

>>> Scottish News

December 2003

RAISING STANDARDS

AT THE HEART OF 
PUBLIC SERVICES

CIPFA in Scotland Annual Conference 2004



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CIPFA IN SCOTLAND

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>>> MEMBERS' NEWS: REVIEW OF 2003

SCOTTISH CONFERENCE

The title of this years Scottish Conference was " New Horizons: working towards a brighter future". New Horizons reflects the nature of many of the other activities undertaken in Scotland throughout 2003. Listed below are a few examples:

MENTORING SCHEME

A mentoring scheme for CIPFA members in Scotland was introduced this year. The commitment and enthusiasm of all those involved was overwhelming. With the support of a mentor, many members will be better placed to embrace the new horizons they face;

WEEKEND SCHOOL

The success of the relaunched Weekend school in 2002 was repeated again in 2003. The theme this year was change management and Max Wide, IPF consultant ensured a memorable experience. The benefit of the weekend school comes as much from the social activities as the formal training. Members who attended are now equipped with a toolkit for dealing with change and of more importance how to ensure change is sustained over time – a prerequisite when trying to create new horizons;

MANDATORY CPD

Members voted this year to support the introduction of a mandatory CPD scheme. It is fair to say that CPFAs are leading the way into this new horizon which all professional accountants in the UK now face - a welcome move following the headline hitting scandals which hit the profession in 2002;

PROFESSIONAL QUALIFICATION

The Institute launched an update of the Professional Qualification. Revisions to the qualification are essential to ensure that the training provided reflects the nature of today's public services and the ever changing horizons they face.

With the support of other CPFAs, the right skills toolkit and commitment to professional development, CPFAs can make a significant contribution to any organisations change agenda – in fact our aspiration should be to lead and set the horizons of the future.

The staff at CIPFA in Scotland would like to take this opportunity to thank all those individuals, too many to name, who have contributed to the work of CIPFA in Scotland throughout 2003. As always, the strength of the Institute lies in the dedication of its members and this year is no exception.

**BEST WISHES FOR 2004
FROM ALL THE STAFF AT
CIPFA IN SCOTLAND**

>>> MEMBERS' NEWS

THIS IS A NOTE
TO ADVISE
MEMBERS OF
THE PROCESS TO
APPOINT A
REPRESENTATIVE
OF THE CIPFA IN
SCOTLAND
BRANCH TO
SERVE ON THE
INSTITUTE
COUNCIL FOR
2004/5.

SCOTTISH REPRESENTATIVE TO SERVE ON THE INSTITUTE COUNCIL FOR 2004/5

From 2004/5 onwards, there will be a new 'open election' process, which will be applied in each Branch or Region of CIPFA throughout the UK. The objective of the change is to improve transparency and governance in this appointment, by giving the membership the opportunity to contribute to the selection of the Branch Representative on the Council, in exactly the same way as they do in the selection of other places on the Institute Council.

The role of the Branch Representative on the Institute Council is currently carried out by John Matheson of NHS Lothian.

In addition to the above Branch Representative post, there are several other members of the Institute Council from Scotland, who have been either directly elected or co-opted. At present, these are as follows:

Valerie Davidson, Strathclyde Passenger Transport
Caroline Gardner, Audit Scotland
Trevor Jones, Scottish Executive Health Department

Process and Timetable for Appointment of the Regional Representative for Scotland

Invitations to nominate a candidate for the post of Regional Representative for 2004/5 will be distributed early in February 2004. All full current Members of CIPFA in Scotland (i.e. excluding students and diplomates) are eligible to make nominations and to vote in the election. A Job Description for this post is available (see attached), indicating the role and time commitment which comes with this post.

Nominations for the post should be submitted by 1st March 2004.

An 'election manifesto' statement and personal details will be required from each candidate nominated, if they wish their name to be considered. Deadline for statements to be received will be 10th March 2004.

If more than one candidate is nominated, an open election will take place for the post and ballot papers will be distributed to eligible full Members.

If only one candidate is nominated, the nomination will be submitted to the AGM of CIPFA in Scotland.

The appointment of Regional Representative for 2004/5 will be confirmed at the AGM of CIPFA in Scotland on Friday 21st May 2004 and notified to Robert Street.

David J Clark
Chair, CIPFA in Scotland

Note: See overleaf for job description

>>> MEMBERS' NEWS

JOB DESCRIPTION FOR CIPFA IN SCOTLAND BRANCH REPRESENTATIVE ON THE CIPFA COUNCIL

Objective

To act as a communication link between CIPFA Council and the CIPFA in Scotland Branch. To provide feedback on Branch members' views to CIPFA Council and to ensure that national issues are cascaded back to the Branch.

Key Responsibilities

To represent the views of the Branch whenever appropriate at CIPFA Council and its Boards.

To take part in all aspects of CIPFA Council activity as a full member and as a Trustee of the charity. To ensure, where relevant, a CIPFA in Scotland Branch perspective is put.

To ensure that issues discussed at CIPFA Council and its Boards are communicated to the Branch.

To be a full member of any of CIPFA's Boards and Committees as assigned, and in particular to represent the CIPFA in Scotland Branch on the Board for the Regions

Attendance at:

Branch Executive Committee Meetings (typically 4 half-day meetings per year, usually held in Edinburgh, Glasgow or Dundee)

Branch members' meetings (typically the AGM in May & one other members' meeting per year, usually held in Edinburgh and Glasgow)

A Branch Task Team, if agreeable (number of meetings per year varies between task teams).

CIPFA in Scotland Annual Conference (March or April each Year – 1 ½ days)

CIPFA Council (four per year, three at Robert St, one at Conference for the Regions)

Board for the Regions (four per year, at Robert St)

Another CIPFA Board or Committee, if agreeable.

Conference for the Regions (mid-September each year, 2 to 3 days)



LASAAC ACTIVITIES

LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE

>>> policy and technical update

2004 SORP INVITATION TO COMMENT

The invitation to comment on the 2004 SORP was issued in November. The invitation and associated documentation can be obtained from the CIPFA website at:

http://www.cipfa.org.uk/pt/pt_details.cfm?news_id=17789.

Comments are invited by 6 February 2004. The proposals, as reported in the last edition of Scottish News, incorporate a major proposed change to group accounts, on which a separate article is included below. In addition, the first tranche of changes arising from the capital accounting review are proposed.

Comments are required by 6 February 2004 and LASAAC would encourage all stakeholders to comment on the proposed changes.

GROUP ACCOUNTS

In June 2000 the CIPFA/LASAAC Joint Committee agreed in principle to modify the current requirements governing the production of group accounts and move towards a revised requirement for group accounts based on UK GAAP, suitably modified where necessary.

By way of background, the current SORP requires the preparation of a group revenue account and group balance sheet where local authorities have interests in subsidiaries, associated companies and joint ventures that are material in aggregate. The local authority group excludes other local authorities or similar bodies. The revised group accounts requirements propose that local authorities should

consider all their interests and prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint venture.

The principal reasons for modifying the current requirements in respect of group accounts include:

- widening diversity of service delivery vehicles used by local authorities means that there is an increasing risk that authorities that do not produce consolidated group accounts will not be 'presenting fairly' the activities of the authority;
- the non consolidation of interests in other entities is one of the major categories of off balance sheet finance. Recent accounting scandals have focused attention on this area and highlighted the reputational risks that arise from off balance sheet finance in general;
- the ASB has recently issued a Discussion Paper, Statement of Principles for Financial Reporting - Proposed Interpretation for Public Benefit Entities. This emphasises the relevance of the concept of control in determining the reporting boundary of public sector entities and will influence local authority accounting;
- a move to UK GAAP for local authority group accounts will increase convergence across the public sector and in particular will support the inclusion of local authorities in Whole of Government Accounts (WGA); and

- the ASB's Code of Practice for SORP-making bodies requires the Joint Committee to address any divergence in practice that comes to its attention. During the work on the group accounts project, some divergence in existing practice was identified in relation to group accounts.

In summary, it is proposed that local authorities will determine the need for and form of group accounts in accordance with the following steps:

- decide whether it has any form of interest in other entities (including companies, statutory bodies and other arrangements) and gather information about those interests;
- assess the nature of its relationship with each entity in which it has an interest;
- determine on the grounds of materiality (i.e., in relation to the impact on users), whether group accounts should be prepared;
- adjust the local authority's accounts to comply with UK GAAP in all respects and adjust the accounts of other group entities to align accounting policies with the UK GAAP-compliant accounts of the local authority parent; and
- prepare group accounts (the statements required are specified below) according to this Code of Practice and relevant accounting standards and prepare the relevant disclosure notes.



LASAAC ACTIVITIES

LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE

IMPROVEMENT TO PUBLISHED ACCOUNTS

Inverclyde Council issued the first set of summarised accounts in Scotland this month. Representing the cul- mination of almost two years work. , the accounts have been issued as a pilot. The project included consultation with both citizens of Inverclyde Council and Directors of Finance in Scotland. Small focus groups assisted in shaping the final document and the groups were reconvened this month when the citizens of Inverclyde had an opportunity to comment publicly.

LASAAC invites comments from all stakeholders on the summarised accounts, a copy of which can be downloaded from

http://www.cipfa.org.uk/scotland/download/Inverclyde_Summary_of_Accounts.pdf

The cost of Council services Revenue Account for the year ended 31 March 2003

The Revenue Account presents the cost of running Council services between April 2002 and March 2003 and where the money to finance those costs along with the surplus at the year end.

	Gross Exp	Gross Inc
Education	6,000s	6,000s
Social Work	77,145	6,741
Housing Services	36,773	7,741
Transportation & Roads	56,563	50,010
Environmental Services	6,045	300
Planning (including property services)	8,164	1,511
Grants & related services	7,534	4,127
Asset Grants & Community Fund	12,066	1,267
Local Business Partnership	24,317	7,007
Corporate & Democratic costs	2,611	2,611
Proprietary central overheads	2,130	210
Central services to the public	3,647	310
Net cost of services	2691	1,991
	270,264	80,134

Less: Internal charge for use of Council assets

Add: Repayment of loans and interest on loans

Less: Appropriations and other internal accounting

Amount to be met from Government grants and local taxation

Financed by

- Revenue Support Grant
- Business Rates
- Council Tax

Total Income

Net General Fund (surplus) for the year

General Fund at end of March 2002

General Fund at end of March 2003

Income (£m/000)

Income Source	Amount	Percentage
Council Tax	£29.4m	20%
Business Rates	£29.4m	20%
Revenue Support Grant	£29.4m	20%

Inverclyde Council had a total income of £142 million. As the chart above shows, the majority (60%) of the income from the Scottish Executive. The Council had a surplus income of £5.53 million.

About one fifth of the Council's income comes from rates levied on business premises.

Total tax income for Inverclyde Council accounts approximately one fifth of total expenditure.

Summary of Accounts 2002/03

Details of the Council's spending during 2002/2003 including Education, Social Work, Leisure, Roads, Cleansing, Housing, Economic Development and Planning

>>> policy and technical update

THE PRUDENTIAL CODE

The CIPFA Prudential Code for Capital Finance in Local Authorities was published by CIPFA on 9 October 2003. The Code will support the new framework for capital finance in Scotland which is expected to commence with effect from 1 April 2004.

The key objectives of the Code are to ensure, within a clear framework, that the capital investment plans of local authorities are:

- affordable;
- prudent; and
- sustainable.

A further key objective is to ensure that treasury management decisions are taken in accord with good professional practice.

The Code requires that a minimum number of 'prudential indicators' are calculated and approved by Council to support each of the above objectives. The Code is integrated within the wider statutory and management processes in local authorities.

CIPFA has also produced The Prudential Code Interim Guidance Note and a Road Testing Manual to support local authorities in the introduction of the requirements of the Code. The guidance has been specifically designed to enable finance professionals to gain a detailed understanding of the technical content of the Code.

The guidance note discusses the role of the Chief Financial Officer and the significant new responsibilities that arise. Notably the guidance emphasises that the Chief Financial Officer will be unable to apply the Code in isolation from other chief officers and professionals. This is consistent with a decision making implication of the Code that it is not a narrow financial requirement. Capital investment plans should be formulated with the clear involvement of service managers.

The calculation of the prudential indicators is also considered including detailed examination of the estimate of the future capital financing requirement and a useful illustrative example of how prudential indicators might be reported.

The Code, the interim guidance and road testing manual can be obtained from the CIPFA Shop at: <http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/3fc34ed1017799b22740c39d61990732/Product/View/C005>

BVACOP

The 2003 edition of the Best Value Accounting Code of Practice has now been published.

The Code includes the introduction of FRS 17 to Best Value reporting and to the definition of total cost. It includes the new mandatory reporting requirements in relation to this new FRS and provides practical guidance in a revised Annex to Section 2. Good practice guidance is also provided in Section 4 on its application to the reported cost of services.

The 2003 Code ensures harmonisation with the SORP in relation to prior period adjustments. This has been included in the definition of total cost and is again supported by new practical guidance.

The key developments in 2003 BVACOP are:

- the introduction of FRS 17 based costs to the definition of total cost and the consequential introduction of the new service division non-distributed costs;
- the formal introduction of the impact of prior period adjustments on the definition of total cost; new and revised Annexes to Section 2 providing guidance in relation to FRS 17 and prior period adjustments;
- updates in relation to new Best Value legislative requirements across the United Kingdom; and
- changes to Section 3 – the service expenditure analysis – including the introduction of new and transitional requirements in relation to the Supporting People framework.

The Code is available from the CIPFA Shop at: <http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/3fc36c351aa96d78273fc39d61990758/Product/View/AC022b>

>>> policy and technical update

BUSINESS IMPROVEMENT DISTRICTS

The Scottish Executive published for consultation a paper which proposed how Business Improvement Districts (BIDs) should be implemented in Scotland. The proposals were based on basic principles which included public/private partnership and 'enabling' financial and management structures.

The paper envisaged that ratepayers would vote on any proposed levy which may be required.

CIPFA provided comments on the paper. CIPFA declined to comment on the policy intention but offered comments on the basis that BIDs will in fact be introduced in Scotland. Consequently, CIPFA's comments focus upon the practical challenges to be faced by the Scottish Executive, local authorities and BID partner organisations. The areas of challenge were identified as

- Corporate Governance;
- Financial Management; and
- Financial Reporting.

CIPFA identified a practical framework of solutions for consideration by the Scottish Executive. The comments can be read in full by downloading the response from the CIPFA Scotland website at:
<http://www.cipfa.org.uk/scotland/responses.cfm>

LOCAL AUTHORITY ACCOUNTING PANEL

The Panel has recently issued two bulletins which will be of particular interest to local authority finance practitioners.

LAAP Bulletin 56, issued in October 2003 provides practical guidance on the accounts entries for FRS 17. The Bulletin acknowledges the complexity of FRS 17, but emphasises that it is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if that actuality will be many years into the future. FRS 17 is considered to be a better reflection of the economic reality of the relationship between an employer and the pension fund than the Standard it replaces, SSAP24.

The bulletin details the necessary journal entries to effect the components of FRS 17 including the appropriations to and from the pensions reserve.

LAAP Bulletin 57 prescribes the capital interest rates for financial year 2004/5. For assets carried at current value the rate of interest to be applied in determining capital charges will be 3.5%. For assets carried at historical cost, that is infrastructure assets and community assets, the rate to be applied will be 4.8%.

Both LAAP Bulletins can be downloaded from the CIPFA website at <http://www.cipfa.org.uk/pt/Laap.cfm>

THE SCOTTISH PARLIAMENT – LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

CIPFA was invited by the Local Government and Transport Committee to give evidence on the compilation of the Scottish Executive budget from 2004/5. The team comprised Ian Doig Director of CIPFA in Scotland, David Dorward, Director of Finance at Dundee City Council and David Sawers, Director of Finance at Angus Council.

In addition members of staff from CIPFA in Scotland secretariat, at the specific request of the Committee, gave a private briefing on the Prudential Code For Capital Finance in Local Authorities to members. The briefing was followed by a question and answer session during which members explored the potential impact of the new system.

RATING REVIEW

CIPFA in Scotland will publish Rating Review Actuals of Income and Expenditure for 2002-2003 on 19 December. The publication includes statistics and actual expenditure information for all 32 authorities. Actual expenditure on all services is included and for the three major services areas of Housing, Education and Social Work, more detailed information is included.

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APPLICATION NOTE TO FRS 5

Reporting the Substance of Transactions

The ASB has issued a new Application Note to FRS 5, Reporting the Substance of Transactions. The Application Note is concerned with the reporting of turnover – ‘the top line’ of the profit and loss account. Entities should report turnover only when they have performed in accordance with the contractual arrangements with their customers.

The application note gives guidance on the measurement of turnover where there are deferred payment terms or where there is a significant risk about the customer’s ability to pay. The Application Note also sets out the following basic principles of revenue recognition, and specifically addresses five types of arrangement which give rise to turnover and have been subject to differing interpretations in practice:

- long-term contractual performance;
- separation and linking of contractual arrangements;
- bill and hold arrangements;
- sales with right of return; and
- presentation of turnover as principal or as agent.

UITF ABSTRACT 37

Purchases and Sales of Own Shares

The ASB has also issued Urgent Issues Task Force (UITF) Abstract 37 – Purchases and Sales of Own Shares. Changes to the Companies Act 1985 allow listed companies, from December 2003, to purchase their own shares and hold them in treasury without cancelling them.

The Abstract addresses the accounting for treasury shares and other holdings of a company’s own shares. It adopts the accounting treatment that is required by International Accounting Standards. The Abstract requires a company’s holdings of its own shares to be accounted for as a deduction in arriving at shareholders’ funds, rather than to be recorded as assets. Purchases and sales of own shares should be shown as changes in shareholders’ funds. Profits or losses should not be recognised in respect of dealings in a company’s own shares. The Abstract is intended to be applicable for accounting periods ending on or after 23 December 2003.

Copies of these publications and further information on the role and the work of the ASB can be obtained at <http://www.asb.org.uk>



>>> policy and technical update

GUIDANCE ON THE AUDIT OF REGISTERED SOCIAL LANDLORDS

The Auditing Practices Board (APB) has released Practice Note 14 (Revised): The Audit of Registered Social Landlords in the United Kingdom. The revised practice note replaces the existing practice note and takes account of recent regulatory developments.

The practice note can be downloaded from the APB website at :
http://www.accountancyfoundation.com/auditing_practices_board/index.cfm?sectionid=2

PROPOSED ETHICAL STANDARDS FOR AUDITORS

The APB has issued the following five exposure drafts of proposed ethical standards for comment:

- integrity, objectivity and performance;
- financial, business, employment and personal relationships;
- long association with the audit engagement;
- fees, economic dependence, remuneration and evaluation policies, litigation, gifts and hospitality; and
- non-audit services provided to audit clients.

The proposed standards are expected to establish basic principles and essential procedures with which auditors will be required to comply in any audit of financial statements.

The APB invite comments by 1 March 2004. Copies of the exposure drafts and an accompanying consultation paper can be downloaded from the APB website at:
http://www.accountancyfoundation.com/auditing_practices_board/index.cfm?sectionid=2

GUIDANCE ON AUDIT COMMITTEE PRINCIPLES IN LOCAL AUTHORITIES

The October edition of Scottish News reported that CIPFA in Scotland in partnership with the CIPFA Directors of Finance Section, is preparing a draft Guidance note entitled Audit Committee Principles in Local Authorities – A Guidance Note.

Initial consultation has resulted in considerable and positive feedback from stakeholders. The document has been modified and now incorporates a revised Audit Committee remit and a practical matrix to enable local authorities to assess the extent to which they are complying with audit

committee principles. Stakeholders have a further opportunity to influence the final document and the revised draft was sent to stakeholders on 14 November.

The guidance sets out, for the first time, three fundamental principles that uniquely define the expression “audit committee principles”. The principles state that there should be mechanisms in place to provide:

- independent assurance of the adequacy of the risk management framework and the associated control environment within the authority;
- independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment; and
- assurance that any issues arising from the process of drawing up, auditing and certifying the authority’s annual accounts are properly dealt with.

The document can be downloaded from the CIPFA Scotland website at www.cipfa.org.uk/scotland/ and www.cipfa.org.uk/scotland/directors/index.ihtml.

THE AUDIT OF BEST VALUE

The Accounts Commission have announced the local authorities which will be the subject of the first round of best value audits commencing in 2004. The local authorities are: Angus; Dundee; Inverclyde; North Ayrshire; Shetland; Stirling and West Lothian.

Over a three year period, all local authorities in Scotland will be the subject of a best value audit.

The redesigned best value audit includes a commitment to the ongoing development of the process and incorporates, by design, a number of features which include:

- the absence of a single assessment of performance;
- a spirit of description as opposed to prescription including the avoidance of a confrontational style;
- the use of a specialist team; and
- a clear focus on results and improvement;

The Commission may examine the establishment of a Reference Panel made up of stakeholder representatives to monitor Year One implementation of the best value audit. The Panel could assist in assessing any difficulties that arise and could contribute to future development of the audit.

SOCIAL HOUSING

>>> policy and technical update

WITHDRAWAL OF SECTION 54 GRANTS

Feedback from the recent survey of non-charitable RSL's about average planned maintenance provisions has greatly assisted the Section 54 Grant Working Party in developing a proposal about an appropriate 'test' to be applied to Section 54 Grant Claims for 2003/04 and 2004/05 until the cessation of the grant.

SFHA is hopeful that agreement can be reached with Communities Scotland on an appropriate proposal to be issued for consultation later this year, which will determine whether Corporation Tax paid by an RSL is repaid in full or if the relevant withdrawal taper is applied.

Refer to Guidance Note 2003/05 and the Section 54 Grant Information Note which is available on the website. www.sfha.co.uk

PAYROLL: ELECTRONIC PAYMENT AND FILING

The government has chosen, as part of an ongoing programme of promoting improved electronic communication, to adopt compulsion in the following areas:-

A. Electronic Payment

The government has outlined a proposal to require employers with more than 250 employees to make monthly payments electronically from 6 April 2004, along with incentives for smaller employers to do so by extending the due monthly payment dates.

B. Electronic Filing

The first year of compulsory electronic filing of the annual PAYE Return is as follows :

Employees	250 or more	50 to 249	up to 50
Returns	2004/05	2005/06	2009/10

Penalties of up to £3,000 per employer on a fixed scale, based on the number of employees, will be imposed. Financial incentives will also be available to employers, with less than 50 employees, on a sliding scale between 2004/05 and 2008/09.

CORPORATION TAX REFORM

A consultation document in connection with proposed reforms to the corporation tax system was issued in August 2003. The three main areas covered by the proposals are as follows:

Sources of Income

The following two proposals are being considered:

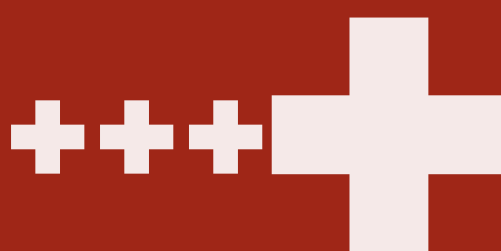
- Full pooling of all sources of income.
- Pooling all sources of trading and property income.

Investment Companies

the proposals include the removal of the requirement for a company to qualify as an investment company in order to obtain relief for management expenses and to more closely align the deductions of these expenses with their accounting treatment.

Taxation of Capital Assets

The proposals include the abolition of future indexation relief, giving relief for expenditure on buildings over their useful life and replacing the calculation of chargeable gains with a system based on amounts recognised in the Accounts.



>>> policy and technical update

DISSOLUTION OF NHS TRUSTS

Further to the issue of the White Paper, Partnership for Care, a number of board areas have made the decision to dissolve NHS Trusts prior to the deadline of 31 March 2004. To date, Borders, Dumfries and Galloway, Fife and Argyll and Clyde have dissolved their local NHS Trusts with the latter two Board areas making the transition mid-year. Lothian NHS Board recently announced at their AGM that Lothian University Hospitals Trust will be dissolved on 31 December 2003.

NHS Trusts which dissolve mid-year will be required to prepare final accounts from 1 April 2003 until the dissolution date. Furthermore, NHS Boards will be required to apply merger accounting and hence will be expected to account for the trusts from the start of the financial year in which the transfer takes place. The Technical Accounting Group (TAG) has set up a sub-group to produce annual accounts manuals for 2003-04 and a new manual will be issued in respect of unified NHS Boards.

TAG has also set up a sub-group to revise the Capital Accounting Manual. This is due to be issued for consultation in December.

BUDGETING FOR PROPERTY TRANSACTIONS

The SEHD held a seminar on 3 September following the publication of HDL (2003) 32, Budgeting for Property Transactions, Effect on Revenue and Capital Resource Limits. The Seminar highlighted the new budgeting rules around property transactions which will now come into line with accounting for property transactions. It was stressed that although the Department would manage the funding of property transactions, the service must recognise the importance of monitoring property transactions and keep the SEHD up-to-date of any funding requirements, e.g. to cover any losses on disposal or impairment of property.

Under new arrangements, the service will be required to submit details of all property transactions to the SEHD every six months in order that the Department can make any necessary adjustments to the Revenue and Capital Resource Limits of NHS Boards. It is important that finance staff are aware of the impact property transactions and in particular their timing can have over resources and I would advise NHS finance staff to read the HDL if they have not already done so.

NEW PAY DEALS

There are currently three main pay deals which are significantly impacting on the resources of NHSScotland. The new consultant's contract and the general medical services (GMS) contracts are due to be implemented from 1 April 2003 and 1 April 2004 respectively. A ballot on agenda for change is due to be carried out next year.

Consultants Contract: On 24 October 2003, BMAScotland announced that 78.7% of consultants in Scotland had voted in favour of the new contract which sets out new terms and conditions of service. The transition process to the new contract will commence as soon as possible given that the new contract will become fully operational from 1 April 2004.

Under the new contract managers will agree with consultants exactly how they fill their working week with programming of all activities including extra programme activity. This should maximise direct clinical care and create more transparent flexible working patterns.

Work is currently being carried out within the SEHD and the service to explore the cost implications of the contract.

New GMS Contract: Subject to the necessary legislation, full implementation of the new GMS contract is scheduled for 1 April 2004. Specific preparatory elements of the contract to be delivered in 2003-04 are currently being introduced and working groups have been set up to deal with a range of particular issues such as Out of Hours and Finance. Guidance material will be issued to the service from all groups.

Under the new contract, Health Boards will contract directly with Practices and GPs will receive a lump sum payment based on a contract setting out the services to be provided. GPs will then receive additional payments if they provide additional services and/or enhanced payments for providing the same level of service but to an enhanced specification.

Agenda for Change: Agenda for Change is a major Change Programme in the NHS which will modernise pay structures, assist service delivery of patient care, aid recruitment and retention of staff and allow for personal development of staff. The SEHD expects to implement the new system with effect from October 2004.

The new system affects around 150,000 staff in Scotland affecting most staff working in the NHS with the exception of consultants. The new system focuses on recognising work of equal value. Staff will receive a 3.225% annual pay increase for the first three years of the system plus an annual increment for staff not on the highest point of their pay scale. Basic pay will also be enhanced for working outside normal hours and in high cost areas.

Pilot sites have been established in Scotland to take forward Agenda for Change.

>>> Education and Training

VOLUNTEERS NEEDED FOR CIPFA PANEL

Following a recent restructuring of CIPFA panels, there are two vacancies on the new Qualifications Quality Assurance Panel. This panel reports to the Members and Students Development Board, and will have a major influence on CIPFA's qualifications in the coming years. If you are a CIPFA member and are interested in joining the Qualifications Quality Assurance Panel, please contact Ray Foley on 020 7543 5698 or ray.foley@cipfa.org.

OPEN LEARNING WORKSHOPS AN OPPORTUNITY TO HAVE YOUR SAY

Workshops for CIPFA students were held in several locations around the UK this year, including Edinburgh. The Scottish workshops proved very popular, and the E&T directorate is hoping to run them again in future years. If you attended a student workshop in 2003, or would like to see more workshops held in Scotland, please contact us with your feedback. Write to Lisa Doody at CIPFA, 3 Robert St, London WC2N 6RL, or email lisa.doody@cipfa.org. Your input is much appreciated and will have an influence on the location, number and content of student workshops in 2004 and beyond.

DOWNLOADABLE ORDER FORM NOW AVAILABLE FOR ALL CIPFA LEARNING MATERIALS

Calling all CIPFA students and prospective students: have you ordered your Open Learning Material (OLM) for courses starting in January and February? Order forms for all Professional Accountancy Qualification modules ("current scheme" and "new scheme") are now available on the CIPFA website. Go to: www.cipfa.org.uk/eandt/prospective/olm_form.cfm.

Any queries should be directed to the Education & Training Information Service (ETIS) Helpline on 020 7543 5678 or emailed to etis@cipfa.org.

CETC EAST SCOTLAND COURSES 2004

The CIPFA Education and Training Centre (CETC) East Scotland began courses in September 2003 with the Foundation Course, using premises provided by Technical Training Limited in Edinburgh. The feedback from students and tutors about these premises in terms of facilities and location has been very positive, and so courses leading to the June 2004 exams will also be based there.

In October 2003 Stewart MacLeod was appointed as Courses Director for the new branch of CETC. Stewart has been involved in CIPFA teaching in Edinburgh since 1991, both with CETC and most recently as an associate tutor with Napier University. Stewart will be responsible for all aspects of managing the new branch, and ensuring that CIPFA students receive high quality tuition and support during their studies.

A full programme of block release courses for all levels of the Professional Accountancy Qualification (PAQ) has been scheduled for 2004, and this can be found on the CETC website – www.cetc.org.uk. The courses are being offered on a modular basis, enabling students to tackle exams in June and December

diets. This approach has resulted in impressive exam results at the other CETC branches in 2003 and it will allow students to exploit the flexibility of the new PAQ scheme.

A new CIPFA qualification, the Diploma in Public Audit (DPA), is now being run at CETC in South East England. This skills-based qualification consists of six components, focusing on the key competencies of an auditor. CETC East Scotland intends to offer courses leading to the DPA from September 2004, and further information will be provided to employers and potential students in early 2004.

Further details of CETC's course provision in East Scotland can be obtained from Liz Curran, Support Services Manager, CETC, 215-221 Borough High Street, London, SE1 1JA (Phone: 020 7403 4300, fax: 020 7403 3040; email: enquiries@cetc.org.uk). Stewart MacLeod can be contacted on 0131 553 8882, or stewart.macleod@cetc.org.uk.

AAT - RAISING THE STANDARD

The Association of Accounting Technicians (AAT) has published a benchmarking report Raising the Standard to compare the training schemes and support provided by its leading employers (Corporate Training Partners).

The report identifies benchmarks for each sector to enable organisations to see how they compare within their sector and against national average. It also highlights areas of best practice and provides tips and suggestions on ways to employees who are members of the AAT during their training and on-going professional development.

The report shows that the public sector employers pay 93% of course fees, offer 1.9 study days per exam (half a day more than in the private sector) and 76% offer day release courses to their students (compared to 45% in the private sector).

To receive a free copy of the report, please contact Rob Alder, Business Development Manager, e-mail rob.alder@aat.org.uk or telephone 0207 415 7671. The report is also available on the AAT website www.aat.org.uk/employers

AAT STUDENT GROWTH CONTINUES IN SCOTLAND

The AAT Accounting Qualification continues to gain ground in Scotland. The latest figures show that the number of AAT student numbers in Scotland has increased by 73% compared to 2002.

For more information on the qualification, please e-mail: james.price@aat.org.uk or telephone 0207 415 7679.

MIND THE GAP WITH CIPFA PLACEMENTS

Scottish local authorities and other public bodies normally have a carefully planned Organisational Development strategy and manage their Human Resource accordingly, but there is always a chance that an unexpected set of circumstances results in the need to find interim executive managers or directors.

In Scotland there is increasing demand for the services of CIPFA Placements. Interim assistance at all levels is available to clients in local government, health services and other public bodies, encompassing a broad range of skills and expertise, from technical accounting to senior finance staff, corporate managers and senior executives. From closing accounts to strategic management and beyond, the flexibility to resource interim requirements quickly and efficiently is highly valued.

Clients confirm the quality of the service offered by CIPFA Placements. Barry Coker of HM Inspectorate of Constabulary summed it up: "The two aspects which have impressed me the most about CIPFA Placements are their ability to respond immediately to sudden demands for interim help and their unique access to a range of associates, located around the country, who can operate at the most senior levels of public finance. The integrity of their service and the people they provide means that I can rely on them with complete confidence."

North Lanarkshire Council has also made use of the CIPFA Placements service. Alistair Crichton, Director of Finance, explained: "We needed to fill a temporary gap. In the longer term we expect that our own staff will carry out this work, but in the short term we were looking for a competent finance manager we could rely on. That's where CIPFA Placements was able to help".

CIPFA Placements works in partnership with Scottish clients and associates, closely matching the skills of associates with clients' needs and requirements. For more information about CIPFA Placements, please contact Gill.Kelly@ipf.co.uk

NEED SOME NUMBERS? FORGET 192 - ASK SIS!

Local authorities and other public bodies can now use the internet to gain access to definitive statistical data to help with performance measurement and service planning.

The CIPFA Statistical Information Service (SIS), originally launched over 100 years ago, has been completely modernised by IPF. All of the SIS publications are now available online. There are numerous advantages for subscribers. For a start, statistics can be made available up to two months earlier than the hard copy versions. However the biggest advantage is the ability to easily analyse the figures and compare performance against others.

"Putting SIS online was definitely an advantage," said Bob Sanders, a local authority technical officer. "It is now probably one of the most useful resources I use. We always got the SIS publications. But it took ages to do any analysis." Now the information is available online, data can be downloaded straight into a spreadsheet, saving huge amounts of time on re-keying.

The requirement to review services and compare performance levels has increased the need for comparative data. Subscribers to the SIS service benefit from authority-wide access to some sophisticated profiling tools that enable individual authorities to chart their progress against all other Scottish authorities, or a selected comparator group.

Apart from the CIPFA Rating Review, SIS provides information on Capital Expenditure and Treasury Management, Council Tax, Crematoria, Fire, Housing Rents and Service Charges, Housing Revenue Account, Local Authority Assets, Public Libraries and Social Work.

For the first time SIS is now collecting information on Archive, PFI/PPP, Police and Trading Standards services in Scotland. Work is also underway to collect and publish a new title covering Cultural Statistics in Scotland. This survey will provide useful information that can be used to complement the National Cultural Strategy released by CoSLA and the Scottish Executive.

For further information about SIS please email: julian.mund@ipf.co.uk

RAISING STANDARDS

AT THE HEART OF 
PUBLIC SERVICES

CIPFA in Scotland Annual Conference 2004



Edinburgh International
Conference Centre
2/3 March 2004

BOOK ONLINE

www.cipfascotland.org.uk

CIPFA IN SCOTLAND ANNUAL CONFERENCE 2004

THE CONFERENCE

FINANCIAL MANAGEMENT IS ABOUT MUCH MORE THAN ACCOUNTING FOR EXPENDITURE. IT IS KEY TO SOUND GOVERNANCE, PUBLIC ACCOUNTABILITY AND IS AT THE HEART OF EFFECTIVE DELIVERY OF PUBLIC SERVICES AND THEIR REFORM.

The 2004 conference will consider the challenges we currently face, how we are currently responding and how we can learn to respond better by learning from others. The CIPFA conference is therefore of appeal to finance and non finance professionals alike who share a common interest in raising standards at the heart of public services.

THE PROGRAMME

THE CHALLENGES

HOW DO WE RAISE STANDARDS IN

- Leadership
- Accountability
- Productivity and performance

THE RESPONSES

HOW ARE WE CURRENTLY RESPONDING

- Outsourcing
- Shared financial services agenda
- Community regeneration

LEARNING FROM OTHERS

THE WORKSHOP PROGRAMME

The workshop programme will take place on Wednesday 3 March. The programme will enable delegates to tailor their conference experience to the subject areas of particular interest to them. Details of the workshops will be released shortly.

BOOK ONLINE AT

www.cipfascotland.org.uk

CONFERENCE SPONSORS:



CIPFA IN SCOTLAND QUIZ IN AID OF CHILDREN IN NEED

THE PARISH HALL, GLASGOW, WAS THE VENUE FOR A CIPFA IN SCOTLAND QUIZ TO RAISE MONEY FOR CHILDREN IN NEED. THE EVENT WAS SUPPORTED BY A WIDE RANGE OF EMPLOYERS INCLUDING -

GLASGOW CITY COUNCIL
STRATHCLYDE FIRE BRIGADE
AUDIT SCOTLAND
THE CITY OF EDINBURGH COUNCIL
RENFREWSHIRE COUNCIL
SOUTH LANARKSHIRE COUNCIL
NORTH LANARKSHIRE COUNCIL
STRATHCLYDE PASSENGER TRANSPORT
STRATHCLYDE POLICE

THE WINNING TEAM WERE COLIN HENDERSON, BEN HARTMAN, FRASER RAWSON AND JUDITH ASPINWALL FROM THE CITY OF EDINBURGH COUNCIL, WITH AUDIT SCOTLAND AND GLASGOW CITY COUNCIL IN 2ND AND 3RD PLACE RESPECTIVELY. THE WHOLE EVENING WAS GREAT FUN WITH £1,000 BEING RAISED FOR CHILDREN IN NEED.

THANK YOU TO ALL WHO PARTICIPATED. THANKS TO EILEEN BAIRD, SANDRA BLACK, BRIDGET DUFFY AND IAN TULLY FOR HELPING TO MAKE THE EVENT A SUCCESS. PARTICULAR THANKS TO DAVID ROBERTSON, QUIZ MASTER AND TINA DUNCAN, SCORE KEEPER.

REMATCH NOVEMBER 2004!

LYNN BROWN SENIOR VICE CHAIR
CIPFA IN SCOTLAND

NATIONAL INFORMATION SECURITY CONFERENCE INTO ITS FIFTH YEAR

Sapphire Technologies Ltd celebrates its fifth National Information Security Conference (NISC) where it will continue to promote and raise awareness of all information security issues. It will take place on 19th - 21st May 2004 at the luxurious St Andrews Bay Golf Resort and Spa, Scotland.

This year, NISC offers pre-technical workshops on 19th May, which are designed to look at the latest technologies. These sessions will give delegates an insight into the solutions available, whilst providing valuable technical knowledge. Key vendors from the security industry sponsoring the event, such as, Computer Associates, Ernst & Young, Waterford Technologies, Rainfinity, Stonesoft, Clearswift, Check Point and Rainbow Technologies will be on hand throughout the conference.

Speakers will cover all relevant security issues with an

emphasis on systems management, IT Security, financial control or compliance issues and explore the issues surrounding computer forensics, BS7799, auditing, data protection and the legal implications.

A complimentary package is being offered for delegate's partners to join the conference and enjoy the hotel and its treatment rooms, fitness suite with jacuzzi, swimming pool and sauna. There will be another complimentary round of golf for delegates.

John Morrison, Sapphire Technologies' MD, says, 'we know it is going to be more successful than last year and we hope as many delegates as possible will be able to join our informative yet entertaining conference!'

To RSVP or for more information please contact Caroline Davison on 01642 702100 - caroline.davison@nisc.org.uk.