

main financial systems, improvements to high level controls within IA payroll and creditors systems were being sought.

All four Statutory Performance Indicators (SPI) had been assessed as reliable for 2005/06 and the Board had performed well against the SPIs in comparison with 2004/05.

An action plan had been agreed in response to the Audit Report advising that:

- a report would be brought to the Board meeting on 22 November 2006 seeking approval for a reserves strategy
- revised Financial Regulations and Contract Standing Orders would be submitted to the Board meeting on 22 November 2006
- a reconciliation of the 2006/07 financial statements would be provided at the year end to provide a transparent link between monitoring information provided during the year and the financial statement
- development of the risk management strategy would continue
- the asset register would continue to be updated throughout the year
- high level controls would be enhanced within the IA payroll and creditors systems.

Ms Bruce also drew attention to the position arising from FRS17 pension liabilities which resulted in the balance sheet suggesting that the Board was technically insolvent. However, Audit Scotland were satisfied with the Board's status as a going concern and that future pension liabilities would be met, as the fell due, by contributions from constituent authorities.

The draft report on the ongoing Audit Scotland Performance Audit was expected to be issued in the next few days.

Ms Bruce thanked the Board, the Treasurer and staff for their help during her five year term of office, which had now come to an end. She advised that Mr Bob Clarke had been appointed for the following five years. The Chairman, on behalf of the Board, sincerely thanked Ms Bruce for her sterling work. Members also thanked Highland Council staff in the Treasurer's office and formally requested that these appreciations be minuted. The Treasurer also thanked Ms Bruce for her assistance in progressing the with accounts production process during her 5 year appointment.

ii. Treasurer's Response

There had been circulated Report No. AUD12/06 dated 1 November 2006 comprising the Treasurer's response to the Audit Scotland report. There had also been circulated the Statement of Audited Accounts for 2005/2006.

In speaking to the reports, the Treasurer commented that the audit outcome had been generally positive, and that the final surplus in the audited accounts had not changed from that in the unaudited accounts. However, he also informally drew attention to a possible forthcoming difficulty regarding the constituent authority requisitions for the Board for the current financial year. As in 2005/06, the application of the Montgomery formula to calculate the requisitions would result in an imbalance between Grant Aided Expenditure (GAE) levels and the requisitions, amounting this year to a combined detriment to the Islands authorities/benefit to the Highland Council of around £1m. This was because the GAE formula was based on an assessment of expenditure over a three-year period and therefore included figures prior to the significant changes in expenditure patterns caused by the move of fire-fighters from volunteer to retained status.

Whilst the Scottish Executive had agreed to adjust Grant Aided Expenditure (GAE) for 2007/08 to reflect the changed expenditure patterns, for administrative reasons it had not been possible to arrange a similar adjustment to GAE for the current financial year. The Treasurer advised that the Highland Council would be asked to make additional resources available to the Island Authorities to enable them to make their requisition payments. The authorities had been made aware of the position, but their responses had not yet been received.

Members **NOTED** the position and:-

- a) the Audit Scotland report for the year to 31 March 2006;
- b) the Treasurer's response to the findings of the Auditor in respect of the Financial Accounts;
- c) the commitments undertaken by the Officials in relation to the Auditor's Action Plan; and
- d) the Statement of Audited Accounts for 2005/2006.

3. Service Planning Process – Update

The Assistant Chief Fire Officer briefed Members on the Service Planning process. Consideration was currently being given to the pressures and developments experienced by the Service, with a view to addressing these in the Service Plan for the forthcoming year. An internal Service meeting for all senior management would be held on 24 November to finalise the draft proposals for the Service Plan, which would include all the proposals arising from audit and action plans. Priorities would be debated, along with strategic aims and objectives, and the efficiencies and costs. On the basis of the outcomes of the discussions, a three year Draft Service Plan would be compiled, which would include proposals for measuring and monitoring of activities to evaluate success.

The Working Group **AGREED** that the Draft Service Plan be considered at a meeting of the Audit Working Group to be held on 9 January 2007, prior to its consideration later on the same day by the Board's Budget Working Group, and **NOTED** that (i) the Plan would be submitted to the full Board on 19 January 2006 and (ii) it was intended to publish the Service Plan in March 2007, for implementation in the new financial year. Ms Bruce supported the decision that the draft Plan be brought to the Audit Working Group on 9 January 2007, as this would provide a good opportunity for Member involvement.

4. Performance Assessment – Update

At the Board's Meeting held on 25 August 2006, Members had been advised that, with regard to the ongoing Audit Scotland Performance Audit being carried out across all Fire and Rescue Services in Scotland, the Local and National Performance Audit reports were expected to be available by the end of 2006 and by January 2007 respectively, and that both reports would be considered by the Audit Working Group and by the Board. The Draft Performance Audit report was expected to be available in the next few days and, in this regard, the Working Group supported a proposal that the Assistant Chief Fire Officer analyse the report on its receipt, draft an improvement plan in response to issues contained therein, and report the matter to the full Board on 22 November 2006, as a matter arising from the Minutes of this meeting. The Audit Scotland findings would feed into the Service Plan Process and further information would be brought to the meeting of the Audit Working Group on 9 January 2007.

The Assistant Chief Fire Officer then tabled a draft report showing progress being made regarding various aspects of performance management, which would be included in the Chief Fire Officer's Activity/Progress report to the Board meeting on 22 November. The draft report referred to the four Statutory Performance Indicators, the Scottish Local Performance Indicators and Local Performance Indicators. In answer to questions raised, he explained that comparison with other Fire and Rescue Services was difficult as the problems facing each Service area varied considerably. However, the figures showed that good progress was being made within the Highland and Islands Fire and Rescue Service. The over-riding aim was to increase community safety. In particular, the Service was progressing well in relation to targets for (i) the number of accidental house fires; (ii) the percentage of female fire fighters employed, (this had increased following the introduction of flexible working arrangements available within Community Response Units, (iii) clearance of station communication operational equipment defects within 48 hours of notification; and (iv) percentage reduction in deliberate fire alarms. In this latter regard, the pilot scheme introduced by the Board had proved effective and was to be rolled out across the Board area.

In response to questions raised, Ms Bruce and the Assistant Chief Fire Officer gave their views that the outcome of the Audit Scotland Performance Audit was likely to be positive.

During discussion, Members commented that the proposals to centralise emergency call centres were very much a backward step, and urged that all possible steps be taken to prevent this from happening. Attention was drawn to the recent flooding emergencies around Dingwall and communities further north, when callers to the emergency services had been distressed and the local knowledge of those at the call centre had been invaluable in ascertaining the required details. The Working Group, having been made aware that Her Majesty's Chief Inspector of Fire Services would be attending the Board meeting on 22 November, **AGREED** to raise this issue with him at that time.

In response to questions raised regarding progress with establishing the 95 retained units, the Assistant Chief Fire Officer advised that all the stations now had retained status and were funded accordingly from the Scottish Executive. However, the capital resources to provide the supporting infrastructure were now required. Whilst developments at Beaulieu, Fort William and Valtos were under way, facilities in other locations were also required. As top-slice funding would not be available for the coming financial year, new ways of operating were being investigated.

The Working Group **NOTED** the information given.

The meeting ended at 11.25 a.m.