

**CENTRAL SCOTLAND JOINT
POLICE BOARD**



ABSTRACT OF ACCOUNTS

2002/2003

CENTRAL SCOTLAND JOINT POLICE BOARD

ABSTRACT OF ACCOUNTS 2002 / 2003

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CENTRAL SCOTLAND JOINT POLICE BOARD

MEMBERS AND OFFICIALS 2002 / 2003

CONVENOR

Councillor P McCafferty, Falkirk Council

VICE CONVENORS

Councillor T Brookes, Stirling Council
Councillor K Brown, Clackmannanshire Council

FALKIRK COUNCIL

Appointed Members -

Councillor D Alexander
Councillor W Anderson
Councillor W Buchanan
Councillor H Constable
Councillor I Miller (to 26 June 2002)
Councillor L Gow (from 26 June 2002)

STIRLING COUNCIL

Appointed Members -

Councillor A Dickson
Councillor T Hazel

CLACKMANNANSHIRE COUNCIL

Appointed Members -

Councillor W McAdam

OFFICIALS

Chief Constable	-	Andrew Cameron
Clerk	-	Elizabeth Morton, Falkirk Council
Treasurer	-	Bill Dickson, Stirling Council (to 15 November 2002) William Watson, Stirling Council (from 15 November 2002)

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2002 / 2003

This report comments on the financial position of Central Scotland Joint Police Board as presented in this Abstract of Accounts.

REVENUE ACCOUNT

At its meeting on 29 January 2002, the Board approved a Revenue Budget of £39.153m for the financial year 2002/2003. After deducting government grant of £19.610m and an estimated carry forward of £100K this produced a requisition upon the constituent authorities for a net expenditure of £19.444m. The final revenue position is £38.618m, which represents an under spend compared to budget of £535K. The final position will leave the Board with reserves to carry forward of £294K. Explanations for the main variations are noted below and are shown on the summary Revenue Account on Page 8. The main changes can be explained as follows:-

- The overtime costs for police officers was £940K above budget. This was incurred in part to maintain the high visibility policing that addresses the fear of crime, and that is indicated by surveys to be a high priority for residents of the constituent authority areas. Other significant elements were the cost of supporting the armed forces during the fire fighters dispute and the cost of a major ongoing security operation.
- Medical officers fees were over spent by £116K. This is a cost of holding prisoners and the increase is a direct result of the success of the intelligence lead policing and the concentration on drugs crimes which is enabled by Operation Overlord.
- Telecommunication costs were over spent by £129K. The increase in operational activity has caused this. The issue is expected to be addressed by the introduction in 2003/2004 of the digital microwave network and the move towards centralised call handling as part of the preparation for Airwave.
- There was an under spend on loan charges of £233K, mostly due to the delays in the Falkirk Project.
- The most significant increases in income are the income from seconded officers (+£300K), the income from mutual aid (+£166K), the government grant to cover the costs of the fire dispute (+£656K) and the income from the security operation (+£350K).

CAPITAL ACCOUNT

The Board incurred £1,484K of capital expenditure in 2002/2003. Operational vehicles and equipment accounted for £1,024K while other areas of expenditure included monies spent on the refurbishment of operational buildings and the preparation stages of the building of a new police station in Falkirk (included in Assets Under Construction). Capital expenditure was financed partly by borrowing of £1,178K and partly from revenue of £306K.

ACKNOWLEDGEMENT

I am extremely grateful to the Force's Finance Department for their assistance throughout the year in managing the Force's financial affairs and in the preparation of this Abstract of Accounts for the Joint Board.

Further information on these accounts or on any other aspect of the Board's finances may be obtained from the Treasurer to Central Scotland Joint Police Board, Stirling Council, Viewforth, Stirling, FK8 2ET (telephone 01786 442854) or from the Force's Asset Manager, Randolphfield, Stirling, FK8 2HD (telephone 01786 456377).

William Watson
Treasurer
26 June 2003

STATEMENT OF MAIN ACCOUNTING POLICIES

1 General

The Abstract of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain - A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). The Abstract of Accounts is intended to present the financial position and transactions of the Board and has been prepared in accordance with the basic accounting concepts of matching, consistency, prudence, materiality and substance over form.

2 Fixed Assets

Land and buildings are recorded on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors.

Vehicles and equipment values in the accounts are based upon an estimate of the net value after allowing for depreciation.

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Where an asset has been acquired or is under construction, but is not yet in operational use, the cost is capitalised but not depreciated until commissioned into full operational use.

3 Depreciation

Assets other than land are being depreciated over their useful economic lives.

Fixed Assets are depreciated in the year of purchase, but not in the year of sale.

Depreciation is charged as follows :

Buildings	straight line method over estimated useful life of building (per valuation)
Plant and equipment	straight line method at 20% - 33% per annum
Vehicles	reducing balance method at 23% per annum

4 Capital Charges

The capital charges made to the Revenue Account equate to the sum of depreciation plus a notional interest rate of 6%.

External interest payable and the provision for depreciation are charged to the Asset Management Revenue Account which is credited with capital charges as charged to the Revenue Account.

5 Capital Receipts

When assets are sold or disposed of, the capital receipt is held in a reserve account (Usable Capital Receipts Reserve) until it is used to finance further capital expenditure. The reserved element of capital receipts from prior years is held in the Capital Financing Reserve.

6 **Deferred Charges**

Deferred charges are included in the balance sheet at cost, and amortised over the estimated useful life of the charge. Where there is no expectation of future benefit, the charge is written off in the year of expenditure.

7 **Reserves**

Fixed Asset Restatement Reserve

The Code of Practice requires the creation of a Fixed Asset Restatement Reserve. The balance on the Reserve represents primarily the balance of the surplus or deficits from the periodic revaluation of fixed assets.

Capital Financing Reserve

The Code of Practice requires the creation of a Capital Financing Reserve. The balance on the Reserve represents primarily the sums that have been set aside to finance capital expenditure and the sums that the Board is required to set aside from capital receipts for the repayment of external loans.

Usable Capital Receipts

Usable Capital Receipts are capital receipts which are held until such time as they are used to finance new capital expenditure.

8 **Revenue and Capital Debtors and Creditors**

All specific and material sums payable to and due by the Board as at 31 March 2003 have been brought into account. All salaries and wages earned up to 31 March 2003 are included in the Abstract of Accounts for that year irrespective of when actual payments were made. Sundry creditors and debtors include all specific accruals in respect of further material items.

9 **Stores and Work in Progress**

The Board complies with the requirements of SSAP 9 "Stocks and Long-Term Contracts". Stocks held at 31 March 2003 are valued at the lower of cost and current market value.

10 **Insurance**

Expenditure included in the Abstract of Accounts relates to premiums paid, policy excesses and settlement of claims.

11 **Pensions**

The Joint Police Board participates in two pension schemes that meet the distinct needs of Uniformed and Non-Uniformed personnel. Both schemes provide members with defined benefits related to pay and service.

The pension costs included in the accounts have been determined in accordance with Government legislation and, where appropriate, with the assistance of an independent actuary. As a result, the Board does not comply with UK GAAP to recognise the full expected cost of providing for all pensions and related benefits on a systematic and rational basis over the period that it derives benefit from the services of its employees. However, in accordance with standard accounting practice for local authorities, the pension costs that it would have been necessary to provide for in the accounts under UK GAAP have been disclosed.

Where reference has been made to pensionable pay, this refers to the respective total pensionable pays of Police Officers and Support Staff.

Further details of pension costs have been disclosed in Note 2 to the Revenue Account.

Further details of the assets and liabilities of the Schemes have been disclosed in Note 10 to the Balance Sheet.

12 **Provisions**

Provision has been made for those officers eligible to retire at 31 March 2003 but who have elected to remain in service.

13 **Restated 2001/2002 Revenue and Balance Sheet**

The 2001/2002 figures have been restated to reflect that the funding from the requisitions on constituent authorities are being accounted for on an accruals basis rather than on a cash basis.

The effect is to create a deficit in 2001/2002 of £150K and to reduce the debtors figure on the balance sheet by £150K.

CENTRAL SCOTLAND JOINT POLICE BOARD

REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

<u>Restated</u> <u>Actual</u> <u>2001/2002</u> <u>£000</u>		<u>Actual</u> <u>2002/2003</u> <u>£000</u>	<u>Budget</u> <u>2002/2003</u> <u>£000</u>	<u>Variance</u> <u>£000</u>
36,627	Staff Costs (Note 2)	38,427	37,404	(1,023)
867	Property Costs	1,035	871	(164)
2,318	Supplies and Services (Note 4)	2,286	1,755	(531)
697	Transport Costs	703	676	(27)
844	Third Party Payments	909	907	(2)
<u>1,947</u>	Finance Costs/Capital Charges	<u>2,054</u>	<u>1,423</u>	<u>(631)</u>
43,300	GROSS EXPENDITURE	45,414	43,036	(2,378)
<u>(4,815)</u>	Income	<u>(5,952)</u>	<u>(3,883)</u>	<u>2,069</u>
38,485	NET COST OF SERVICES	39,462	39,153	(309)
(678)	Transfer from Asset Management Revenue Account (Note 3)	(643)	0	643
<u>(43)</u>	Interest on Revenue Balances	<u>(36)</u>	<u>0</u>	<u>36</u>
37,764	NET OPERATING EXPENDITURE	38,783	39,153	370
<u>(10)</u>	Appropriations (from)/to Capital Financing Reserve	<u>(165)</u>	<u>0</u>	<u>165</u>
<u>37,754</u>	Net Expenditure to be met from Grant & Constituent Authorities	<u>38,618</u>	<u>39,153</u>	<u>535</u>
18,817	<u>Funded from Specific Government Grant</u>	19,618		
	<u>Funded from Requisitions on Constituent Authorities</u>			
2,968	Clackmannanshire 15.8%	3,072		
9,713	Falkirk 51.7%	10,053		
<u>6,106</u>	Stirling 32.5%	<u>6,319</u>	<u>19,444</u>	
<u>37,604</u>		<u>39,062</u>		
(150)	(Deficit) / Surplus for the year	444		
<u>0</u>	Accumulated (deficit) / surplus brought forward	<u>(150)</u>		
<u>(150)</u>	Accumulated (deficit) / surplus carried forward	<u>294</u>		

NOTES TO THE REVENUE ACCOUNT

1. As required under CIPFA's Accounting for Police Services in Great Britain the following analysis is provided for the divisions of service suggested: -

Service Divisions for Police Services For The Year Ended 31st March 2003		2002/2003 Actual £000
Call Management		574
Community Safety		18,320
Crime Management		20,429
Public Order		2,331
Traffic Management		2,740
Met from specific grant and requisitions for the year ended 31 March 2003		44,394
Being :		
Gross Expenditure		45,414
Less : Finance Costs / Capital Charges		(2,054)
Plus : Loans Charges		1,034
		44,394

2. PENSION COSTS

Police Officers

The Police Pension Scheme is an unfunded scheme administered by Falkirk Council on behalf of the Central Scotland Joint Police Board.

The pension costs that are charged to the Board's accounts in respect of Police Officers are equal to the net cost of pensions and other benefits payable to scheme members after allowing for the receipt of contributions and transfer value income.

In 2002/03, the net cost of pensions and other benefits amounted to £4.4 million, representing 22.0% of pensionable pay.

In consultation with the Council's Actuary, it is estimated that if the cost of pensions under the Scheme had been determined in accordance with UK GAAP, the regular cost of the Scheme would have been £6.3 million, representing 31.6% of pensionable pay, whilst the cost of spreading the unfunded accrued liability over 40 years would have been an additional £7.4 million, representing 37.0% of pensionable pay.

Other Employees

Support staff are eligible to join the Local Government Pension Scheme through the Pension Fund administered by Falkirk Council.

The pension costs charged to the Board's Accounts in respect of support staff, consist of the employer's contribution made by the Board and any costs arising from the award of premature retirement benefits. The employer's contribution rate is set on a three yearly basis by an Actuary appointed by Falkirk Council. The rate is set to ensure that the Pension Fund remains solvent and in a position to meet 100% of its overall liabilities. The most recent valuation of the Fund was as at 31st March, 2002.

In 2002/03, the Board paid an employer's contribution of £433,000 into the Pension Fund, representing 8.97% of pensionable pay.

The increase in employer's contributions from the 2001/02 figure is attributable to (i) the stepping up of the employer's contribution rate from 140% to 150% of employee contributions (as specified by the Fund Actuary in the valuation as at 31st March, 1999) and (ii) the general increase in total pensionable pay.

Using research information available and in consultation with the Council's Actuary, it is estimated that if the cost of pensions under the Scheme had been determined in accordance with UK GAAP, the regular cost of the Scheme would have been £404,000, representing 8.38% of pensionable pay.

The capital cost of any discretionary increases in pension payments (e.g. discretionary added years) agreed by the Board for support staff:

- a) retiring in 2002/03 is nil,
- b) retiring in earlier years, for which payments are still being made, is £298,000.

3. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

The 2002/2003 transactions on the Asset Management Revenue Account are as follows:

	£000
Income -	
Capital Charges	2,054
Less :	
Expenditure -	
Provision for Depreciation and Amortisation of Deferred Charges	(901)
Loans Fund Interest and Expenses	(510)
Balance to Revenue Account	<u>643</u>

4. PUBLICITY ACCOUNT

Section 5 of the Local Government Act 1986 requires a separate account to be kept of expenditure on publicity. During 2002 / 2003 the Board incurred the following publicity expenditure : -

	£
Employment Advertising	29,418
Other Advertising	8,744
	<u>38,162</u>

5. OFFICERS' EMOLUMENTS

The number of employees whose remuneration, excluding pension contributions, was £40,000 or more in bands of £10,000 were:

<u>Remuneration Band</u>	<u>2001/02</u> <u>Number of Employees</u>	<u>2002/03</u> <u>Number of Employees</u>
£40,000-£49,999	10	27
£50,000-£59,999	6	7
£60,000-£69,999	0	0
£70,000-£79,999	1	1
£80,000-£89,999	0	1
£90,000-£99,999	<u>1</u>	<u>1</u>
	<u>18</u>	<u>37</u>

6. RELATED PARTIES

The Accounting Code of Practice requires disclosure as a note to the Revenue Account of material transactions with related parties not disclosed elsewhere within the Abstract of Accounts, and disclosure of amounts due to or from related parties as a note to the Balance Sheet.

All Joint Police Board members are members of constituent authorities as listed at page 3. Mrs Elizabeth Morton, Clerk to the Joint Police Board is the Director of Law and Administration at Falkirk Council. Mr William Watson, Treasurer to the Joint Police Board is Head of Resource Management at Stirling Council.

For 2002/2003 there were no material transactions with any related parties, which are not disclosed elsewhere within the Abstract of Accounts.

CENTRAL SCOTLAND JOINT POLICE BOARD

BALANCE SHEET AS AT 31 MARCH 2003

<u>Restated</u> <u>2001/2002</u> <u>£000</u>		<u>2002/2003</u> <u>£000</u>	<u>2002/2003</u> <u>£000</u>
FIXED ASSETS			
17,054	Operational Land and Buildings	16,721	
250	Non Operational Assets	250	
1,345	Vehicles, Plant and Equipment	1,580	
0	Assets Under Construction	340	
0	Deferred Charges	<u>26</u>	
18,649	TOTAL FIXED ASSETS (Notes 1 to 6)		18,917
 CURRENT ASSETS			
208	Stocks	197	
1,298	Debtors (Note 7)	1,820	
5	Advances and Petty Cash	5	
<u>1,630</u>	Advances with Stirling Council Loans Fund	<u>1,674</u>	
3,141			3,696
 CURRENT LIABILITIES			
(2,631)	Creditors (Note 8)	(2,714)	
<u>(945)</u>	Provision for Police Commutations (Note 9)	<u>(1,215)</u>	
<u>(3,576)</u>			<u>(3,929)</u>
18,214	TOTAL ASSETS LESS CURRENT LIABILITIES		18,684
 LESS: LONG TERM LIABILITIES			
(6,350)	Long Term Borrowing – Stirling Council		(6,718)
<u>11,864</u>	TOTAL NET ASSETS		<u>11,966</u>
 <u>RESERVES:-</u>			
66	Insurance Fund (Note 11)		85
(150)	Surplus Revenue Reserves (Note 12)		294
9,791	Fixed Asset Restatement Reserve (Note 13)		9,480
1,982	Capital Financing Reserve (Note 13)		1,817
175	Usable Capital Receipts Reserve (Note 13)		290
<u>11,864</u>			<u>11,966</u>

NOTES TO THE BALANCE SHEET

1. VALUATION OF THE BOARD'S ASSETS

The properties which comprise the Board's property portfolio were valued as at 1 March 1999 by Stirling Council Estates Services in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Inspections were carried out between January 1999 and February 1999. The intention is to carry out asset re-valuations in a five year rolling programme, commencing in the financial year 2000/2001.

2. FIXED ASSETS INFORMATION AS AT 31 MARCH 2003

The Board's fixed assets are in respect of Operational and Non-Operational Land, Operational Buildings, Operational Vehicles, Computer, Laboratory and other equipment, Plant, Radio and Telecommunications equipment.

<u>Asset Type</u>	<u>Number</u>
Police Stations	22
Police Houses	15
Radio Aerial Sites	8
Vehicles	164

3. FIXED ASSET STATEMENT

	<u>Land & Buildings</u>	<u>Non-Operational Assets</u>	<u>Operational Vehicles</u>	<u>Computer, Plant and Equipment</u>	<u>Assets Under Construction</u>	<u>Total</u>
	£000	£000	£000	£000	£000	£000
Gross Valuation						
Opening Balance as at 1.4.02	18,863	250	2,216	2,115	-	23,444
Revaluations/Restatements	(7)	(-)	(8)	(170)	(-)	(185)
Additions	120	(-)	350	635	340	1,445
Disposals	<u>(62)</u>	<u>(-)</u>	<u>(69)</u>	<u>(-)</u>	<u>(-)</u>	<u>(131)</u>
Balance as at 31.3.2003	<u>18,914</u>	<u>250</u>	<u>2,489</u>	<u>2,580</u>	<u>340</u>	<u>24,573</u>
Depreciation						
Opening Balance as at 1.4.02	1,809	(-)	1,336	1,650	-	4,795
Charge for the year	<u>384</u>	<u>(-)</u>	<u>249</u>	<u>254</u>	=	<u>887</u>
Balance as at 31.3.2003	<u>(2,193)</u>	<u>(-)</u>	<u>(1,585)</u>	<u>(1,904)</u>	<u>(-)</u>	<u>(5,682)</u>
Written Down Value as at 31.3.2003	<u>16,721</u>	<u>250</u>	<u>904</u>	<u>676</u>	<u>340</u>	<u>18,891</u>
Written Down Value as at 31.3.2002	<u>17,054</u>	<u>250</u>	<u>880</u>	<u>465</u>	<u>(-)</u>	<u>18,649</u>

Land & Buildings includes "Non Operational" land with a written down value of £250K as at 31 March 2003 (£250K as at 31 March 2002). This land was purchased in 1999 for the Falkirk Police Office Project. The land will be revalued in keeping with the valuation policy as per Balance Sheet Note 1 above.

4. CAPITAL EXPENDITURE IN THE YEAR

Capital expenditure of £1,484K was incurred in the year and was financed as follows:-

	<u>%</u>	<u>£000</u>
Credit Approval / External Loans	79	1,178
Capital Funded from Current Revenue	21	306
Capital Receipts	-	<u>0</u>
		<u>1,484</u>

5. CAPITAL COMMITMENTS

The Board had no significant capital contractual commitments as at 31 March 2003.

6. DEFERRED CHARGES

The following deferred charge is held in the balance sheet as at 31 March 2003 :

	£000
Gross Value	
Opening Value 1.4.02	-
Additions	39
Closing Value 31.3.03	39
Amortisation	
Opening Value 1.4.02	-
Charge for year	13
Closing Value 31.3.03	13
Net Book Value as at 31.3.03	26
Net Book Value as at 1.4.02	-

7. DEBTORS

The debtors balance as at the year end is made up as follows :

	2001/2002	2002/2003
	£000	£000
Government Grants	414	906
VAT	170	181
Other Grants & Recharges	193	331
Sales Ledger Debtors	446	620
Sundry Prepayments	<u>75</u>	<u>-218</u>
	<u>1,298</u>	<u>1,820</u>

8. CREDITORS

The creditors balance as at the year end is made up as follows :

	2001/2002 £000	2002/2003 £000
Payroll Accruals	1,099	1,269
Short Term Advances with Stirling Council Loans Fund	524	695
Government Grants	179	42
Purchase Ledger Creditors	591	398
Sundry Accruals	<u>238</u>	<u>310</u>
	<u>2,631</u>	<u>2,714</u>

9. POLICE PENSION PROVISION

Provisions are amounts which have been set aside to meet liabilities which are certain to arise but because of their inherent nature cannot be quantified with any certainty.

A provision is made in each financial year to provide for the cost of the commuted sums of officers eligible to retire but who have not yet done so. The movements on this provision are as follows:-

	<u>31.3.2002</u> £000	<u>31.3.2003</u> £000
Opening balance on Pension Provision	745	945
Charged to the provision in the year	645	485
Paid from the provision in the year	<u>(445)</u>	<u>(215)</u>
Closing balance on Pension Provision	<u>945</u>	<u>1,215</u>

10. ACCOUNTING FOR RETIREMENT BENEFITS

As part of the terms and conditions of employment of Police Officers and support staff, 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 needs to be disclosed at the time that employees earn their future pension entitlement.

The Board participates in two pension schemes:

- the Local Government Pension Scheme for support staff, 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 pensions liabilities with investment assets, and
- the Police Pension Scheme for Police 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.

In 2002/03, pension costs have been charged to the consolidated revenue account on the basis of contributions paid to Falkirk Council Pension Fund (based on the contribution rate set during the actuarial valuation of 31st March, 1999) and the net cost of benefits paid during the year in respect of Police Officers. However, as at 31st March, 2003, the Board had the following overall assets and liabilities for pensions that have not been included in the balance sheet.

	Local Government Pension Scheme		Police Pension Scheme		Totals	
	£000s		£000s		£000s	
	31 March 2003	31 March 2002	31 March 2003	31 March 2002	31 March 2003	31 March 2002
Estimated liabilities in scheme	(11,439)	(9,915)	(194,600)	(167,100)	(206,039)	(177,015)
Estimated unfunded discretionary liabilities	(223)	(218)	0	0	(223)	(218)
Estimated assets in scheme	8,231	11,367	0	0	8,231	11,367
Net asset/liability	(3,431)	1,234	(194,600)	(167,100)	(198,031)	(165,866)

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. Hymans Robertson, an independent firm of Actuaries, has assessed both the Police Pensions Scheme and the Falkirk Council Pension Fund liabilities. The main assumptions used in their calculations have been: -

	Local Government Pension Scheme		Police Pension Scheme	
	2002/03	2001/02	2002/03	2001/02
Rate of Inflation	2.5%	2.8%	2.5%	2.8%
Rate of increase in salaries	4.0%	4.6%	4.0%	4.3%
Rate of increase in pensions	2.5%	2.8%	2.5%	2.8%
Rate for discounting scheme liabilities (n.b. based on 3.5% real)	6.1%	6.4%	6.1%	6.4%

The Police Pensions Scheme has no assets to cover its liabilities. Assets in the Falkirk Council Pension Fund 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:

	Long Term Return	31 March 2003	31 March 2002
Equity Investments	8.0%	74%	77%
Bonds	4.8%	13%	12%
Property	6.0%	11%	9%
Cash	4.0%	2%	2%
		100%	100%

The movement in the net pensions liability for the year to 31 March 2003 is as follows:

	Local Government Pension Scheme	Police Pension Scheme
	£000s	£000s
Net pensions asset/(liability) at 1 April 2002	1,234	(167,100)
<i>Movements in the year:</i>		
• current service cost	(526)	(6,000)
• employers' contributions payable to scheme	375	0
• pensions and lump sum expenditure	0	(6,390)
• past service costs	0	(378)
• interest cost	0	(10,700)
• expected return on assets in the scheme	152	0
• actuarial gains	(4,666)	(4,032)
Net pensions asset/(liability) at 31 March 2003	(3,431)	(194,600)

The actuarial gains can be analysed into the following categories, measured as absolute amounts and as a percentage of estimated assets and liabilities at 31 March 2003.

	Local Government Pension Scheme		Police Pension Scheme	
	£000s	%	£000s	%
Differences between the expected and actual return on assets	(4,006)	48.7% of assets	0	0
Differences between actuarial assumptions about liabilities and actual experience	(660)	5.8% of liabilities	11,968	6.15% of liabilities
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	(16,000)	8.22% of liabilities
Actuarial Gain/(loss)	(4,666)		(4,032)	

11. INSURANCE FUND

During the 2002/2003 financial year, revenue accounts were charged with an amount which reflected the self insured element of insurance costs. This amount was credited to an insurance fund. The insurance fund would then pay out against the self insured element (i.e. the excess) of any claims.

At the end of the year a balance is left on the insurance fund which reflects the amount of the charge for self insurance which remains unused at the end of the year.

	<u>31.3.2002</u>	<u>31.3.2003</u>	<u>Movement</u>
	£000	£000	£000
Insurance Fund Reserve for future liabilities	66	85	+19

The amount of the balance of £85K should adequately cover the self funded element of all claims to be settled.

12. SURPLUS REVENUE RESERVE

The surplus of requisitions paid and police grant due over the actual net expenditure was taken to reserves to fund future exceptional operations.

13. STATEMENT OF MOVEMENT IN CAPITAL RESERVES

	<u>Fixed Asset Restatement Reserve</u>	<u>Capital Financing Reserve</u>	<u>Usable Capital Receipts Reserve</u>	<u>Total</u>
	£000	£000	£000	£000
Balance as at 1/4/2002	(9,791)	(1,982)	(175)	(11,948)
2002/2003 expenditure not increasing value of asset	185	0	0	185
Effects of disposals of fixed assets	131	0	0	131
Financing of fixed assets	(5)	(306)	0	(311)
Proceeds of disposal	0	0	(115)	(115)
Difference between loan principal repayment and depreciation	0	375	0	375
Applied capital receipts	0	0	0	0
Revenue Appropriation	0	96	0	96
Balance as at 31/3/2003	<u>(9,480)</u>	<u>(1,817)</u>	<u>(290)</u>	<u>(11,587)</u>

Fixed Asset Restatement Reserve

The Fixed Asset Restatement Reserve represents the difference between the valuation of assets under the previous system of capital accounting and the revaluation as at 1 April 94. The reserve is adjusted on an accruals basis to reflect the disposal of assets and the effect of revaluations and restatement of asset values. The reserve cannot be called upon to support expenditure.

Capital Financing Reserve

The Capital Financing Reserve contains the amount of Capital Funded from Current Revenue. It also contains the difference between depreciation of assets and the amounts required to be charged to revenue to repay the principal element of external loans. The reserve cannot be called upon to support expenditure.

Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve contains capital receipts from the disposal of assets which can be utilised to finance capital expenditure.

14. POST BALANCE SHEET EVENT

As part of the project to renew Falkirk Police Station, the building on the existing site was demolished in July 2003. This results in impairment of that building to a zero value. The contract for the new building had not been finalised at the balance sheet date, and the existing building was still operational so is included in the balance sheet at the year end at its net book value of £1.58m.

**CENTRAL SCOTLAND JOINT POLICE BOARD
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003**

<u>2001/2002</u>		<u>2002/2003</u>	<u>2002/2003</u>
<u>£000</u>	<u>REVENUE ACTIVITIES</u>	<u>£000</u>	<u>£000</u>
	Expenditure		
36,376	Cash Paid to and on Behalf of Employees	38,416	
<u>4,599</u>	Other Operating Costs	<u>4,664</u>	
			43,080
	Income		
(3,856)	General	(3,907)	
(18,611)	Requisitions from Constituent Authorities	(19,444)	
<u>(19,899)</u>	Government Grants (Note 4)	<u>(21,106)</u>	
			<u>(44,457)</u>
(1,391)	NET CASH (INFLOW)/ OUTFLOW FROM REVENUE ACTIVITIES (Note 1)		(1,377)
	 <u>SERVICING OF FINANCE</u>		
	Expenditure		
479	Interest Paid	508	
	Income		
<u>(43)</u>	Interest on Revenue Balances	<u>(36)</u>	
436	NET CASH OUTFLOW FROM SERVICING OF FINANCE		472
	 <u>CAPITAL ACTIVITIES</u>		
	Expenditure		
1,260	Purchase of Fixed Assets	1,484	
0	Cost of Deferred Charge	39	
	Income		
<u>(72)</u>	Sale of Fixed Assets	<u>(115)</u>	
1,188	NET CASH OUTFLOW FROM CAPITAL ACTIVITIES		1,408
233	NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING		503
	 <u>MANAGEMENT OF LIQUID RESOURCES</u>		
229	Net Increase/(Decrease) in Temporary Advances (Note 3)		44
	 <u>FINANCING</u>		
	Expenditure		
488	Repayment of Amounts Borrowed	524	
	INCOME		
<u>(950)</u>	New Loans Raised	<u>(1,071)</u>	
(462)	Net Cash Outflow/(Inflow) from Financing		(547)
0	NET DECREASE/(INCREASE) IN CASH (Note 2)		0

NOTES TO THE CASHFLOW STATEMENT

1. RECONCILIATION OF REVENUE ACCOUNT BALANCES TO NET CASH FLOW FROM REVENUE ACTIVITIES

	£000	£000
Revenue Account Balance		(444)
Interest		(472)
Repayment of Amounts Borrowed		(524)
Non-Cash Transactions:-		
Pension Provision		(270)
Insurance Fund		(19)
Capital Financed from Current Revenue		(306)
Items on an Accruals Basis:-		
Decrease in Stocks	(11)	
Increase in Debtors	522	
Increase in Creditors	147	
	<u> </u>	658
Cash Outflow from Revenue Activities		<u><u>(1,377)</u></u>

2. ANALYSIS OF CASH BALANCES

	<u>01-Apr-02</u>	<u>31-Mar-03</u>	<u>Movement</u>
	£000	£000	£000
Cash in Hand	5	5	0
Bank	0	0	0
	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>0</u></u>

3. MANAGEMENT OF LIQUID RESOURCES

	<u>01-Apr-02</u>	<u>31-Mar-03</u>	<u>Movement</u>
	£000	£000	£000
Temporary Advances to Stirling Council Loans Fund	1,630	1,674	44

4. ANALYSIS OF GOVERNMENT GRANTS

	£000
Police Specific Grant	19,118
Other Government Grants	1,988
TOTAL	<u><u>21,106</u></u>

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Board's Responsibilities

The Joint 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 Joint Board that Officer is the Treasurer
- ◆ To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- ◆ To ensure that the requirements of Corporate Governance are met

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Board's Abstract 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 31 March 2003.

In preparing this statement of accounts, the Treasurer has:

- ◆ Selected suitable accounting policies and 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 ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

1. This statement is given in respect of the statement of accounts for Central Scotland Joint Police Board. The Board acknowledges responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.
2. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Managers within the Board undertake development and maintenance of the system. In particular, the system includes:
 - comprehensive budgeting systems;
 - regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;
 - setting targets to measure financial and other performance;
 - the preparation of regular financial reports which indicate actual expenditure against the forecasts;
 - clearly-defined capital expenditure guidelines; and
 - formal project management disciplines as appropriate.
4. The Internal Audit Unit of Stirling Council provides the Internal Audit function for the Board. It primarily covers System and Probity Audits across the Board, although the work undertaken is more varied and also includes:-
 - Advice and Consultancy
 - Fraud and Investigation
 - Review of Financial Procedures and Systems
 - Specific tasks requested by the Board

The Unit operates a five-year rolling audit plan based on the risk assessment methodology prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates any major local risk areas together with audit priorities and concerns raised by senior officials. The plan identifies all areas that require to be reviewed together with an estimate of resources required to implement the plan. The plan is reviewed and revised each year to take account of operational and/or legislative changes with resources being allocated to areas of highest priority.

Audit reports are issued by the Audit Manager to the Chief Constable with copies provided to the Treasurer, the Asset Manager and External Audit.

The audit work must meet the standards laid down in the CIPFA Code of Practice for Internal Auditors. This is confirmed each year by External Audit in order to place reliance upon the work of the Unit in relation to the core financial systems. The Internal Audit Unit is required to meet a number of internal performance indicators.

From the work performed as part of the annual audit plan for 2002/03, the Internal Audit Manager has concluded that after considering Officer's responses and implementation of recommendations made, reasonable assurance can be placed upon the internal controls in operation throughout the Board.

5. The review of the effectiveness of the system of internal financial control is informed by:
- The work of managers within the Board;
 - The work of the internal auditors as described above, and
 - The external auditors in their annual audit letter and other reports.
6. From the work carried out by Internal Audit in 2002/03 it can be confirmed that other than the issues highlighted in audit reports as recommendations, the system controls were found to be operating as required. Internal Audit carry out a planned programme of follow-up reviews to ensure that all material recommendations from audit reports are implemented. Where agreed actions remain outstanding, these are reported to the Chief Constable, the Treasurer and the Asset Manager. For 2002/03 it can be confirmed that all material recommendations were acted upon by the Board.
7. Although most aspects of corporate governance had been addressed, an audit committee did not exist during 2002/03, however the full Joint Board acted as the audit committee after regular meetings during this period. Also, at the meeting on 20 August 2003 the Joint Board set up the Best Value and Audit sub-committee to fulfil this function. With regard to anti fraud and corruption policies, although an overarching strategy did not exist, the individual polices and regulations provided a robust process for preventing and/or detecting wrongdoing. Additionally, the force Professional Standards Unit has recently published the Central Scotland Police Professional Standards Policy and the Central Scotland Police Ethics Policy which incorporate the requirements of an anti fraud and corruption strategy.

Further areas where weaknesses have been recognised in internal financial control systems includes the absence of detailed written guidance for staff on the control of capital expenditure. Although delegated authority to control capital budgets is restricted to a small number of senior experienced individuals who have access to advice from the Finance Department, there is nevertheless planned an issue of such written guidance to bolster the system of internal financial controls. Similarly, the written guidance for revenue budget-holders which is currently available is being reviewed to ensure consistency and completeness. Also, it has been acknowledged that a register of interests for officers would reduce the risk of conflicts of interest and enhance transparency in areas such as the awarding of contracts and disposal of assets and as such is being put in place.

Signed _____

Willie Watson CPFA
Treasurer

Dated _____

Independent Auditors' Report

To the members of Central Scotland Police Joint Police Board and the Accounts Commission for Scotland

We certify that we have audited the financial statements on pages 5 to 20 under the Local Government (Scotland) Act 1973. The financial statements have been prepared in accordance with the accounting policies set out on pages 5 to 7.

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 the Code of Audit Practice approved by the Accounts Commission and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Treasurer and Auditor

As described on page 21 the Treasurer is responsible for the preparation of the financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, a Statement of Recommended Practice ('the SORP'). Our responsibilities, as independent auditors, are established by statute and the Code of Audit Practice approved by the Accounts Commission, and guided by the auditing profession's ethical guidance.

We report our opinion as to whether the financial statements present fairly the financial position of the Joint Board at 31 March 2003 and its income and expenditure for the year. We also report if, in our opinion, the Joint Board has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit. We review whether the Statement on the System of Internal Financial Control on pages 22 and 23 complies with the requirements of the SORP. We report if, in our opinion, the statement does not comply with the requirements or if it is misleading or inconsistent with other information we are aware of from our audit. We are not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Joint Board's corporate governance procedures or risk and control procedures.

We read the other information published with the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements and of whether the accounting policies are appropriate to the Joint Board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the abstract of accounts presents fairly the financial position of the Joint Board as at 31 March 2003 and its income and expenditure for the year then ended.

Scott-Moncrieff
Chartered Accountants
17 Melville Street
Edinburgh
EH3 7PH

CENTRAL SCOTLAND JOINT POLICE BOARD**STATUTORY PERFORMANCE INDICATORS 2002/2003**

The Local Government Act 1992 requires Local Authorities to publish information as to their standards of performance. The performance indicators for the financial year ending 31 March 2003 are detailed under the headings shown below. The 2001/2002 indicators are shown, where applicable, for comparative purposes.

INDICATOR 1

	2002/2003	2001/2002
The percentage of crimes cleared up	64.3%	63.9%

INDICATOR 2

	2002/2003	2001/2002
The Percentage of crimes cleared up		
(a) Violent Crimes	92.6%	98.8%
(b) Car Crime	36.1%	37.4%
(c) Housebreaking	38.5%	38.2%

INDICATOR 3

	2002/2003	2001/2002
The proportion of 999 calls answered within 10 seconds	93.4%	92.8%

INDICATOR 4

	2002/2003	2001/2002
The proportion of working time lost due to sickness absence for:		
(a) Police Officers	5.8%	5.5%
(b) Support Staff	5.8%	4.7%

INDICATOR 5

	2002/2003	2001/2002
The number of complaints per 100 Police Officers	16.6	12.9

INDICATOR 6

	2002/2003	2001/2002
The number of racist incidents per 1000 population	0.68	0.68

INDICATOR 7

	2002/2003
(a) The main reason contact was made with the police :	
(i) To report a crime	44.8%
(ii) To report a disturbance or nuisance	19.7%
(iii) To report a road accident	22.1%
(iv) To report a missing person	4.7%
(v) To report lost / found property	3.0%
(vi) Other	5.7%
(b) The public's level of satisfaction or dissatisfaction with their initial contact with the police :	
(i) Very satisfied	58.3%
(ii) Fairly satisfied	29.3%
(iii) Neither satisfied nor dissatisfied	6.2%
(iv) Fairly dissatisfied	3.5%
(v) Very dissatisfied	2.7%
(c) The public's level of satisfaction or dissatisfaction with the way the police dealt with their matter :	
(i) Very satisfied	47.3%
(ii) Fairly satisfied	32.3%
(iii) Neither satisfied nor dissatisfied	10.7%
(iv) Fairly dissatisfied	5.0%
(v) Very dissatisfied	4.7%

INDICATOR 8

2002/2003

(a) The number of drug seizures and percentage change compared with 1998 :

(i) Number of drug seizures (as per CRIMESEC 19 return) for 1998 829

(ii) Number of drug seizures in 2002/2003 1232

(iii) Percentage change from 1998 49.0%

(b) The number of offences for supply and possession and percentage change compared with 1998 :

(i) Number of offences for supply and possession with intent to supply (as per CRIMESEC 19 return) for 1998 370

(ii) Number of offences in 2002/2003 519

(iii) Percentage change from 1998 40.0%

INDICATOR 9

2002/2003

The number of people killed or injured as a result of road accidents and percentage change with the 5 year average 1994 to 1998 :

(a) All people killed or seriously injured :

(i) All persons average 1994/1998 290

(ii) All persons killed or injured in 2002/2003 264

(iii) Percentage change from 1998 -9.0%

(b) Children killed or seriously injured :

(i) Children average 1994/1998 61

(ii) Children killed or injured in 2002/2003 31

(iii) Percentage change from 1998 -49.0%

(c) All people with slight injuries :

(i) All persons average 1994/1998 784

(ii) All persons with slight casualties in 2002/2003 718

(iii) Percentage change from 1998 -8.0%