

NORTH WEST FIRE AND RESCUE MANAGEMENT BOARD

FINANCIAL STATEMENTS

2006-07

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EXPLANATORY FOREWORD BY THE TREASURER

1. Introduction

I am pleased to present the financial statements for the year ending 31st March 2007 to the North West Fire and Rescue Management Board (the Board) which are explained more fully below. The Board is formally constituted as a Joint Committee and following advice from the Audit Commission, the preparation and presentation of a set of accounts is a mandatory requirement.

The Fire and Rescue Service is experiencing a transformational change programme locally, regionally and nationally. The Board is a key part of the change process and whilst expenditure presented in these statements is relatively modest to date, it should not mask a significant amount of work and progress which has been made in the region. Further details are contained in the Annual Report for 2006-07.

The North West Fire and Rescue Management Board's accounting statements for the year 2006-07 are set out on following pages. They consist of:

- The Statement of Accounting Policies.
- The Income and Expenditure Account.
- The Balance Sheet, which sets out the financial position of the Board at 31 March 2007.
- The Statement of Responsibilities for the Statement of Accounts.

These statements have been prepared in accordance with the Statement of Recommended Practice for Local Authorities. However, as the Board does not hold any reserves and as its working capital is financed by the constituent Authorities, the Statement of Total Movements in Reserve and the Cash Flow Statement have been omitted. The statements are followed by my certification of the accounts as Treasurer to the Board.

This foreword provides a brief explanation of the Board's financial position and its income and expenditure in 2006/07. This is to help the reader to understand and interpret the North West Fire and Rescue Management Board's accounting statements. The Board was created in 2004 and is a grouping of the five North West Fire Authorities of Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside. The Board is comprised of key elected Members from each Authority and meets every two months.

The Board is required to meet Government requirements to work collaboratively in a number of areas which are specified in the National Framework document which is currently updated on an annual basis. These include:

- Control Rooms
- Effective Resilience Plans for Large Scale Emergencies
- Procurement

- Human Resources
- Training
- Common and Specialist Services

More detail relating to the role of the Board in delivering the key elements in the national framework can be found at www.dclg.gov.uk/fire

The Board meets on a bi-monthly basis to consider progress in the areas specified above. Costs to date have been incurred by the individual Fire and Rescue Authorities in scoping and developing these projects, and have yet to have a direct financial impact on the Board's accounts.

The Board is regularly updated through the year and the minutes are available from the Clerk to the Authority (Secretary to the Board, Fire Service Headquarters, Bootle, Merseyside).

Each Fire and Rescue Authority co-opts elected members onto the North West Fire and Rescue Management Board based on population as follows. The Board also reflects the political balance in each of the individual Fire and Rescue Authorities.

		Number of Members
Cheshire		3
Cumbria		1
Greater Manchester		8
Lancashire		4
Merseyside		4
Total		20

The Fire and Rescue Authorities meet the expenditure incurred by the Management Board based on the number of co-opted members.

2.Comparison of Actual Expenditure in 2006-07 with the Budget.

The main components of the 2006-07 budget and comparisons with actual income and expenditure are set out below. The Management Board is funded in the following ways:

1. A grant from central government to reflect the New Burdens associated with the Regional Control project.
2. Each member of the Board agrees a contribution towards a budget to fund the work streams undertaken by the North West Regional Management Board.
3. A one off grant of £30,000 was receivable in 2006/07 from the North West Centre of Excellence to fund the review of Procurement.

In terms of balances, the Board does not hold its own balances; instead the constituent members provide the working capital of the Board on the basis of costs incurred.

	Original Budget	Revised Budget	Actual income / expenditure	Variation (against revised)
	£'000	£'000	£'000	£'000
Regional Control	135.8	135.8	70.7	-65.1
RMB Costs				
Regional Control	20.0	0.0	0.0	0.0
Training	37.0	25.0	52.4	27.4
Procurement	0.0	76.0	66.0	-10.0
NWIN Scoping	0.0	10.0	0.0	-10.0
Administrative and audit costs	35.0	35.0	35.4	0.4
Other	50.0	0.0	61.7	61.7
Total expenditure	277.8	281.8	286.3	4.5
Government grant	135.8	135.8	135.8	0.0
Contributions from Authorities	142.0	106.0	120.9	14.9
Other	0.0	40.0	30.0	-10.0
Total income	277.8	281.8	286.7	4.9
Surplus for the Year	0	0	0.4	0.4

3. Future Revenue Spending Plans

The Board will continue in 2007-08 to undertake significant work on the Regional Control project. Central Government will support this initiative in the form of a New Burdens specific grant for 2007-08, both to the Board and to the individual Authorities. However, the Board may incur additional costs, which may have to be met by the member Authorities, if the Section 31 grant is insufficient to meet the costs. Officers continue to raise this issue at national operational and finance groups on behalf of the Board.

In 2006/07, the Board has undertaken a review of procurement. This will be reported in 2007/08.

4. Financial Statements

The accounting policies adopted by the Board in the preparation of its accounts are fully explained in the next section. The Statement of Accounts complies with the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

5. Further Information

Further information about the accounts is available from the Gerard Murphy, Director of Finance and Technical Services, Greater Manchester Fire and Rescue Authority, Swinton, Manchester. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the websites of each of the member Authorities and reference is made to the Board in the Statement of Accounts of each constituent member Authority.

ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Accounting Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of accounting and reporting standards. The purpose of the Code and of the Statement of Standard Accounting Practice and Financial Reporting Standards is to assist in the understanding and interpretation of financial statements by promoting the quality of the information disclosed.

2. Debtors and Creditors

The revenue accounts of the Board are maintained on an accruals basis in accordance with the CIPFA Code of Practice; that is income and expenditure are included in the accounts as they are earned or incurred and not as they are received or paid.

3. Costs of Support Services

Merseyside Fire and Rescue Authority provide administrative support to the Board. The costs incurred by Merseyside Fire and Rescue Authority are met by the member Authorities.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2007

2005-06 Note			2006-07	2006-07	2006-07
			Gross	Income	Net
			Expenditure		Expenditure
			£'000	£'000	£'000
198.5	1	Net Cost of Services	286.3		286.3
	2	Transfers to/from Reserves			0.0
		This was Financed By:			
244.2	3	Government Grant			135.8
96.4	4	Contributions from member Authorities			120.9
		Other			30.0
142.1		Surplus for the Year			0.30
0		Balances at Start of Year Were			142.1
142.1		Leaving Year End Balances of			142.4
(142.1)	2	Amounts held by constituent Authorities (see Note 2)			(142.4)
0					0

BALANCE SHEET AS AT 31 MARCH 2007

2005/06		Note	At 31 March 2007	
			£'000	£'000
	1	Fixed Assets	0	0
	2	Long-Term Debtors	0	0
		Total Long-Term Assets	0	0
		Current Assets		
		Stocks	0	
112.3	3	Debtors	139.73	
	4	Short-Term Investments	0	
		Total Assets		139.73
		Current Liabilities		
	5	Borrowing Payable on Demand or Within 12 months	0	
112.3	6	Creditors	139.73	
	7	Cash Overdrawn	0	
112.3		Net Current Liabilities		139.73
0		Total Assets Less Current Liabilities		0
0		Long-Term Borrowing		0
0		Provisions		0
0		Total Assets Less Liabilities		0
		This was financed by:		
		General Fund Reserves		
0		Total Net Worth		0

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Net Cost of Services

	£'000
Regional Control project	70.7
Regional Training	52.5
Procurement	66.0
Administrative support	32.4
Audit Fee	3.0
Other (see Note 2)	61.7
Net Cost of Service	286.3

2. Transfers to Reserves

The Board does not hold any reserves. Unspent grant is held by Greater Manchester Fire and Rescue Authority on behalf of the Management Board in its capacity as lead finance Authority. At the start of the year, each Authority held the balance of unspent Section 31 grant from 2005/06. This amounted to £61.7k and has been spent during the year by each Authority in support of the national Regional Control project.

3. Government Grant

The Board received a grant from the Department for Communities and Local Government as a contribution towards the project management costs of the Regional Control Project in the North West. These monies to fund project management and other implementation costs were paid to Greater Manchester Fire and Rescue Authority on behalf of the North West Management Board, and details are set out below.

	£'000
New Burdens Grant	135.8

In addition, New Burdens grant in the form of a Section 31 grant was paid to each of the Authorities. These are accounted for by each of the constituent Authorities within their own Statement of Accounts.

4. Contributions from member Authorities

Authority	Contribution (£'000)
Cheshire	18.1
Cumbria	6.1
Greater Manchester	48.3
Lancashire	24.2
Merseyside	24.2
Total	120.9

5. Officers' Emoluments

Officers representing the Board are employed by the individual Authorities making up the Board. Details of emoluments are reported in the Statement of Accounts of each individual authority.

6. Members' Allowances

Member's allowances are paid to the Members of the Board by their individual authorities and are included within the Statement of Accounts of each constituent Authority.

7. Related Party Transactions

The related parties of the Board have been identified by each individual Authority and are included in the Statement of Accounts of each constituent Authority. There are no related party transactions specific to the Board.

8. Audit Costs

In 2006/07 the Board incurred the following fees relating to external audit and inspections as it is formally constituted as a joint committee.

2006/07	
	£'000
External audit services carried out by the appointed auditor	3.0
Total	3.0

9. Fixed Assets

The Board does not own any fixed assets.

10. Long-Term Debtors

There are no long-term debtors.

11. Debtors

Greater Manchester Fire and Rescue Authority receive grants from Department for Communities and Local Government on behalf of Board. Expenditure on the Project Team for Regional Control has been allocated against this grant. The surplus of this income over expenditure is held by Greater Manchester Fire and Rescue Authority to be expended on behalf of the Board on the Regional Control Project in future years.

Other debtors relate to the procurement review, undertaken in 2006/07 which is funded by the North West Fire Authorities and by a grant from the North West Centre of Excellence.

Debtors are analysed below.

	£'000
Greater Manchester Fire & Rescue Authority (New Burdens related)	73.7
North West Fire Authorities (Procurement Review)	36.0
North West Centre of Excellence	30.0
Total Debtors	139.7

12. Short-Term Investments

During the year the Board made no investments.

13. Borrowing Repayable on Demand or Within 12 months

The Board has not borrowed externally to finance its balance sheet.

14. Creditors

Creditors are analysed below.

31 March 2007	
	£'000
Cheshire Fire and Rescue Authority	70.7
Procurement Review	66.0
Audit fee	3.0
Total Creditors	139.7

15. Long-Term Borrowing

The Board has not borrowed externally to finance its balance sheet.

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;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Board's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice"), is required to present fairly the financial position of the Board at the accounting date and its income and expenditure for the year ended 31st March 2007.

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.

CERTIFICATION OF STATEMENT OF ACCOUNTS BY THE TREASURER

I certify that the Statement of Accounts on pages 5 to 10 presents fairly the financial position of the North West Fire and Rescue Management Board at 31 March 2007 and its income and expenditure for the year ended on 31 March 2007.

Signed

Gerard Murphy, CPFA
Treasurer to the North West Fire and Rescue Management Board

Date

**CERTIFICATION OF APPROVAL BY THE NORTH WEST FIRE AND RESCUE
MANAGEMENT BOARD**

I confirm that these accounts were approved by the North West Fire and Rescue Management Board at the meeting held on 17th July 2007.

Signed on behalf of the North West Fire and Rescue Management Board by

Chair of the Board meeting approving the accounts:

Signed _____

Date _____

CORPORATE GOVERNANCE

Statement on Internal Control

Scope of Responsibility

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

In discharging this accountability, members and senior officers have placed reliance on the internal controls operating in each of the constituent member Authority's.

Significant Internal Control Issues

Any significant internal control issues are identified within the Statement of Accounts for each constituent member.

