Control**
  This statement sets out the framework within which financial control is managed and reviewed and the main components of the system, including the arrangements for internal audit. The statement relates to the system of internal financial control as it applied during 2012/13.

- **Remuneration Report**
  The Remuneration Report provides details of the Board's Remuneration Policy for senior employees, including pension rights that have been accrued or acquired. The number and cost of exit packages agreed during the year is disclosed, as are the details of the number of employees earning £50,000 or more in bands of £5,000.

## 3. FINANCIAL PERFORMANCE

A Revenue Budget of £13.965m was approved by the Board at the meeting on 27 January 2012. Of this amount, £12.845m was to be met by the three constituent authorities and £1.120m to be deployed from Reserves. It was agreed to utilise £1.000m from the General Fund Balance and £0.120m from the Repairs and Renewals Fund, the latter to assist with the property maintenance budget.

Note 21 (Amounts Reported for Resource Allocation Decisions) reconciles the Cost of Services in the Comprehensive Income and Expenditure Statement to the revenue expenditure met by constituent authorities. In 2012/13, revenue expenditure met by constituent authorities was £14.944m. Budgeted net operating revenue expenditure (excludes transfers from Reserves) for the year was £15.085m, giving a variance of £0.141m. Therefore, the full budgeted transfer from Reserves was not utilised and £0.979m was required as opposed to £1.120m.

The outturn position compared to budget is summarised below:-

| | **Budget 2012/13 £'000** | **Actual 2012/13 £'000** | **Variance 2012/13 £'000** |
|---|---|---|---|
| Employee Costs | 13,925 | 13,867 | (58) |
| Property Costs | 981 | 967 | (14) |
| Transport Costs | 401 | 430 | 29 |
| Supplies & Services Costs | 993 | 926 | (67) |
| Support Services Costs | 150 | 150 | - |
| Capital Financing Costs | 513 | 513 | - |
| | 16,963 | 16,853 | (110) |
| Income | (1,878) | (1,909) | (31) |
| | 15,085 | 14,944 | (141) |
| Constituent Authority Requisitions Received | (13,965) | (13,965) | - |
| Net Expenditure | 1,120 | 979 | (141) |
| Reserves Balances Utilised | (1,120) | (979) | 141 |
| | - | - | - |

| | |
|---|---|
| Cumulative Useable Reserves to 31/03/13 | (3,059) |
| Reserves Utilised 2012/13 – Revenue | 979 |
| – Capital | 1,008 |
| Repayment of Reserves to Constituent Authorities | 1,072 |

The Scottish Government has approved the return of 100% of uncommitted reserves to constituent authorities, accordingly £1.072m will be returned.

The main reasons for the 2012/13 actual v budget variance are:-

- Employee expenses are £0.058m below budget due to staffing numbers being under establishment and an injury/ill health pensions provision not fully utilised. Partially offsetting this was an unbudgeted 1% Firefighters pay award with effect from 01/07/2012.

- Property expenses are £0.014m less than budget due to reduced energy usage, partially offset by an increase in general repairs.

- Transport expenses exceeded budget by £0.029m, as a result of increased expenditure on fuel and spare parts.

- Supplies and Services expenditure was lower than budget by £0.067m, due to reduced expenditure in a number of areas but mainly in computer maintenance.

- Income has increased by £0.031m mostly due to an additional officer on secondment to the Scottish Government.

## 4. CAPITAL EXPENDITURE

The Board incurred capital expenditure of £1.922m. This expenditure was funded from Scottish Government grants of £0.873m, capital receipts of £0.615m and funding from the Repairs & Renewals Reserve £0.434m. This investment by the Board included:

- £0.931m on upgrade/refurbishment of stations
- £0.678m on new appliances/vehicles
- £0.313m on new equipment/software

## 5. BALANCE SHEET

The Balance Sheet on page 25 summarises the assets and liabilities of the Board as at 31 March 2013. Total Net Assets have decreased by £26.540m from £120.419m to £146.959m. This decrease is summarised in the Movement in Reserves Statement on page 27, with the main reason being an increase in the Pensions Liability.

Following guidance received from the Scottish Government, the 2012/13 Balance Sheet shows a zero balance on Usable Reserves. The agreement, as set out in a joint COSLA/Scottish Ministers letter dated 12 April 2012, it that any uncommitted reserves were to be distributed to constituent councils. The increase in Short Term Creditors reflects this position and includes accruals for monies to be returned to the three constituent Councils.

## 6. PENSION LIABILITIES

In accordance with the requirements of International Accounting Standard 19 'Employee Benefits (IAS19) the Board is required to disclose certain information related to Pension Schemes for its employees. The Balance Sheet, therefore, reflects a net liability of £159.568m in respect of Pensions (including £8.300m in respect of injury benefit/compensations). Further information on the Pension Liability is available in Note 16 to the accounts.

## 7. LONG-TERM BORROWING

The Board's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities.

## 8. CHANGE IN ACCOUNTING PRACTICE

There have been no significant changes in accounting practice in the year which are of relevance to the Board.

## 9. FUTURE DEVELOPMENTS

On 27 June 2012 the Scottish Government passed the Police and Fire Reform (Scotland) Bill to establish a Scottish Fire and Rescue Service.

On 1 April 2013, Central Scotland Joint Fire and Rescue Board, together with the seven other Fire and Rescue Services of Scotland, merged to form the Scottish Fire and Rescue Service. For a period of two years from this date, Falkirk Council will continue to provide payroll and pensions services under a Service Level Agreement.

## 10. MATERIAL EVENTS AFTER THE REPORTING DATE

The audited accounts were authorised by the Chief Finance Officer of Falkirk Council for issue on 23 September 2013. There were no material events that occurred between 1 April 2013 and 23 September 2013 that would have an impact on the 2012/13 financial statements.

## 11. ACKNOWLEDGEMENTS

I should like to record my appreciation for the efforts of my own staff in producing these Accounts timeously and to colleagues within the Service for their help and co-operation.

Bryan Smail CPFA MBA
Chief Finance Officer
Falkirk Council
23 September 2013

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## STATEMENT OF ACCOUNTING POLICIES

### 1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Board's transactions for the 2012/13 financial year and its position at the year-end of 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 that the accounts are prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) and the Service Reporting Code of Practice 2012/13 (SERCOP), supported by International Financial Reporting Standards (IFRS).

The Code of Practice on Local Authority Accounting is issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S)AAC).

The Accounts are designed to illustrate the financial performance in the year as well as the position of the Board as at 31 March 2013. Comparative figures for the previous financial year are also provided.

In accordance with IAS 8: Accounting Policies, the Board regularly reviews its accounting policies to ensure that they remain the most appropriate. The Code defines accounting policies as "the principles, bases, conventions, rules and practices applied by a Board that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves."

The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where it is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statements for the year in which they occur, not in the period in which payment is made or income received. The going concern concept assumes that the Board will not significantly curtail the scale of its operation. In cases where accounting principles and legislative requirements conflict, the latter will apply.

The accounts have been prepared on a going concern basis as, while the Balance Sheet shows net current liabilities, these future liabilities will be met, as they fall due, by government funding and contributions from constituent authorities under the Combined Area Amalgamation Scheme Order 1995.

Any departures from the above Codes of Practice are stated in the notes to the core financial statements. In addition, these accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets.

### 2. CHANGES TO THE STATEMENT OF ACCOUNTS INTRODUCED IN THE 2012/13 CODE OF PRACTICE (THE CODE)

The 2012/13 code introduces a number of accounting changes, however, most of these are not applicable to the Board.

### 3. ACCRUAL OF INCOME AND EXPENDITURE

Transactions of the Board are recorded in the Accounts on the accruals basis in accordance with International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (IAS 8). In other words, income and expenditure are matched to the service provided in the financial year, by including both estimated and actual amounts due to or by the Board as at 31 March where these are significant. This applies to both Revenue and Capital accruals. Debtor and Creditor balances represent sums due but unpaid at 31 March 2013.

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 reliably measure 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 employees) 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 income 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.

Government grants or other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

The cost of supplies and services are accrued and accounted for in the period during which they were consumed or received. Accrual has been made for all material sums unpaid at the year-end for goods or services received or works completed.

Interest on external borrowing is fully accrued in order that each year bears the cost of interest relating to its actual external borrowing.

## 4. ACQUISITIONS AND DISCONTINUED OPERATIONS

The Board has not acquired or discontinued any operations (including those operations under machinery of government arrangements) during the financial year.

## 5. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the 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. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 6. 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.

## 7. 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 Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Board's cash management.

## 8. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

The Board's revenue account is debited with the following amounts to record the real cost of holding non-current assets during the year:

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

The Board is not required to raise a requisition to cover depreciation, impairment losses, revaluation losses, or amortisations. However, it is required to make an annual contribution from general fund balances to reduce its overall borrowing requirement. Depreciation, impairment losses, revaluation losses, and amortisations are therefore substituted by a funding contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## 9. VALUE ADDED TAX

For invoices received and raised prior to 31 March 2013, all income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to Her Majesty's Revenue & Customs (HMRC) and all VAT paid is recoverable from HMRC. For invoices for goods and services received prior to and including 31 March 2013 but paid between 1 April and 31 May, the VAT has been treated as irrecoverable. This follows advice received from the Scottish Government as agreed by HMRC for the transitional period in the move to the Scottish Fire and Rescue Service.

## 10. EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue. Two types of event 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.

## 11. RESERVES

Reserves are amounts set aside for specific purposes outwith the definition of provisions. They 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 revenue account in that year and included within the Cost of Services in the Comprehensive Income & 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 impact on expenditure in that year.

Section 93 of the Local Government (Scotland) Act 1973 requires the Board to have a General Fund. Schedule 3 to the Local Government (Scotland) Act 1975 also allows Boards to establish a Repairs and Renewals Fund, an Insurance Fund and a Capital Fund. Other reserves have also been established to meet the accounting requirements of the Code.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments as well as retirement benefits and do not represent usable resources for the Board – these reserves are explained in the relevant policies below:

**Usable Reserves**

Capital Receipts Reserve
Capital Receipts received in the year are available to finance new capital expenditure or to finance the repayment of existing debt.

General Fund
The General Fund relates to the revenue reserves of the Board.

Other Usable Reserves
This comprises:

Repairs and Renewals Fund
The fund is being used to invest in the Board's property portfolio and £0.434m of the fund was utilised in 2012/13.

**Unusable Reserves**

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 pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

Revaluation Reserve
This reserve records the increase in value of non-current assets as a result of revaluation. These increases are offset by the depreciation charge incurred as a result of the revaluation of each asset. On disposal of an asset, the reserve is reduced by any balance it may hold in relation to that asset. Any downward revaluations will be processed through the revaluation reserve up to the value of any previous credits which may exist. The balance in the revaluation reserve represents an increase in the net worth of the Board. However, these gains would only be recognised if the assets were sold and a capital receipt generated.

Accumulated Absences Account
The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Capital Adjustment Account
The Capital Adjustment Account contains the difference between amounts provided for depreciation and amounts that require to be charged to revenue to repay the principal element of external loans. It also contains the amount of impairment charged to revenue to the extent that the revaluation reserve does not contain a revaluation gain relevant to a specific asset.

Movements in all of the above reserves are shown in the Movement in Reserves Statement.

## 12. 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 Statement until conditions attached 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/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

## 13. INVENTORIES

All inventories have been valued in accordance with International Accounting Standard 2 “Inventories” (IAS2) as follows:-

- at latest invoice price - For inventories which are generally minimal and the records are held manually. It is, therefore, more practical to value these items at latest invoice price. The difference between the replacement cost and the book value for these inventories is not considered material.

Full details are provided in Note 11. Work in progress is subject to a valuation of the cost of work completed to 31 March 2013. It is recorded in the Balance Sheet at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

## 14. INTANGIBLE ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Board (e.g. software licences) is capitalised when it will bring benefits to the Board for more than one financial year. These intangible assets have been initially valued at cost and are then amortised on a straight line basis to the Comprehensive Income and Expenditure Statement over the economic life of the investment from the year after the year of purchase.

Intangible assets are not revalued, as the fair value of the assets held by the Board cannot be determined by reference to an active market. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

## 15. OVERHEADS AND SUPPORT SERVICES

The Board is recharged by Falkirk Council in respect of a number of Support Services. The main allocation bases are summarised below:-

| Cost | Allocation Base |
|---|---|
| Professional Services (Finance, Legal etc) | Actual time spent by staff and direct allocation |
| Administrative Buildings | Area occupied |
| Information Services | Machine usage and time allocations |
| Payroll | Number of Payroll transactions |
| Creditors | Number of invoices paid |
| Sundry Debtors | Number of invoices issued |
| Human Resources | Number of Full Time Equivalent Employees and actual time spent by staff |

## 16. CORPORATE AND DEMOCRATIC CORE AND NON-DISTRIBUTED COSTS

As noted above, the costs of overheads and support services have been allocated to Services. The following cost categories are not included in these allocations:

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

These two cost categories are defined in SERCOP 2012/13 and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

## 17. EMPLOYEE BENEFITS

**Benefits Payable During Employment**

Short-term employee benefits are defined as "falling due wholly within 12 months after the end of the period in which the employees render the related service". Some examples are salaries, wages, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees. These are recognised as an expense for each Service in the year in which employees render service to the Board. An accrual is made against the Board for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year and is reversed out of the General Fund Balance through the Movement in Reserves Statement so that the holiday benefits are charged to revenue in the year in which the holiday absence occurs.

**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 and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement when 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.

Where the 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 pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund or pensioners and any such amounts payable but unpaid at the year-end.

**Post Employment Benefits**

As part of the terms and conditions of employment of Fire Officers and other employees, the Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that need to be disclosed at the time that employees earn their future pension entitlement.

The Board participates in three pension schemes:

- The Local Government Pension Scheme (Falkirk Council Pension Fund) for non-uniformed employees, administered by Falkirk Council. This is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets;

- The Firefighters' Pension Scheme for uniformed officers. This is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet scheme benefits as they eventually fall due;

- The New Firefighters' Pension Scheme for uniformed officers. This is an unfunded scheme and came into effect from 6 April 2006 for all new employees from that date and to any existing members of the previous scheme who opt to join the new scheme.

In accordance with the requirements of International Accounting Standard 19 'Employee Benefits' (IAS19) the Board is required to disclose certain information concerning assets, liabilities, income and expenditure related to Pension Schemes for its employees.

The assets and liabilities of the Board's pension arrangements as at 31 March 2013 have been calculated by Hymans Robertson a firm of independent Consulting Actuaries.

The liabilities of the Pension Scheme 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 future earnings for current employees).

Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on high quality corporate bonds).

The assets attributable to the Pension Scheme are included in the Balance Sheet at their fair value. Where there is an active market, bid price is usually the appropriate quoted market price:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pensions liability is analysed into several components:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income & Expenditure Statement to the services for which the employees worked

- 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 & Expenditure Statement as part of Non-Distributed Costs

- 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 Finance and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement

- expected return on assets - the annual investment return on the fund assets attributable to the Schemes, based on an average of the expected long-term return – credited to the Finance and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement

- 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 & Expenditure Statement as part of Non-Distributed Costs

- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve

- contributions paid to the Pension Schemes - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

- estimated benefits paid – an estimate of the pension and lump sum benefits payable from the Pension Schemes and other discretionary arrangements.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Board to the pension fund or directly to the 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 or pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

More Information

More information about pension costs is disclosed in Note 16 of the core financial statements.

## 18. PROPERTY, PLANT AND EQUIPMENT

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

***Recognition***
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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***
Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Board). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Board.

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

- assets under construction – historic cost.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

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

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

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

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

***Depreciation***
Depreciation is provided for on all Property, Plant and Equipment assets (apart from Assets Under Construction) by the systematic allocation of their depreciable amounts over their useful lives, except assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment - straight line allocation over the useful life of the asset

Where an item of Property, Plant and Equipment asset has a valuation in excess of £1.0m and has major components whose cost is significant in relation to the total cost of the item, 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.

***Disposals***

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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 disposals are categorised as capital receipts. All receipts are 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 Reserves 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.

## 19. FINANCIAL INSTRUMENTS

The Board do not have any material amounts of Financial Instruments that require to be re-measured and disclosed under International Financial Reporting Standards.

## 20. 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 obligation. Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Board becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and appropriate adjustments made to the level of provision. There was one provision for 2012/13.

## 21. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

For 2012/13, there are no accounting standards issued that have not been adopted.

## 22. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies 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:

- there is a high degree of uncertainty about future levels of funding for local government services. However, the Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to close facilities and reduce levels of service provision.

## 23. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The statement of accounts contains estimated figures that are based on assumptions made by the 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 item in the Board's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial years is as follows:

**Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £3.2m.

The pensions liability is discussed further in note 16 to the Accounts.

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

**The Board's Responsibilities**

The Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board that officer is the Treasurer
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

**Falkirk Council's Responsibilities from 01/04/13**

Part 3 of the Police and Fire Reform (Scotland) Act 2012 (Supplementary, Transitional, Transitory and Saving Provisions) Order 2013 transferred the accounting and reporting obligations from the Board to Falkirk Council and its officers (i.e. the constituent authority where the Treasurer of the Board is employed).

**The Treasurer's Responsibilities**

The Treasurer is responsible for the preparation of the Board's statement of accounts which, in terms of the CIPFA/ LA(S)AAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 ("the Code of Practice"), is required to present a true and fair view of the financial position of the Board at the accounting date and its income and expenditure for the year ended 31 March 2013.

In preparing this statement of accounts, the Treasurer has:

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

The Treasurer has also:

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

**Statement of Accounts**

The Statement of Accounts presents a true and fair view of the financial position of the Board as at 31 March 2013 and its income and expenditure for the year ended 31 March 2013.

Bryan Smail, CPFA MBA
Chief Finance Officer
Falkirk Council
23 September 2013

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

1. This Statement relates to the Board's systems of internal financial control for the year to 31 March 2013.

2. As Treasurer, I was responsible for ensuring the operation and maintenance of an effective system of internal financial control. In doing this, I was required to ensure that the board's financial management arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, and I confirm that to be the case.

3. The system of internal financial control was based on a framework of risk management; Contract Standing Orders, Financial Regulations, and associated guidance; proper delegation and accountability; comprehensive budgeting systems; clear financial targets; and robust management information. Nevertheless, the system of internal financial control can only provide reasonable (not absolute) assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected.

4. For 2012/13, Falkirk Council's Internal Audit Section provided an independent assessment of arrangements for risk management, governance, and control. The Section undertook a programme of work approved by the Chief Fire Officer, Treasurer, and Best Value and Scrutiny Committee. Work was planned taking account of the outcomes of the Board's risk management arrangements and Internal Audit's own assessment of risk.

5. The Board's appointed External Auditors have concluded that Internal Audit operated in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

6. Internal Audit reports were brought to the attention of management and included recommendations and agreed action plans. Significant matters were reported to Best Value and Scrutiny Committee.

7. The Best Value and Scrutiny Committee operated in accordance with relevant CIPFA guidance. Part of the role of the Committee was to consider the Annual Assurance Report provided by the Internal Audit Manager. This report provided an independent opinion on the adequacy and effectiveness of the Board's arrangements for risk management, governance, and control, and was based on work undertaken during the year. In his Annual Assurance Report for 2012/13, the Internal Audit Manager concluded that he was able to provide substantial assurance on the Board's overall framework of control for the year to 31 March 2013.

8. In reaching this conclusion, the Internal Audit Manager took account of outputs from 2012/13 work on systems and controls established by CSFRS to manage Payroll related risks. The Internal Audit Manager also placed reliance on the outcomes of work undertaken as part of the Falkirk Council Internal Audit Plan on systems used and relied upon by CSFRS. The programme of Internal Audit work was completed as planned.

9. As Treasurer, I am required to review the effectiveness of the Board's systems of internal financial control, taking account of the work of managers, Internal Audit (as described above), and External Audit.

10. Based on consideration of the above, I have concluded that substantial assurance can be placed on the adequacy and effectiveness of the Board's internal financial controls for the year 2012/13.

**Bryan Smail**
**Chief Finance Officer**
**Falkirk Council**
**23 September 2013**

# CENTRAL SCOTLAND JOINT FIRE & RESCUE BOARD
# ANNUAL REMUNERATION REPORT

The Local Authority Accounts (Scotland) Regulations 1985 (as amended by the Local Authority (Scotland) Amendment Regulations 2011) require the accounts of the Board to contain a Remuneration Report. This Report for the financial year 2012/13 contains the information specified in the Schedule to the above Regulations.

**1. Senior Employees Remuneration Arrangements**

The salary of the Chief Fire Officer is set having regard to national arrangements in terms of the National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Services. The minimum salary indicated by the NJC was revised by the Board in December 2003 to take account of a number of local factors.

In June 2006, the salaries of both the Director of Service Delivery and the Director of Service Support were determined at 77.5% of the salary payable to the Chief Fire Officer.

**2. General Disclosure by Pay Band**

(Paragraph 4 of the Schedule to the 1985 Regulations)

The number of employees whose remuneration was £50,000 or more in 2012/13 is disclosed in bands of £5,000 in the following table:

| **Remuneration Bands** | **Number of Employees** | |
|---|---|---|
| | **2012/13** | **2011/12** |
| £50,000 - £54,999 | 4 | 6 |
| £55,000 - £59,999 | 4 | 2 |
| £60,000 - £64,999 | 1 | 2 |
| £65,000 - £69,999 | 2 | 1 |
| £70,000 - £74,999 | - | - |
| £75,000 - £79,999 | - | 1 |
| £80,000 - £84,999 | 2 | 2 |
| £85,000 - £89,999 | 1 | - |
| £90,000 - £94,999 | - | - |
| £95,000 - £99,999 | - | - |
| £100,000 - £104,999 | 1 | 1 |
| **Totals** | **15** | **15** |

**3. Disclosure of Remuneration for Relevant Persons**

(Paragraphs 6 to 8 of the Schedule to the 1985 Regulations)

The Regulations require that the Report shows in tabular form, against the post held and name of each relevant person the total amounts, whether received or receivable, by each relevant person.

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

**Remuneration of Senior Employees of Central Scotland Joint Fire and Rescue Board**

| Name | Post Title | Salary, Fees & Allowances | Bonuses | Taxable Expenses | Compensation for loss of employment | Benefits other than in cash | Other Amounts | Total Remuneration 2012/13 | Total Remuneration 2011/12 |
|---|---|---|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ | £ | £ | £ |
| Kenneth Taylor | Chief Fire Officer | 104,758 | - | - | - | - | - | 104,758 | 104,739 |
| David McGown | Director of Service Delivery | 81,351 | - | - | - | - | - | 81,351 | 81,527 |
| Iain McCusker | Acting Director of Service Support | 80,963 | - | - | - | - | - | 80,963 | 81,341 |
| **Total** | | **267,072** | **-** | **-** | **-** | **-** | **-** | **267,072** | **267,607** |

The senior employees included in the table include any Board employee who has responsibility for management of the Board 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.

**4. Pension Benefits**

(Paragraphs 9 to 12 of the Schedule to the 1985 Regulations)

Pension benefits for the aforementioned senior Fire Board employees are provided through the Firefighters' Pension Scheme (FPS).

This is a final salary pension scheme which means that pension benefits are based on the final year's pay and the number of years that a person has been a member of the Scheme.

It is assumed that serving officers in the FPS retire at the earlier of attaining 25 years service (subject to a minimum age of 50) or at age 55. An allowance has been made for some premature retirements on grounds of ill-health, although no allowance has been made for early retirements as a result of an injury sustained on duty.

Members in the FPS contribute 11% of earnings.

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

A lump sum can be taken at retirement in return for a reduced pension. A maximum of one quarter of pension at retirement age may be commuted at the time of retirement for a lump sum. This is calculated using factors issued by the Government Actuary's Department.

The value of the accrued benefits has 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 on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total pensionable service, which may include service derived from other employments, and not just their current appointment.

**Pension Rights of Senior Employees of Central Scotland Joint Fire and Rescue Board**

The pension entitlements of Senior Employees for the year to 31 March 2013 are shown in the table below, together with the contribution made by the Board to each Senior Employee's pension during the year.

| | | In-year Pension Contributions | | Accrued Pension Benefits | | | |
|---|---|---|---|---|---|---|---|
| **Name** | **Post Title** | **For year to 31/03/13 £** | **For year to 31/03/12 £** | **Benefit Type** | **As at 31/03/13 £'000** | **As at 31/03/12 £'000** | **Difference from 31/03/12 £'000** |
| Kenneth Taylor | Chief Fire Officer | 22,653 | 22,653 | Pension | 70 | 67 | 3 |
| David McGown | Director of Service Delivery | 17,557 | 17,557 | Pension | 46 | 44 | 2 |
| Iain McCusker | Acting Director of Service Support | 17,557 | 17,557 | Pension | 44 | 43 | 1 |
| **Total** | | **57,767** | **57,767** | Pension | **160** | **154** | **6** |

**5. Remuneration of Conveners and Vice-Conveners**

The Convener and Vice-Convener of Central Scotland Joint Fire and Rescue Board are remunerated by the Council of which they are a Council member.

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council (may be Convener for some authorities), the Civic Head (may be Provost or Lord Provost for some authorities), Senior Councillors or Councillors. These Regulations also set out the amounts a Councillor may be paid for being a Convener or Vice-Convener of a Joint Board. This is inclusive of any amount payable to them as either a Councillor or senior Councillor.

The Board has an arrangement with each Council to remunerate the Convener and Vice-Convener/s to reimburse the Council for the additional costs of that Councillor arising from them being a Convener or Vice-Convener of the Board. The disclosures made in this report are limited to the amounts paid to the Council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the Councillor.

| Name | Post Title | Council Member | Amount charged to Board | |
|---|---|---|---|---|
| | | | For year to 31/03/13 £ | For year to 31/03/12 £ |
| Alan Nimmo | Convener | Falkirk Council | 1,743 | 10,506 |
| Paul Owens | Vice-Convener | Stirling Council | 2,588 | 2,801 |
| John Hendry | Convener | Stirling Council | 9,913 | - |
| **Total** | | | **14,244** | **13,307** |

The remuneration above is in respect of salary, fees and allowances. There were no remuneration payments for taxable expenses, non-cash expenses and benefits other than in cash.

The position of Convener was held by Alan Nimmo until 3 May 2012 and on 15 June 2012 John Hendry was appointed Convener.

**6. Exit Packages**

Scottish Statutory Instrument (SSI) 2011/64 requires the disclosure of the number and cost of exit packages agreed. Exit packages require to be disclosed that are included in the Comprehensive Income and Expenditure Statement e.g. redundancy costs (voluntary & compulsory), the accrued cost of added years (the pension strain) and other departure costs.

| | 2011/12 | | 2012/13 | |
|---|---|---|---|---|
| Bands | Number | Total Payment | Number | Total Payment |
| | | £ | | £ |
| Up to £20k | - | - | 4 | 34,564 |
| Over £20k up to £40k | - | - | 1 | 30,726 |
| Over £40k up to £60k | - | - | - | - |
| Over £60k up to £80k | - | - | - | - |
| Over £80k up to £100k | - | - | - | - |
| Over £100k up to £150k | - | - | - | - |
| Over £150k up to £200k | - | - | - | - |
| Over £200k | - | - | - | - |
| **Total** | **-** | **-** | **5** | **65,290** |

**Bryan Smail**
**Chief Finance Officer**
**Falkirk Council**
**23 September 2013**

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

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

| 2011/12 Gross Expenditure £'000 | 2011/12 Gross Income £'000 | 2011/12 Net Expenditure £'000 | | 2012/13 Gross Expenditure £'000 | 2012/13 Gross Income £'000 | 2012/13 Net Expenditure £'000 |
|---|---|---|---|---|---|---|
| 11,709 | 8 | 11,701 | Firefighting & Rescue Operations | 11,514 | 8 | 11,506 |
| 536 | 26 | 510 | Community Fire Safety | 479 | 6 | 473 |
| 98 | 1,625 | (1,527) | Firefighters' Pensions | 166 | 1,656 | (1,490) |
| 363 | - | 363 | Fire Service Emergency Planning & Civil Defence | 381 | - | 381 |
| 5,022 | 241 | 4,781 | Management & Support Services | 5,454 | 226 | 5,228 |
| 34 | - | 34 | Corporate and Democratic Core | 37 | - | 37 |
| 1,800 | - | 1,800 | Non-Distributed Costs | - | - | - |
| **19,562** | **1,900** | **17,662** | **Cost of Services** | **18,031** | **1,896** | **16,135** |
| | | | Other Operating Expenditure | | | |
| 183 | - | 183 | (Gains) or Losses on Disposal of Non-Current Assets | 119 | - | 119 |
| | | | Financing & Investment Income & Expenditure | | | |
| 229 | - | 229 | Interest Payable & Similar Charges | 208 | - | 208 |
| - | 17 | (17) | Interest & Investment Income | 0 | 13 | (13) |
| 7,180 | 464 | 6,716 | Pensions Interest Cost & Expected Return on Pensions Assets | 6,843 | 398 | 6,445 |
| **27,154** | **2,381** | **24,773** | | **25,201** | **2,307** | **22,894** |
| | | | Taxation and Non-Specific Grant Income | | | |
| - | 927 | (927) | Capital Grants | - | 873 | (873) |
| - | 14,934 | (14,934) | Constituent Authority Requisitions | - | 12,893 | (12,893) |
| - | 15,861 | (15,861) | | - | 13,766 | (13,766) |
| **27,154** | **18,242** | **8,912** | **(Surplus) or Deficit on Provision of Services** | **25,201** | **16,073** | **9,128** |
| | | 1,074 | (Surplus) or Deficit on Revaluation of Non-Current Assets | | | 338 |
| | | 3,907 | Actuarial (Gains)/Losses on Pension Assets/Liabilities | | | 15,974 |
| | | (400) | Actuarial (Gains)/Losses on Pension Assets/Liabilities Injury Benefits | | | 1,100 |
| | | - | Other Unrealised (Gains)/Losses | | | - |
| | | 4,581 | **Other Comprehensive Income and Expenditure** | | | 17,412 |
| | | 13,493 | **Total Comprehensive Income and Expenditure** | | | 26,540 |

# 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 assets of the Board (assets less liabilities) are matched by the reserves held by the Board. Reserves are reported in two categories. The first category of reserves is 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 are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

| 2011/12 £'000 | | 2012/13 £'000 | 2012/13 £'000 | Note |
|---|---|---|---|---|
| | **Non-Current Assets** | | | |
| 18,177 | Property, Plant & Equipment | 18,307 | | 8 |
| 94 | Intangible Assets | 47 | | 9 |
| 18,271 | | | 18,354 | |
| | **Current Assets** | | | |
| 111 | Inventories | 142 | | 11 |
| 1,059 | Short Term Debtors | 300 | | 12 |
| 2,685 | Cash and Cash Equivalents | 2,837 | | |
| 3,855 | | | 3,279 | |
| | **Current Liabilities** | | | |
| (977) | Short Term Creditors | (3,409) | | 13 |
| - | Provisions | (74) | | 14 |
| | | | (3,483) | |
| | **Long Term Liabilities** | | | |
| (5,846) | Long Term Borrowing | (5,541) | | 19 |
| (129,322) | Defined Benefit Pension Scheme Liability | (151,268) | | 16 |
| (6,400) | Other Long Term Liabilities | (8,300) | | 15 |
| (141,568) | | | (165,109) | |
| **(120,419)** | **NET ASSETS** | | **(146,959)** | |
| | **Usable Reserves** | | | |
| 574 | Capital Receipts Reserve | - | | |
| 1,742 | General Fund Balance | - | | |
| 743 | Other Usable Reserves | - | | |
| 3,059 | | - | | |
| | **Unusable Reserves** | | | |
| 10,220 | Capital Adjustment Account | 10,972 | | |
| 2,205 | Revaluation Reserve | 1,841 | | |
| (129,322) | Pensions Reserve | (151,268) | | |
| (6,400) | Employee Statutory Mitigation Account (Injury Benefits) | (8,300) | | |
| (181) | Accumulated Absences Account | (204) | | |
| (123,478) | | | (146,959) | |
| **(120,419)** | **TOTAL RESERVES** | | **(146,959)** | |

Bryan Smail CPFA MBA
Chief Finance Officer
Falkirk Council

The unaudited accounts were issued on 28 June 2013 and the audited accounts were authorised for issue on 23 September 2013.

# 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 requisition 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 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.

| 2011/12 £'000 | | | 2012/13 £'000 | Note |
|---|---|---|---|---|
| 8,912 | Net (surplus) or deficit on the Provision of Services | 9,128 | | |
| (9,698) | Adjust net surplus or deficit on the provision of services for non-cash movements | (11,347) | | 2 |
| 744 | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 754 | | 3 |
| **(42)** | **Net cash flows from operating activities** | | **(1,465)** | 1 |
| | Investing Activities | | | |
| 1,208 | Purchase of property, plant & equipment, investment property and intangible assets | 1,922 | | |
| (6) | Proceeds from the sale of property, plant & equipment, investment property and intangible assets | (41) | | |
| (879) | Other receipts and investing activities | (873) | | |
| **323** | **Net cash flows from investing activities** | | **1,008** | |
| | Financing Activities | | | |
| 354 | Repayments of short and long term borrowing | 305 | | |
| **354** | **Net cash flows from financing activities** | | **305** | |
| **635** | **Net (increase) or decrease in cash and cash equivalents** | | **(152)** | |
| **(3,320)** | **Cash and cash equivalents at the beginning of the reporting period** | | **(2,685)** | 4 |
| **(2,685)** | **Cash and cash equivalents at the end of the reporting period** | | **(2,837)** | 4 |

# CENTRAL SCOTLAND JOINT 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 or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The Net Increase/Decrease before Transfers to Other Statutory Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from other statutory reserves undertaken by the Board.

| | Usable Reserves | | | | | Unusable Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **General Fund Balance £'000** | **Capital Receipts Reserve £'000** | **Other Reserves £'000** | **Total Usable Reserves £'000** | **Capital Adjustment Account £'000** | **Revaluation Reserve £'000** | **Pension Reserve £'000** | **Accumulated Absences Account £'000** | **Employee Statutory Mitigation Account - Injury Benefit £'000** | **Total Unusable Reserves £'000** | **Total Reserves £'000** | **Note** |
| **Balance at 31 March 2012** | **1,742** | **574** | **743** | **3,059** | **10,220** | **2,205** | **(129,322)** | **(181)** | **(6,400)** | **(123,478)** | **(120,419)** | |
| Surplus or (deficit) on Provision of Services (accounting basis) | (9,128) | - | - | **(9,128)** | - | - | - | - | - | - | **(9,128)** | |
| Other Comprehensive Expenditure and Income | (754) | 41 | - | (713) | 713 | (338) | (15,974) | - | (1,100) | **(16,699)** | **(17,412)** | 1 |
| **Total Comprehensive Expenditure and Income** | **(9,882)** | **41** | **-** | **(9,841)** | **713** | **(338)** | **(15,974)** | **-** | **(1,100)** | **(16,699)** | **(26,540)** | |
| Adjustments between accounting basis and funding basis under regulations | 7,831 | (615) | (434) | **6,782** | 39 | (26) | (5,972) | (23) | (800) | **(6,782)** | - | 2 |
| **Net Increase/Decrease before Transfers to Other Statutory Reserves** | **(2,051)** | **(574)** | **(434)** | **(3,059)** | **752** | **(364)** | **(21,946)** | **(23)** | **(1,900)** | **(23,481)** | **(26,540)** | |
| Transfers to/from Other Statutory Reserves | 309 | - | (309) | - | - | - | - | - | - | - | - | 3 |
| **Increase/Decrease in Year 2012/13** | **(1,742)** | **(574)** | **(743)** | **(3,059)** | **752** | **(364)** | **(21,946)** | **(23)** | **(1,900)** | **(23,481)** | **(26,540)** | |
| **Balance at 31 March 2013** | **-** | **-** | **-** | **-** | **10,972** | **1,841** | **(151,268)** | **(204)** | **(8,300)** | **(146,959)** | **(146,959)** | |

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

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

### NOTES

| | Usable Reserves | | | | | Unusable Reserves | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Fund Balance £'000 | Capital Receipts Reserve £'000 | Other Reserves £'000 | Total Usable Reserves £'000 | Capital Adjustment Account £'000 | Revaluation Reserve £'000 | Pension Reserve £'000 | Accumulated Absences Account £'000 | Employee Statutory Mitigation Account - Injury Benefit £'000 | Total Unusable Reserves £'000 | Total Reserves £'000 |
| **1. Analysis of Other Comprehensive Expenditure and Income** | | | | | | | | | | | |
| Net gain or loss on sale of non-current assets | 119 | - | - | **119** | - | - | - | - | - | **-** | **119** |
| Capital Receipts received | - | 41 | - | **41** | - | - | - | - | - | **-** | **41** |
| Capital Grants received | (873) | - | - | **(873)** | 873 | - | - | - | - | **873** | **-** |
| Net book value of asset disposals | - | - | - | **-** | (160) | - | - | - | - | **(160)** | **(160)** |
| Deficit on revaluation of non-current assets | - | - | - | **-** | - | (338) | - | - | - | **(338)** | **(338)** |
| Actuarial gain/(loss) on Pension Assets and Liabilities | - | - | - | **-** | - | - | (15,974) | - | (1,100) | **(17,074)** | **(17,074)** |
| | **(754)** | **41** | **-** | **(713)** | **713** | **(338)** | **(15,974)** | **-** | **(1,100)** | **(16,699)** | **(17,412)** |
| **2. Analysis of Adjustments between accounting basis and funding basis under regulations** | | | | | | | | | | | |
| Amortisation of intangible assets | 60 | - | - | **60** | (60) | - | - | - | - | **(60)** | **-** |
| Depreciation and impairment of non-current assets | 1,281 | - | - | **1,281** | (1,281) | - | - | - | - | **(1,281)** | **-** |
| Capital receipts applied to fund capital expenditure | - | (615) | - | **(615)** | 615 | - | - | - | - | **615** | **-** |
| Use of Repairs & Renewals Fund to finance new capital expenditure | - | - | (434) | **(434)** | 434 | - | - | - | - | **434** | **-** |
| Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations | 6,772 | - | - | **6,772** | - | - | (5,972) | - | (800) | **(6,772)** | **-** |
| Statutory provision for repayment of debt (Loans Fund Advances) | (305) | - | - | **(305)** | 305 | - | - | - | - | **305** | **-** |
| Statutory adjustment re Accumulated Absences Account | 23 | - | - | **23** | - | - | - | (23) | - | **(23)** | **-** |
| Adjustment between CAA & Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost | - | - | - | **-** | 26 | (26) | - | - | - | **-** | **-** |
| | **7,831** | **(615)** | **(434)** | **6,782** | **39** | **(26)** | **(5,972)** | **(23)** | **(800)** | **(6,782)** | **-** |
| **3. Analysis of transfers to/from Other Statutory Reserves** | | | | | | | | | | | |
| Transfer to/ from Repairs and Renewals Fund | 309 | - | (309) | **-** | - | - | - | - | - | **-** | **-** |
| | - | - | - | **-** | - | - | - | - | - | **-** | **-** |

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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 or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Board's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The Net Increase/Decrease before Transfers to Other Statutory Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from other statutory reserves undertaken by the Board.

| | Usable Reserves | | | | | Unusable Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **General Fund Balance £'000** | **Capital Receipts Reserve £'000** | **Other Reserves £'000** | **Total Usable Reserves £'000** | **Capital Adjustment Account £'000** | **Revaluation Reserve £'000** | **Pension Reserve £'000** | **Accumulated Absences Account £'000** | **Employee Statutory Mitigation Account - Injury Benefit £'000** | **Total Unusable Reserves £'000** | **Total Reserves £'000** | **Note** |
| **Balance at 31 March 2011** | **1,350** | **757** | **838** | **2,945** | **9,952** | **3,299** | **(117,092)** | **(130)** | **(5,900)** | **(109,871)** | **(106,926)** | |
| Surplus or (deficit) on Provision of Services (accounting basis) | (8,912) | - | - | **(8,912)** | - | - | - | - | - | - | **(8,912)** | |
| Other Comprehensive Expenditure and Income | (744) | 3 | - | (741) | 741 | (1,074) | (3,907) | - | 400 | **(3,840)** | **(4,581)** | 1 |
| **Total Comprehensive Expenditure and Income** | **(9,656)** | **3** | **-** | **(9,653)** | **741** | **(1,074)** | **(3,907)** | **-** | **400** | **(3,840)** | **(13,493)** | |
| Adjustments between accounting basis and funding basis under regulations | 10,048 | (186) | (95) | **9,767** | (473) | (20) | (8,323) | (51) | (900) | **(9,767)** | - | 2 |
| **Net Increase/Decrease before Transfers to Other Statutory Reserves** | **392** | **(183)** | **(95)** | **114** | **268** | **(1,094)** | **(12,230)** | **(51)** | **(500)** | **(13,607)** | **(13,493)** | |
| Transfers to/from Other Statutory Reserves | - | - | - | - | - | - | - | - | - | - | - | 3 |
| **Increase/Decrease in Year 2011/12** | **392** | **(183)** | **(95)** | **114** | **268** | **(1,094)** | **(12,230)** | **(51)** | **(500)** | **(13,607)** | **(13,493)** | |
| **Balance at 31 March 2012** | **1,742** | **574** | **743** | **3,059** | **10,220** | **2,205** | **(129,322)** | **(181)** | **(6,400)** | **(123,478)** | **(120,419)** | |

# CENTRAL SCOTLAND JOINT FIRE AND RESCUE BOARD

## MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

### NOTES

| | Usable Reserves | | | | | Unusable Reserves | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Fund Balance £'000 | Capital Receipts Reserve £'000 | Other Reserves £'000 | Total Usable Reserves £'000 | Capital Adjustment Account £'000 | Revaluation Reserve £'000 | Pension Reserve £'000 | Accumulated Absences Account £'000 | Employee Statutory Mitigation Account - Injury Benefit £'000 | Total Unusable Reserves £'000 | Total Reserves £'000 |
| **1. Analysis of Other Comprehensive Expenditure and Income** | | | | | | | | | | | |
| Net gain or loss on sale of non-current assets | 183 | - | - | **183** | - | - | - | - | - | **-** | **183** |
| Capital Receipts received | - | 3 | - | **3** | - | - | - | - | - | **-** | **3** |
| Capital Grants received | (927) | - | - | **(927)** | 927 | - | - | - | - | **927** | **-** |
| Net book value of asset disposals | - | - | - | **-** | (186) | - | - | - | - | **(186)** | **(186)** |
| Deficit on revaluation of non-current assets | - | - | - | **-** | - | (1,074) | - | - | - | **(1,074)** | **(1,074)** |
| Actuarial gain/(loss) on Pension Assets and Liabilities | - | - | - | **-** | - | - | (3,907) | - | 400 | **(3,507)** | **(3,507)** |
| | **(744)** | **3** | **-** | **(741)** | **741** | **(1,074)** | **(3,907)** | **-** | **400** | **(3,840)** | **(4,581)** |
| **2. Analysis of Adjustments between accounting basis and funding basis under regulations** | | | | | | | | | | | |
| Amortisation of intangible assets | 73 | - | - | **73** | (73) | - | - | - | - | **(73)** | **-** |
| Depreciation and impairment of non-current assets | 1,055 | - | - | **1,055** | (1,055) | - | - | - | - | **(1,055)** | **-** |
| Capital receipts applied to fund capital expenditure | - | (186) | - | **(186)** | 186 | - | - | - | - | **186** | **-** |
| Use of Repairs & Renewals Fund to finance new capital expenditure | - | - | (95) | **(95)** | 95 | - | - | - | - | **95** | **-** |
| Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS 19) are different from the contributions due under the pension scheme regulations | 9,223 | - | - | **9,223** | - | - | (8,323) | - | (900) | **(9,223)** | **-** |
| Statutory provision for repayment of debt (Loans Fund Advances) | (354) | - | - | **(354)** | 354 | - | - | - | - | **354** | **-** |
| Statutory adjustment re Accumulated Absences Account | 51 | - | - | **51** | - | - | - | (51) | - | **(51)** | **-** |
| Adjustment between CAA & Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost | - | - | - | **-** | 20 | (20) | - | - | - | **-** | **-** |
| | **10,048** | **(186)** | **(95)** | **9,767** | **(473)** | **(20)** | **(8,323)** | **(51)** | **(900)** | **(9,767)** | **-** |
| **3. Analysis of transfers to/from Other Statutory Reserves** | | | | | | | | | | | |
| Transfer to/ from Repairs and Renewals Fund | - | - | - | **-** | - | - | - | - | - | **-** | **-** |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Interest Received | (17) | (13) |
| Interest Paid | 229 | 208 |

## 2. Cash Flow Statement – Operating Activities

Adjust net surplus or deficit on the provision of services for non-cash movements

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Depreciation and Impairment | (1,055) | (1,341) |
| Amortisation of intangible assets | (73) | - |
| Increase/(decrease) in short term debtors | 557 | (837) |
| Increase/(decrease) in inventories | 12 | 31 |
| (Increase)/decrease in short term creditors | 135 | (2,405) |
| Movement in pensions liability | (9,223) | (6,772) |
| Movement in accumulated absences account | (51) | (23) |
| | **(9,698)** | **(11,347)** |

## 3. Cash Flow Statement – Operating Activities

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Proceeds from the sale of Property, Plant & Equipment and Intangible Assets | (183) | (119) |
| Any other items for which the cash effects are investing or financing cashflows | 927 | 873 |
| | **744** | **754** |

## 4. Cash Flow Statement – Cash and Cash Equivalents

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

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Cash held by Officers | 5 | 5 |
| Short-term deposits with Loans Fund | 2,680 | 2,832 |
| Total cash and cash equivalents | **2,685** | **2,837** |

## 5. Members Remuneration

Remuneration paid to Members in 2012/13 was:

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Salaries | 13 | 14 |
| Allowances (Mileage) | - | - |
| Expenses | - | - |
| | **13** | **14** |

## 6. External Audit Fee

The external audit fee for 2012/13 was £22,584 for work undertaken in accordance with the Code of Audit Practice (£21,250 in 2011/12).

## 7. Related Party Transactions

The Board is required to disclose material transactions with related parties, that is bodies or individuals that have potential to control or influence the Board or to be controlled or influenced by the Board.

Falkirk Council
A payment of £150,270 was made to Falkirk Council in respect of central support recharges.

Pension Schemes
The employees of the Board are eligible to join either the Local Government Pension Scheme or the Firefighters' Pension Schemes, both of which are locally administered by Falkirk Council.

## 8. Property, Plant and Equipment

| | Land & Buildings £'000 | Vehicles Plant & Equipment £'000 | Assets Under Construction £'000 | Surplus Assets £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Movements in 2012/13:** | | | | | |
| **Cost or Valuation as at 1 April 2012** | 20,130 | 7,111 | 134 | 100 | 27,475 |
| Additions | 931 | 869 | 109 | - | 1,909 |
| Revaluations | | | | | |
| • Recognised in Revaluation Reserve | - | - | - | - | - |
| • Recognised in Provision of Services | - | - | - | - | - |
| De-recognition | | | | | |
| • Disposals | (2) | (326) | - | - | (328) |
| Other Movements in Cost or Valuation | - | 193 | (193) | - | - |
| **As at 31 March 2013** | 21,059 | 7,847 | 50 | 100 | 29,056 |
| **Accumulated Depreciation and Impairment** | | | | | |
| **As at 1 April 2012** | 5,910 | 3,338 | 50 | - | 9,298 |
| Depreciation | | | | | |
| • Charge for Year | 413 | 499 | - | - | 912 |
| Impairment | | | | | |
| • Written Out to Revaluation Reserve | 337 | - | - | - | 337 |
| • Written Out to Provision of Services | 332 | 38 | - | - | 370 |
| De-recognition | | | | | |
| • Disposals | (1) | (167) | - | - | (168) |
| **As at 31 March 2013** | 6,991 | 3,708 | 50 | - | 10,749 |
| **Net Book Value** | | | | | |
| **31 March 2012** | 14,220 | 3,773 | 84 | 100 | 18,177 |
| **31 March 2013** | **14,068** | **4,139** | **-** | **100** | **18,307** |

| | Land & Buildings £'000 | Vehicles Plant & Equipment £'000 | Assets Under Construction £'000 | Surplus Assets £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Movements in 2011/12:** | | | | | |
| **Cost or Valuation as at 1 April 2011** | 21,039 | 6,458 | 50 | - | 27,547 |
| Additions | 191 | 929 | 84 | - | 1,204 |
| Revaluations | | | | | |
| • Recognised in Revaluation Reserve | (1,121) | - | - | 100 | (1,021) |
| • Recognised in Provision of Services | 21 | - | - | - | 21 |
| De-recognition | | | | | |
| • Disposals | - | (276) | - | - | (276) |
| **As at 31 March 2012** | 20,130 | 7,111 | 134 | 100 | 27,475 |
| **Accumulated Depreciation and Impairment** | | | | | |
| **As at 1 April 2011** | 5,377 | 2,881 | - | - | 8,258 |
| Depreciation | | | | | |
| • Charge for Year | 410 | 547 | - | - | 957 |
| Impairment | | | | | |
| • Written Out to Revaluation Reserve | 54 | - | - | - | 54 |
| • Written Out to Provision of Services | 69 | - | 50 | - | 119 |
| De-recognition | | | | | |
| • Disposals | - | (90) | - | - | (90) |
| **As at 31 March 2012** | 5,910 | 3,338 | 50 | - | 9,298 |
| **Net Book Value** | | | | | |
| **31 March 2011** | 15,662 | 3,577 | 50 | - | 19,289 |
| **31 March 2012** | **14,220** | **3,773** | **84** | **100** | **18,177** |

**Depreciation**

The following depreciation methods have been used:

- Buildings - these are depreciated on a straight line basis over the estimated life of the asset;
- Vehicles, Plant & Equipment - these are depreciated on a straight line basis over the estimated life of the asset;
- Assets Under Construction - these are not depreciated
- Surplus Assets – these are not depreciated as they are land assets

**Assets owned by the Board include:**

| | | 2011/12 | 2012/13 | Estimated Life (Buildings) |
|---|---|---|---|---|
| Other Land & Buildings | Headquarters | 1 | 1 | 47 Years |
| | Fire Stations | 17 | 17 | 1-53 Years |
| | | 18 | 18 | |
| Vehicles, Plant & Equipment | Appliances | 34 | 38 | |
| | Support Units | 11 | 9 | |
| | Other | 113 | 146 | |
| | | 158 | 193 | |

**Valuation Disclosure**

The feuhold and leasehold properties which comprise the Board's property portfolio have been valued as at 1 April 2011 by the District Valuer of the Scotland South East Valuation Office Agency appointed by Falkirk Council on behalf of the Board. They have been valued on the undernoted bases in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

Properties regarded as operational were valued on the basis of open market value for their existing use or, where this could not be assessed because there was no market for the subject asset, depreciated replacement cost. Plant and Machinery contained within buildings is included in the valuation of those buildings.

Vehicles, Plant and Equipment are valued on the basis of historic cost.

| **Capital Expenditure was funded by:** | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Capital Grants | 927 | 873 |
| Capital Receipts | 186 | 615 |
| Repairs and Renewals | 95 | 434 |
| | **1,208** | **1,922** |

**Capital Commitments**

As at 31 March 2013, the Board has no capital commitments (£0.153m in 2011/12).

**Effects of changes in Estimates**

The Board has not made any material changes to its accounting estimates for Property, Plant and Equipment.

## 9. Intangible Assets

The Board accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and software.
All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Board. The useful lives assigned to the major software suites used by the Board are:

| | Internally Generated Assets | Other Assets |
|---|---|---|
| 5 years | - | Other Board Software |
| 3 years | - | Firelink Remsdaq Software |
| 3 years | - | Support Infrastructure Software |

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.060m was charged to revenue in 2012/13.

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

| | 2011/12 Other Assets £'000 | 2012/13 Other Assets £'000 |
|---|---|---|
| Balance at start of year: | | |
| • Gross carrying amounts | 280 | 284 |
| • Accumulated amortisation | (117) | (190) |
| Net carrying amount at start of year | 163 | 94 |
| Additions: | | |
| • Purchases | 4 | 13 |
| Amortisation for the period | (73) | (60) |
| Net carrying amount at end of year | 94 | 47 |
| Comprising: | | |
| • Gross carrying amounts | 284 | 297 |
| • Accumulated amortisation | (190) | (250) |

There are no changes in accounting estimates for Intangible Assets.

All Intangible Assets have a finite useful life.

Capital Expenditure of £0.013m was funded from Capital Grants (£0.004m in 2011/12)

There are no items of capitalised software that are individually material to the financial statements:

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 10. Impairment Losses

The overall impairment for the Board was £0.707m of which £0.370m was charged to the Provision of Services and £0.337m written out to the Revaluation Reserve.

## 11. Inventories

| | 2011/12 | | | 2012/13 | | |
|---|---|---|---|---|---|---|
| | Consumable Stores £'000 | Equipment/ Uniforms £'000 | Total £'000 | Consumable Stores £'000 | Equipment/ Uniform £'000 | Total £'000 |
| Balance at start of year | 26 | 73 | 99 | 38 | 73 | 111 |
| Purchases | 169 | 339 | 508 | 173 | 303 | 476 |
| Stock Write Downs | - | - | - | - | - | - |
| Recognition as Expense | (157) | (339) | (496) | (164) | (281) | (445) |
| Balance at end of year | **38** | **73** | **111** | **47** | **95** | **142** |

Note:- Inventories are valued at latest invoice price

## 12. Short Term Debtors

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Central Government Bodies | 1,005 | 5 |
| Other local authorities | 14 | 210 |
| Bodies external to general government (i.e. all other bodies) | 40 | 85 |
| Total Short Term Debtors | **1,059** | **300** |

## 13. Short Term Creditors

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Central Government Bodies | 458 | 1,082 |
| Other local authorities | 53 | 1,142 |
| Bodies external to general government (i.e. all other bodies) | 466 | 1,185 |
| Total Short Term Creditors | **977** | **3,409** |

## 14. Provisions

A provision has been made in respect of expenditure associated with ongoing legal action.

## 15. Other Long Term Liabilities

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Disability Benefits | 6,400 | 8,300 |
| Capital Grant received in advance | - | - |
| Total Other Long-Term Liabilities | **6,400** | **8,300** |

## 16. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of Fire Officers and other employees, the Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that need to be disclosed at the time that employees earn their future pension entitlement.

The Board participates in three pension schemes:

- The Local Government Pension Scheme (Falkirk Council Pension Fund) for non-uniformed employees, administered by Falkirk Council. This is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets;

  Regulation 31A(1) of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 as amended requires that an Administering Authority must, in relation to each year beginning on 1 April 2010, prepare a pension fund annual report. Statutory guidance issued by the Scottish Government and contained in the Local Government Finance Circular 1/2011 requires that the annual report is to be published separately and is to be subject to a separate audit opinion;

  The annual report of the Falkirk Council Pension Fund in respect of year 2012/13 can be inspected at the offices of the Council or online at www.falkirk.gov.uk by following the links to local government pension scheme.

- The Firefighters' Pension Scheme for uniformed officers. This is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet scheme benefits as they eventually fall due;

- The New Firefighters' Pension Scheme for uniformed officers. This is an unfunded scheme and came into effect from 6 April 2006 for all new employees from that date and to any existing members of the previous scheme who opt to join the new scheme.

In accordance with the requirements of International Accounting Standard 19 'Employee Benefits' (IAS19) the Board is required to disclose certain information concerning assets, liabilities, income and expenditure related to Pension Schemes for its employees.

From 2010/11 onwards injury benefit/compensation figures are separately identified within the Defined Benefit Scheme. Injury benefit/compensation figures are presented in the Balance Sheet in the Employee Statutory Mitigation Account (separated from the Pensions Reserve) and in Other Retirement Benefit Liabilities (separated from the Pensions Liability).

The assets and liabilities of the Board's pension arrangements as at 31 March 2013 have been calculated by Hymans Robertson a firm of independent Consulting Actuaries.

The Board recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The following information is in relation to the Comprehensive Income and Expenditure Statement during the year:

## NOTES TO THE CORE FINANCIAL STATEMENTS

**Comprehensive Income and Expenditure Account**

| | Local Government Pension Scheme | | Firefighters' and New Firefighters' Pension Scheme | |
|---|---|---|---|---|
| **Year Ended** | **31/03/12** | **31/03/13** | **31/03/12** | **31/03/13** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Current Service Cost | 288 | 308 | 3,600 | 3,800 |
| Interest Cost | 480 | 443 | 6,700 | 6,400 |
| Expected Return on Employer Assets | (464) | (398) | - | - |
| Past Service Cost | - | - | 1,800 | - |
| Losses/(Gains) on Curtailments and Settlements | - | 34 | - | - |
| **Total** | **304** | **387** | **12,100** | **10,200** |
| Actual Return on Plan Assets | 268 | 1,140 | - | - |

**Reconciliation of defined benefit obligation (excluding injury pensions)**

| | Local Government Pension Scheme | | Firefighters' and New Firefighters' Pension Scheme | |
|---|---|---|---|---|
| **Year Ended** | **31/03/12** | **31/03/13** | **31/03/12** | **31/03/13** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Opening Defined Benefit Obligation** | **8,646** | **9,123** | **115,100** | **127,100** |
| Current Service Cost | 288 | 308 | 3,200 | 3,300 |
| Interest Cost | 480 | 443 | 6,400 | 6,100 |
| Contributions by Members | 97 | 96 | 800 | 900 |
| Actuarial Losses/(Gains) | (158) | 814 | 3,700 | 15,900 |
| Estimated Unfunded Benefits Paid | (2) | (2) | - | - |
| Pensions and Lump Sum Expenditure | - | - | (3,700) | (4,400) |
| Transfers in from Other Authorities | - | - | - | - |
| Transfers out to Other Authorities | - | - | - | - |
| Past Service Cost | - | - | 1,600 | - |
| Losses/(Gains) on Curtailments and Settlements | - | 34 | - | - |
| Estimated Benefits Paid | (228) | (230) | - | - |
| **Closing Defined Benefit Obligation** | **9,123** | **10,586** | **127,100** | **148,900** |

**Reconciliation of defined benefit obligation (injury pensions only)**

| | Local Government Pension Scheme | | Firefighters' and New Firefighters' Pension Scheme | |
|---|---|---|---|---|
| **Year Ended** | **31/03/12** | **31/03/13** | **31/03/12** | **31/03/13** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Opening Defined Benefit Obligation** | **-** | **-** | **5,900** | **6,400** |
| Current Service Cost | - | - | 400 | 500 |
| Interest Cost | - | - | 300 | 300 |
| Contributions by Members | - | - | - | - |
| Actuarial Losses/(Gains) | - | - | (400) | 1,100 |
| Estimated Unfunded Benefits Paid | - | - | - | - |
| Pensions and Lump Sum Expenditure | - | - | - | - |
| Transfers in from Other Authorities | - | - | - | - |
| Transfers out to Other Authorities | - | - | - | - |
| Past Service Cost | - | - | 200 | - |
| Estimated Benefits Paid | - | - | - | - |
| **Closing Defined Benefit Obligation** | **-** | **-** | **6,400** | **8,300** |

**Reconciliation of fair value of employer assets (excluding injury pensions)**

| | Local Government Pension Scheme | | Firefighters' and New Firefighters' Pension Scheme | |
|---|---|---|---|---|
| **Year Ended** | **31/03/12** | **31/03/13** | **31/03/12** | **31/03/13** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Opening Fair Value of Employer Assets** | **6,654** | **6,901** | **-** | **-** |
| Expected Return on Assets | 464 | 398 | - | - |
| Contributions by Members | 97 | 96 | 800 | 900 |
| Contributions by Employer | 279 | 313 | 2,900 | 3,500 |
| Contributions in respect of Unfunded Benefits | 2 | 2 | - | - |
| Actuarial Gains/(Losses) | (365) | 740 | - | - |
| Transfers in from Other Authorities | - | - | - | - |
| Transfers out to Other Authorities | - | - | - | - |
| Pensions and Lump Sum Expenditure | - | - | (3,700) | (4,400) |
| Estimated Unfunded Benefits Paid | (2) | (2) | - | - |
| Estimated Benefits Paid | (228) | (230) | - | - |
| **Closing Fair Value of Employer Assets** | **6,901** | **8,218** | **-** | **-** |

**Reconciliation of fair value of employer assets (injury pensions only)**

| | Local Government Pension Scheme | | Firefighters' and New Firefighters' Pension Scheme | |
|---|---|---|---|---|
| **Year Ended** | **31/03/12** | **31/03/13** | **31/03/12** | **31/03/13** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Opening Fair Value of Employer Assets** | **-** | **-** | **-** | **-** |
| Expected Return on Assets | - | - | - | - |
| Contributions by Members | - | - | - | - |
| Contributions by Employer | - | - | - | - |
| Contributions in respect of Unfunded Benefits | - | - | - | - |
| Actuarial Gains/(Losses) | - | - | - | - |
| Transfers in from Other Authorities | - | - | - | - |
| Transfers out to Other Authorities | - | - | - | - |
| Pensions and Lump Sum Expenditure | - | - | - | - |
| Estimated Unfunded Benefits Paid | - | - | - | - |
| Estimated Benefits Paid | - | - | - | - |
| **Closing Fair Value of Employer Assets** | **-** | **-** | **-** | **-** |

**Amounts for the current and previous accounting periods**

| | Local Government Pension Scheme | | | | |
|---|---|---|---|---|---|
| **Year Ended** | **31/03/09** | **31/03/10** | **31/03/11** | **31/03/12** | **31/03/13** |
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Fair Value of Employer Assets | 4,189 | 5,890 | 6,654 | 6,901 | 8,218 |
| Present Value of Defined Benefit Obligation | (5,326) | (9,765) | (8,646) | (9,123) | (10,586) |
| Surplus/(Deficit) | (1,137) | (3,875) | (1,992) | (2,222) | (2,368) |
| Experience Gains/(Losses) on Assets | (772) | 1,200 | 88 | (365) | 740 |
| Experience Gains/(Losses) on Liabilities | (604) | 3 | 3 | 455 | 10 |
| Experience Gains/(Losses) as % of Schemes Liability | 11.34% | (0.03%) | (0.03%) | (4.99%) | (0.09%) |
| Experience Gains/(Losses) as % of Schemes Assets | (18.43)% | 20.37% | 1.32% | (5.29%) | 9.00% |

| Year Ended | Firefighters' and New Firefighters' Pension Scheme | | | | |
|---|---|---|---|---|---|
| | 31/03/09 | 31/03/10 | 31/03/11 | 31/03/12 | 31,03/13 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Present Value of Defined Benefit Obligation | (94,500) | (140,700) | (121,000) | (133,500) | (157,200) |
| Surplus/(Deficit) | (94,500) | (140,700) | (121,000) | (133,500) | (157,200) |
| Experience Gains/(Losses) on Liabilities | 3,200 | 2,900 | 4,300 | 2,500 | - |
| Experience Gains/(Losses) as % of Schemes Liability | (3.39)% | (2.06)% | (3.55%) | (1.87%) | - |

**Balance Sheet**

| Year Ended | Local Government Pension Scheme | | Firefighters' and New Firefighters' Pension Scheme | | Totals | |
|---|---|---|---|---|---|---|
| | 31/03/12 | 31/03/13 | 31/03/12 | 31/03/13 | 31/03/12 | 31/03/13 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fair Value of Employer Assets | 6,901 | 8,218 | - | - | 6,901 | 8,218 |
| Present Value of Funded Liabilities | (9,073) | (10,534) | - | - | (9,073) | (10,534) |
| Net (Under)/ Over funding in Funded Plans | (2,172) | (2,316) | - | - | (2,172) | (2,316) |
| Present Value of Unfunded Liabilities | (50) | (52) | (127,100) | (148,900) | (127,150) | (148,952) |
| Injury Pension Liability | - | - | (6,400) | (8,300) | (6,400) | (8,300) |
| **Net Asset/(Liability)** | **(2,222)** | **(2,368)** | **(133,500)** | **(157,200)** | **(135,722)** | **(159,568)** |

| | 31/03/12 £'000 | 31/03/13 £'000 |
|---|---|---|
| **Total Net Asset/(Liability)** | **(135,722)** | **(159,568)** |
| • Pensions | (129,322) | (151,268) |
| • Disability Benefits | (6,400) | (8,300) |

**Fair Value of employer assets (Local Government Pension Scheme)**

| Year Ended | 31/03/12 | 31/03/13 |
|---|---|---|
| | £'000 | £'000 |
| Equities | 5,452 | 5,917 |
| Bonds | 483 | 1,479 |
| Property | 552 | 575 |
| Cash | 414 | 247 |
| **Total** | **6,901** | **8,218** |

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

There has been an increase in IAS19 liabilities as at 31 March 2013 compared with the liabilities as at 31 March 2012. This is principally because the financial assumptions at 31 March 2013 are less favourable than they were at 31 March 2012. All else being equal, this serves to increase the value of the liabilities and have a negative impact on the IAS19 position.

The following factors explain in more detail the movement on the IAS19 position:-

- Discount rate – position scheme benefits are linked to price inflation and salary inflation. Therefore, it is necessary to compare the real discount rate (i.e. net of price inflation) from year to year when assessing the effect of changes in financial assumptions on the IAS19 liabilities. If market conditions had remained stable then the real discount rate would have decreased from 2.2% p.a. as at 31 March 2012 to 2.1% p.a. as at 31 March 2013. This is due to the fall in Government bond yields without a corresponding equal fall in inflation. All else being equal, a lower real discount rate leads to a higher value being placed on the liabilities.

- Investment performance - the actual investment return for the Local Government Pension Scheme assets has been higher than expected.

Hymans Robertson, has assessed the Firefighters' Pension Scheme, the New Firefighters' Pension Scheme and the Local Government Pension Scheme liabilities. The Firefighters' Pension Schemes have no assets to cover liabilities. Assets in the Local Government Pension Scheme are valued at fair value, principally market value for investments, and consist of the following categories by proportion of the total assets held by the Fund. The main assumptions used in their calculations have been:-

**Financial Assumptions (Firefighters' and New Firefighters' Pension Scheme)**

| **Year Ended** | **31/03/12** | **31/03/13** |
|---|---|---|
| | **% p.a.** | **% p.a.** |
| Market derived RPI | 3.3 | 3.6 |
| Salary Increase Rate | 3.5 | 3.8 |
| Pension Increase Rate | 2.5 | 2.8 |
| Discount Rate | 4.8 | 4.5 |

**Financial Assumptions (Local Government Pension Scheme)**

| **Year Ended** | **31/03/12** | **31/03/13** |
|---|---|---|
| | **% p.a.** | **% p.a.** |
| Salary Increase Rate | 4.8 | 5.1 |
| Pension Increase Rate | 2.5 | 2.8 |
| Expected Return on Assets | 5.7 | 4.5 |
| Discount Rate | 4.8 | 4.5 |

**Breakdown of the expected return on assets by category (Local Government Pension Scheme)**

| **Year Ended** | **31/03/12** | **31/03/13** |
|---|---|---|
| | **% p.a.** | **% p.a.** |
| Equities | 6.2 | 4.5 |
| Bonds | 3.7 | 4.5 |
| Property | 4.4 | 4.5 |
| Cash | 3.5 | 4.5 |

**Mortality**

Following the 2011 funding valuations, the longevity assumptions are now based on standard SAPS mortality tables. This replaces the previous PXA92 tables. The new tables focus on baseline longevity only, with future improvements based on medium cohort projections and a 1% p.a. underpin.

**Local Government Pension Scheme:-**
Based on these assumptions, the average future life expectancies at age 65 are summarised below:-

| | Males | Females |
|---|---|---|
| Current Pensioners | 23.0 years | 25.8 years |
| Future Pensioners | 24.9 years | 27.7 years |

**Firefighters' and New Firefighters' Pension Scheme:-**
Based on the above assumptions, the average future life expectancies at age 60 are summarised below:-

| | Males | Females |
|---|---|---|
| Current Pensioners | 28.1 years | 31.0 years |
| Future Pensioners | 29.7 years | 32.5 years |

**Commutation**

**Local Government Pension Scheme:-**
An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

**Firefighters' and New Firefighters' Pension Scheme:-**
It is assumed that 90% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits.

**Projected pension expense for the year to 31 March 2014**

The following table sets out the estimate of the pension cost for 2013/14 based on the assumptions as at 31 March 2013 (the start of the period). The projection pension expense makes no allowance for the merger of Scottish Fire and Rescue Services from 1 April 2013.

| | Local Government Pension Scheme | Firefighters' and New Firefighters' Pension Scheme |
|---|---|---|
| **Year Ended** | **31/03/13** | **31/03/13** |
| | **£'000** | **£'000** |
| Projected Current Service Cost | 369 | 4,500 |
| Interest on Obligation | 483 | 7,100 |
| Expected Return on Plan Assets | (374) | - |
| Past Service Cost | - | - |
| **Total** | **478** | **11,600** |

## 17. Firefighters' Pension Account

In July 2008, The Scottish Government agreed to a reform of the financial arrangements for Fire Services pensions in Scotland, similar to those introduced in England and Wales. The new arrangements were effective from 1 April 2010 and apply to both the old and new firefighter pension schemes but have no impact on members or on the benefit structure of each scheme.

The regulations require each Fire Authority to open and maintain a fire pensions account and make specified payments into and from that pensions account. Any surplus or deficit on the pensions account at the end of the financial year is recorded as a debtor or a creditor to the Scottish Government with the pensions account balancing to zero.

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Contributions receivable | | |
| Employer's contributions | (1,551) | (1,554) |
| Firefighters' contributions | (822) | (882) |
| | (2,373) | (2,436) |
| Recoverable Charges | (13) | (12) |
| Transfers in from other authorities | (24) | (145) |
| Grant paid by Scottish Government | (787) | (2,479) |
| Capital equivalent charge | - | (56) |
| Benefits payable | | |
| Pensions | 3,205 | 3,461 |
| Commutations and lump sum retirement benefits | 594 | 1,068 |
| | 3,799 | 4,529 |
| Transfers out to other authorities | 47 | - |
| **Net amount payable in year** | 649 | (599) |
| Top-up grant payable (by)/to Scottish Government | (649) | 599 |
| | - | - |

## 18. 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. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Board, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Board that has yet to be financed. The CFR is analysed in the second part of this note.

| | 2011/12<br>£'000 | 2012/13<br>£'000 |
|---|---|---|
| Opening Capital Financing Requirement | 6,200 | 5,846 |
| Capital Investment: | | |
| Property, Plant and Equipment | 1,204 | 1,909 |
| Intangible Assets | 4 | 13 |
| Sources of finance: | | |
| Capital receipts | (186) | (615) |
| Earmarked Reserves | (95) | (434) |
| Government grants and other contributions | (927) | (873) |
| MRP/loans fund principal | (354) | (305) |
| Closing Capital Financing Requirement | 5,846 | 5,541 |
| Explanation of movements in year: | | |
| Decrease in underlying need to borrow (unsupported by government financial assistance) | (354) | (305) |
| Increase/(decrease) in Capital Financing Requirement | (354) | (305) |

## 19. Loans Outstanding

These loans were raised to finance the capital expenditure of the Board. The repayment structure of external debt held at 31 March 2013 was as follows:

| | 2011/12<br>£'000 | 2012/13<br>£'000 |
|---|---|---|
| Repayable in 1-2 years < 31/03/2015 | 21 | - |
| Repayable in 2-5 years < 31/03/2018 | 92 | 47 |
| Repayable in 5-10 years < 31/03/2023 | 248 | 217 |
| Repayable in more than 10 years | 5,485 | 5,277 |
| | **5,846** | **5,541** |

## 20. Events After the Balance Sheet Date

On 27 June 2012 the Scottish Government passed the Police and Fire Reform (Scotland) Bill to establish a single Scottish Fire and Rescue Service. This will replace all existing Fire and Rescue Boards currently in operation, including Central Scotland which will cease as a corporate body from 1 April 2013.

## 21. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure on the face of the Comprehensive Income and Expenditure Statement is that specified by SERCOP. However, decisions about resource allocation are taken by the Board on the basis of budget reports prepared on a different basis from the accounting policies used in the financial statements. In particular:

- 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
- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged in the Comprehensive Income and Expenditure Statement).

The income and expenditure recorded in the Board's budget reports for the year is as follows:-

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| **Analysis of Income and Expenditure** | | |
| Fees, charges & other income | (292) | (252) |
| Government grants | (1,625) | (1,657) |
| Total Income | (1,917) | (1,909) |
| Employee expenses | 13,366 | 13,867 |
| Property expenses | 929 | 967 |
| Transport expenses | 378 | 430 |
| Supplies & services expenses | 1,056 | 926 |
| Support service recharges | 147 | 150 |
| Financing costs | 583 | 513 |
| Total Expenditure | 16,459 | 16,853 |
| **Net Expenditure met by constituent authorities** | **14,542** | **14,944** |

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

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

| | 2011/12 £'000 | 2012/13 £'000 |
|---|---|---|
| Net expenditure on the Analysis | 14,542 | 14,944 |
| Net expenditure of services and support services not included in the Analysis | - | - |
| Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis | 3,635 | 1,668 |
| Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement | (515) | (477) |
| **Cost of Services per Comprehensive Income and Expenditure Statement** | **17,662** | **16,135** |

## NOTES TO THE CORE FINANCIAL STATEMENTS

**Reconciliation to Subjective Analysis 2012/13**

| | Analysis £'000 | Services not in Analysis £'000 | Not reported to Management £'000 | Not included in CIES £'000 | Cost of Services £'000 | Corporate Amounts £'000 | TOTAL £'000 |
|---|---|---|---|---|---|---|---|
| Income | (239) | - | - | - | (239) | - | (239) |
| Interest and investment income | (13) | - | - | 13 | - | (13) | (13) |
| Government grants and contributions | (1,657) | - | - | - | (1,657) | (873) | (2,530) |
| Income from requisitions | - | - | - | - | - | (12,893) | (12,893) |
| (Gain) on Disposal of Non-Current Assets | - | - | - | - | - | - | - |
| Other Income | - | - | - | - | - | (398) | (398) |
| **Total Income** | **(1,909)** | **-** | **-** | **13** | **(1,896)** | **(14,177)** | **(16,073)** |
| Employee expenses | 13,867 | - | 327 | 23 | 14,217 | 6,843 | 21,060 |
| Property expenses | 967 | - | - | - | 967 | - | 967 |
| Transport expenses | 430 | - | - | - | 430 | - | 430 |
| Supplies & Services expenses | 926 | - | - | - | 926 | - | 926 |
| Support Service recharges | 150 | - | - | - | 150 | - | 150 |
| Depreciation, amortisation and impairment | 513 | - | 1,341 | (513) | 1,341 | - | 1,341 |
| Interest payments | - | - | - | - | - | 208 | 208 |
| Loss on Disposal of Non-Current Assets | - | - | - | - | - | 119 | 119 |
| **Total Expenditure** | **16,853** | **-** | **1,668** | **(490)** | **18,031** | **7,170** | **25,201** |
| **(Surplus) or Deficit on the Provision of Services** | **14,944** | **-** | **1,668** | **(477)** | **16,135** | **(7,007)** | **9,128** |

## NOTES TO THE CORE FINANCIAL STATEMENTS

**Reconciliation to Subjective Analysis 2011/12**

| | Analysis £'000 | Services not in Analysis £'000 | Not reported to Management £'000 | Not included in CIES £'000 | Cost of Services £'000 | Corporate Amounts £'000 | TOTAL £'000 |
|---|---|---|---|---|---|---|---|
| Income | (275) | - | - | - | (275) | - | (275) |
| Interest and investment income | (17) | - | - | 17 | - | (17) | (17) |
| Government grants and contributions | (1,625) | - | - | - | (1,625) | (927) | (2,552) |
| Income from requisitions | - | - | - | - | - | (14,934) | (14,934) |
| (Gain) on Disposal of Non-Current Assets | - | - | - | - | - | - | - |
| Other Income | - | - | - | - | - | (464) | (464) |
| **Total Income** | **(1,917)** | **-** | **-** | **17** | **(1,900)** | **(16,342)** | **(18,242)** |
| Employee expenses | 13,366 | - | 2,507 | 51 | 15,924 | 7,180 | 23,104 |
| Property expenses | 929 | - | - | - | 929 | - | 929 |
| Transport expenses | 378 | - | - | - | 378 | - | 378 |
| Supplies & Services expenses | 1,056 | - | - | - | 1,056 | - | 1,056 |
| Support Service recharges | 147 | - | - | - | 147 | - | 147 |
| Depreciation, amortisation and impairment | 583 | - | 1,128 | (583) | 1,128 | - | 1,128 |
| Interest payments | - | - | - | - | - | 229 | 229 |
| Loss on Disposal of Non-Current Assets | - | - | - | - | - | 183 | 183 |
| **Total Expenditure** | **16,459** | **-** | **3,635** | **(532)** | **19,562** | **7,592** | **27,154** |
| **(Surplus) or Deficit on the Provision of Services** | **14,542** | **-** | **3,635** | **(515)** | **17,662** | **(8,750)** | **8,912** |

# GLOSSARY OF TERMS

While much of the terminology used in this report is intended to be self-explanatory, the following additional definitions and interpretation of terms may be of assistance.

**1. Accumulated Absences Account**
The account holds the monetary value of annual leave accrued but untaken by employees as at the balance sheet date.

**2. Administration**
This includes printing, stationery, advertising, postages, telephone costs and central support allocations for administration.

**3. Capital Adjustment Account**
The Capital Adjustment Account is the store of capital resources set aside to meet past expenditure. This account is a technical accounting presentation and is not available for distribution.

**4. Capital Charges**
A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services.

**5. Capital Expenditure**
This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by capital grant or by utilising the income from the sale of existing assets.

**6. Capital Grants Unapplied Account**
The Capital Grants Unapplied Account records grants which have been credited to the Comprehensive Income and Expenditure Statement but have still to be applied to fund capital expenditure. Once applied, the value will be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account.

**7. Capital Receipts Reserve**
This represents the capital receipts that are available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

**8. Corporate & Democratic Core**
This includes the costs of policy making and all other Councillor based activities together with costs which relate to the general running of the Board.

**9. Employee Costs**
This includes salaries, wages, overtime, bonus, enhancements, employer's pension and national insurance contributions, travelling and subsistence expenses in addition to other employee allowances.

**10. Financing Costs**
This includes the costs of financing the sums borrowed by the Board to cover the capital repayment of loans, interest charges and debt management expenses, as well as external repayments for operational leases.

**11. Generally Accepted Accounting Practice in the UK (UK GAAP)**
This is the overall body of regulation that established how company and local authority accounts had to be prepared in the United Kingdom (prior to the transition to International Financial Reporting Standards).

**12. Pension Reserve**
This represents the difference between accounting for pension costs in line with UK Accounting Standards, and the funding of pension costs from taxation in line with statutory requirements, and is equal to the change in the pension liability (i.e. the commitment to provide retirement benefits).

**13. Revaluation Reserve**
This fund is a store of gains on the revaluation of non-current assets not yet realised through sales. This reserve is a technical accounting presentation and is not available for distribution.

**14. Supplies & Services**

This includes materials, uniforms, protective clothing, the purchase and maintenance of tools and equipment.

**15. Transport Costs**

This includes the costs of operating vehicles and plant such as fuel, repairs, maintenance, tyres, licences and insurance.

# STATUTORY PERFORMANCE INDICATORS

There is a statutory requirement to publish information on Performance Indicators, therefore, these have been included within the Annual Report and Accounts for this final year of Central Scotland Joint Fire and Rescue Board.

| | 2011/12 Source | 2011/12 Contextual | 2011/12 Performance Information | 2012/13 Source | 2012/13 Contextual | 2012/13 Performance Information |
|---|---|---|---|---|---|---|
| **Fire Casualties** | 293,760 (population 2010 mid-year estimate) | | | 295,920 (population 2011 mid-year estimate) | | |
| a) The number and rate per 10,000 population of incidents resulting in casualties | | 40 | 1.4 | | 23 | 0.8 |
| b) The number and rate per 10,000 population of fatal and non-fatal casualties | | 57 | 1.9 | | 33 | 1.1 |
| **Accidental Dwelling Fires** | 293,760 (population 2010 mid-year estimate) | | | 295,920 (population 2011 mid-year estimate) | | |
| The number and rate per 10,000 population of accidental dwelling fires | | 203 | 6.9 | | 178 | 6.0 |
| **Sickness Absence** The average number of riders shifts lost due to sickness and light duties per fire officer and working days lost to sickness for all other staff | | | | | | |
| **a) Riders shifts lost due to sickness and light duties per fire officer** | | | | | | |
| i) Total number of FTE staff | | 183 | | | 185 | |
| ii) Total number of days lost per year through sickness absence and light duties | | 904 | | | 1,578 | |
| iii) Days lost per employee | | | 4.9 | | | 8.5 |
| **b) Working days lost to sickness for all other staff** | | | | | | |
| i) Total number of FTE staff | | 104 | | | 108 | |
| ii) Total number of days lost per year through sickness absence and light duties | | 797 | | | 1,038 | |
| iii) Days lost per employee | | | 7.7 | | | 9.6 |

# INDEPENDENT AUDITOR'S REPORT

## Independent auditor's report to the members of Falkirk Council and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Central Scotland Joint 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 Comprehensive Income and Expenditure Statement, Movement in Reserves 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 Responsibilities, the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit 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 Responsible Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report and 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 the body as at 31 March 2013 and of the income and expenditure of the body 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
- 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
- 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records
- I have not received all the information and explanations I require for my audit
- the Statement on the System of Internal Financial Control does not comply with the 2012/13 Code
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

James Rundell CPFA
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G2 1BT

23 September 2013