

PERTH AND KINROSS COUNCIL

1 May 2013

FIRE REFORM – TRANSITIONAL FINANCE ARRANGEMENTS**Report by the Head of Finance****PURPOSE OF REPORT**

The purpose of this report is to advise members of the transitional financial arrangements which will apply to winding up the financial affairs of the Tayside Fire and Rescue Board.

1. BACKGROUND / MAIN ISSUES

- 1.1. At the Council meeting on 27 February 2013 the Consultation on the Scottish Police Authority Draft Strategic Plan (Report No. 13/107) and Consultation on the Scottish Government's Revised Fire and Rescue Framework for Scotland (Report No. 13/108 refers) were approved.
- 1.2. In addition, on 20 March 2013, the Community Safety Committee received two presentations, firstly on Management Structures for the Scottish Fire and Rescue Service and the Police Service of Scotland in Perth and Kinross, and secondly, on the Scrutiny of the Local Policing and Fire and Rescue Plans.
- 1.3. Specifically this report deals with the transitional financial arrangements for Tayside Fire and Rescue Board so that elected members can be reassured that steps have been taken by the Board's officers to allow the Board's financial affairs to be properly concluded. The focus on the affairs of the Tayside Fire and Rescue Board (the Board) reflects the continuing role of the Council in the governance of that body as explained under section 2.3 below.

2. PROPOSALS**2.1 Update on key Issues**

- 2.1.1 There are 3 main areas of importance for Tayside Fire and Rescue Board as far as transitional financial arrangements are concerned:-
 - (i) The transfer of assets, liabilities, etc.
 - (ii) Arrangements for preparing and approving the Board's 2012/13 Accounting Statements
 - (iii) Financial arrangements for Day 1 of the new services

2.2 Transfer of Assets, Liabilities etc.

- 2.2.1 Report FB/13/03 to the special meeting of the Fire and Rescue Board on 25 February 2013 covered the arrangements for the transfer of assets, liabilities,

etc. in detail. With the exception of Usable Reserves all assets, liabilities, rights and obligations of the Board transferred over to the Scottish Fire and Rescue Service on 1 April 2013. There are no specific implications for Perth and Kinross Council in respect of the transfer of assets, liabilities, etc. of the Board but the Council will receive a share of uncommitted Reserves, as will the other two Councils in Tayside.

2.2.2 The Council will receive its share of the uncommitted Reserves for Tayside Fire and Rescue Board (29%) through a redetermination of Scottish Government funding in financial year 2013/14. The Council will also receive its share of Tayside Police Joint Board (30.2%) via this route. The Reserves Strategy approved by Council in February 2013 (Report No. 13/55 refers) included a projected receipt of £610,000 from the Boards. The actual receipt will be confirmed following the audit of the Boards' financial statements.

2.3 ARRANGEMENTS FOR PREPARING AND APPROVING THE BOARD'S 2012/13 ACCOUNTING STATEMENTS

2.3.1 The Police and Fire Reform (Scotland) Act 2012 (Supplementary, Transitional, Transitory and Saving Provisions) Order 2013 came into force on 1 April 2013. This Order covers matters related to the winding up of the Joint Boards.

2.3.2 In summary the Order places responsibility for the preparation of the Board's 2012/13 Statement of Accounts on to Perth and Kinross Council and its officers. In practice the Council's Head of Finance as statutory financial officer for the Council (and Treasurer to the Board) will be responsible for preparation of the Board's 2012/13 Statement of Accounts. Those Accounts require to be submitted for approval to the Council on behalf of the constituent councils with a copy of those Accounts also being sent to the constituent councils and the Scottish Fire and Rescue Service. These arrangements apply to both the unaudited and audited Statement of Accounts.

2.3.3 The Order places a duty on the Scottish Fire and Rescue Service, the Chief Fire Officer of Scotland and their officers to co-operate and assist with the Accounts closure and preparation process as far as may reasonably be required of them. It is in everyone's interest to ensure the Board's 2012/13 Statement of Accounts are concluded as quickly as possible not least because conclusion of the Accounts will allow the share of uncommitted Reserves to be finalised.

2.3.4 The Board's current external auditors (Audit Scotland) will audit the Accounts as per existing practice, and their report to members will be submitted to Perth and Kinross Council for approval on behalf of the constituent councils.

2.3.5 The year-end process is slightly complicated by the cessation of the Boards and the different VAT and banking arrangements which apply for the new Service but, to expedite matters, it has been agreed by all parties that the Accounts closure process will follow a business as usual approach. This approach is designed to ensure a smooth transition and proper recording of

old and new year transactions and to ensure the VAT reclaim on the outgoing Board's transactions is maximised. Non-statutory guidance has been prepared to assist Treasurers and other finance staff with these transitional arrangements.

- 2.3.6 Angus Council will be responsible for the preparation of the Statement of Accounts for Tayside Police Board and will provide Perth and Kinross Council with copies of the Statements. It is proposed that a copy of the draft Statement of Accounts will be provided to elected members for information and that the audited accounts will be submitted to the Council when they are received.

2.4 FINANCIAL ARRANGEMENTS FOR THE NEW SERVICE

- 2.4.1 Although the Fire and Rescue Board has no responsibility for financial arrangements after 31 March 2013, the following summary of arrangements may be of interest to members.

Financial Ledger	One processing centre in Hamilton through which financial transactions are recorded. No on-going Council involvement expected.
Payroll	"Tayside" element of Fire payroll will continue to be run through Dundee City Council's payroll system
Internal Audit	These services taken in house by the Scottish Fire and Rescue Service. No Council involvement from 1 April 2013.
Insurance	Responsibility for insurance moved to Scottish Fire and Rescue Service but residual claims for the Board covered by Insurance policies will be subject to a handover process from Dundee City Council.
Banking/ Treasury Management	The Scottish Fire and Rescue Service bank account became operational at midnight on 1 April 2013 and is managed through the Scottish Government banking contract – no Council involvement.
Pension Administration	Administration of Pensions for Uniformed Officers and Support Staff in Tayside will continue to be managed by Dundee City Council Pensions Section.
Loan Debt	The loan debt of the Tayside Fire and Rescue Board has transferred to the Scottish Fire and Rescue Service and will be serviced by them - no Council involvement.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1. This report provides members with an update on the transitional financial arrangements being made as part of the Fire Reform process.
- 3.2. It is recommended that the Council note the contents of this report for their interest.

Author(s)

Name	Designation	Contact Details
Scott Walker	Chief Accountant	swwalker@pkc.gov.uk 01738 475515

Approved

Name	Designation	Signature
John Symon	Head of Finance	John Symon
Date: 23 April 2013		

If you or someone you know would like a copy of this document in another language or format, (on occasion only, a summary of the document will be provided in translation), this can be arranged by contacting (*Scott Walker – 01738 475515*)



Council Text Phone Number 01738 442573

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

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

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

1. Resource Implications

1.1. Financial

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

1.2. Workforce

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

1.3. Asset Management (land, property, IT)

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

2. Assessments

2.1. Equality Impact Assessment

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

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

2.2 Strategic Environmental Assessment

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

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

2.3 Sustainability

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

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

3. Consultation

3.1 Internal

3.1.1 The Chief Executive and all Executive Directors have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

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