

**CENTRAL SCOTLAND JOINT  
POLICE BOARD**



**ABSTRACT OF ACCOUNTS**

**2004/2005**

# CENTRAL SCOTLAND JOINT POLICE BOARD

## ABSTRACT OF ACCOUNTS 2004/05

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# **CENTRAL SCOTLAND JOINT POLICE BOARD**

## **MEMBERS AND OFFICIALS 2004/05**

The members and officials of the Joint Police Board for 2004/05 were as noted below.

### **CONVENOR**

Councillor P McCafferty, Falkirk Council

### **VICE CONVENORS**

Councillor T Hazel, Stirling Council

Councillor G Matchett, Clackmannanshire Council

### **FALKIRK COUNCIL**

#### **Appointed Members -**

Councillor D Alexander

Councillor W Anderson

Councillor T Coleman

Councillor Reverend John Jenkinson

Councillor M Nicol

### **STIRLING COUNCIL**

#### **Appointed Members -**

Councillor A Dickson

Councillor J Hendry

### **CLACKMANNANSHIRE COUNCIL**

#### **Appointed Members -**

Councillor B Fearon

### **OFFICIALS**

Chief Constable	-	Andrew Cameron
Clerk	-	Rose Mary Glackin, Falkirk Council
Treasurer	-	William Watson, Stirling Council

# CENTRAL SCOTLAND JOINT POLICE BOARD

## TREASURER'S REPORT 2004/05

This report comments chiefly on the financial position of Central Scotland Joint Police Board as presented in this Abstract of Accounts. In utilising the financial resources at its disposal during 2004/05, the Force continued to perform at high levels with its detection rate being one of the highest in the country at 63%.

### REVENUE ACCOUNT

At its meeting on 2 February 2004, the Board approved a Revenue Budget of £45.431m for the financial year 2004/05. After deducting the estimated government grant of £22.690m and approving increased requisitions to advance recruitment the resultant requisition upon the constituent authorities was £22.741m. The final revenue position is £44.523m, which is £908K less than budget. This final position will leave the Board with accumulated revenue reserves to carry forward of £2,530K (2003/04 = £1,849K). This surplus includes an "earmarked" element for police pension commutations of £997K following a change in accounting policy regarding the treatment of this liability. The balance will help fund growth in the next year, enable the return of £500K to constituent authorities, allow movement towards the target level of reserves approved by the Board and will provide flexibility in budget management. Explanations for the main variations are noted below and are shown on the summary Revenue Account on Page 10. The main variances can be explained as follows:-

- Ignoring the effects of the adjustments required for FRS 17 (see below), staff costs are over budget by £582K. The main reason for this over spend was an adverse variance of £222K on police overtime, incurred to ensure continued high profile community related policing which is a primary strategic objective of the Force. Strong management procedures have been put in place to continue to limit over spends on overtime. The FRS 17 adjustment of £5,127K is funded by an appropriation from the Pensions Reserve.
- The Supplies and Services over spend amounted to £324K. Several factors contributed to this figure with the predominant ones being the increased holding costs of prisoners due to continued high activity, especially in drugs related offences; increased costs due to the recruitment drive; the revenue costs of Airwave coming on stream (though these are offset by grant income); and the implementation of the video identification system at Falkirk known as VIPER (again offset by grant income).
- Transport costs were £86K higher than budget due mainly to increased fuel costs.
- The over spends were more than offset by the positive variance of £1,725K against budget realised in income. This increase has been achieved mainly due to additional income streams becoming realisable towards the end of the financial year. £191K was received from the Scottish Executive against commitments already made, £190K was confirmed in relation to the planning resources provided for Operation Sorbus (G8) and £192K as a result of a more stringent policy of pursuing rental income in relation to mast sites.

### CAPITAL ACCOUNT

The Board incurred £4,634K of capital expenditure in 2004/05. Operational vehicles accounted for £550K, and computers and equipment accounted for £1,558K. Other areas of expenditure included the monies spent on continuing the refurbishment of operational buildings to ensure that they are compliant with the disability discrimination laws, and the completion of work on the building of the new police station in Falkirk which became operational in October 2004. The new Call Handling Centre and the new secure communications system, known as the Airwave Project, both became fully operational during the financial year. Capital expenditure was financed by the capital grant from the Scottish Executive of £4,712K, leaving a balance to carry forward into 2005/2006 of £78K. The total of capital receipts available to carry forward into the next financial year was £270K.

## **PENSIONS LIABILITIES**

The Accounting Standards Board, having recognised that the previous treatment of pensions liabilities was not consistent with the treatment applied to other liabilities in that the full impact of the future obligations accrued in the financial year were not being recognised, introduced the Financial Reporting Standard 17. The Standard deems it necessary to recognise all future liabilities committed up to the end of the current financial year, and Central Scotland Joint Police Board has complied with it in full beginning with the 2003/04 accounts.

The Abstract of Accounts for 2004/05 has been prepared in compliance with FRS 17, and recognises the full pension obligations in the year in which they are earned by members of the pension schemes. The main effects of complying with the Standard on the 2004/05 Accounts are as follows:

- A charge has been made to the Revenue Account for costs of £16,650K, the funding of which comes from an appropriation from the Pensions Reserve Account.
- The recognition of the Pension Liability of £282,377K in the Balance Sheet has resulted in total net liabilities of £259,577K.

## **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 Police 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 442811) or from the Force's Director of Finance and Resources, Randolphfield, Stirling, FK8 2HD (telephone 01786 456377). Information about Central Scotland Police can be found on the web site at [www.centralscotland.police.uk](http://www.centralscotland.police.uk).

*W. R. Watson*

**William Watson CPFA**

Treasurer

16 June 2005

# CENTRAL SCOTLAND JOINT POLICE BOARD

## STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2005

### 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 as follows:

- Accruals
- Going Concern
- Legislative Requirements
- Quality of Financial Information, being
  - relevance
  - reliability
  - comparability
  - understandability

### 2 Cost Basis

The Abstract of Accounts has been prepared using the historical cost basis as modified by the revaluation of fixed assets.

### 3 Fixed Assets

Land and buildings are recorded at depreciated replacement cost as is 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 depreciated cost.

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.

Where assets become non-operational, depreciation is no longer charged from the date that this is deemed to be the case.

### 4 Depreciation

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

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

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

## **5 Capital Charges**

The capital charges made to the Revenue Account equate to the sum of depreciation plus a notional interest rate of 3.5%. The notional interest rate is variable and is notified by CIPFA.

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.

## **6 Capital Receipts**

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

## **7 Deferred Charges**

The deferred charges previously included in the balance sheet at cost, and amortised over the estimated useful life of the charge have been fully amortised as at 31 March 2005. Where there was no expectation of future benefit, the charge was written off in the year of expenditure.

## **8 Capital Account**

### Fixed Asset Restatement Account

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

### Capital Financing Account

The Code of Practice requires the creation of a Capital Financing Account. The balance on the Account represents primarily the sums that have been set aside to finance capital expenditure.

### Usable Capital Receipts

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

## **9 Income and Expenditure**

Income includes all specific and material sums due to Central Scotland Police for the financial year. Expenditure included in the accounts relates to services provided in the financial year.

## **10 Revenue and Capital Debtors and Creditors**

All specific and material sums payable to and due by the Board as at 31 March 2005 have been brought into account. All salaries and wages earned up to 31 March 2005 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.

## **11 Operating Leases**

Rental payments made under operating leases are charged to the Revenue Account on a straight-line basis, over the term of the lease. The amounts paid under these arrangements and undischarged obligations as at 31 March 2005 are disclosed in Note 5 (page 12) of the Revenue Account.

## **12 Stores and Work in Progress**

The Board complies with the requirements of SSAP 9 "Stocks and Long-Term Contracts". Stocks held at 31 March 2005 are valued at the lower of cost and current market value.

### **13 Insurance**

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

### **14 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 Accounting Standards Board, having recognised that the previous treatment of pensions liabilities was not consistent with the treatment applied to other liabilities in that the full impact of the future obligations accrued in the financial year were not being recognised, introduced the Financial Reporting Standard 17. The Standard deems it necessary to recognise all future liabilities committed up to the end of the current financial year, and Central Scotland Joint Police Board has complied with it in full beginning with the 2003/04 accounts.

In the preparation of its 2004/05 accounts the Board complies with the requirements of UK GAAP and with the requirements of FRS 17 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. The pension costs included in the accounts have been determined with the assistance of an independent actuary.

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 (page 11) and further details of the assets and liabilities of the Schemes have been disclosed in Note 10 to the Balance Sheet (page 18).

### **15 Pension Commutation – Set aside of Revenue Reserves**

In preparing its accounts the Joint Police Board complies in full with the rules of FRS 17. The liability to pay commuted sums for those officers who were eligible to retire but remained in service at 31 March is included in the Net Pension Asset / Liability figure.

Funding for payment of these commuted sums is made available from Police Grant and Requisitions in the year in which the officer is eligible to retire. In order to ensure that this funding is correctly applied, an amount equal to the amount calculated for commuted sums due is set aside in the Revenue Surplus Reserve and “earmarked” for this specific purpose. Details of the set aside amounts are included in Note 7 to the Revenue Account (page 13) and Note 14 to the Balance Sheet (page 22).

### **16 Preparation of Accounts on Going Concern Basis**

Although there is an excess of liabilities over assets, the financial statements have been prepared on a going concern basis. The justification for this is that under the “1995 Combined Area Amalgamation Scheme Orders” the constituent authorities of Central Scotland Joint Police Board are required to meet the Board’s expenditure, net of Police Grant, in each financial year.

### **17 Restated Revenue Account and Balance Sheet**

The accounts for 2004/05 were prepared in full compliance with FRS17 and in compliance with the latest interpretation guidance issued by Local Authority (Scotland) Accounts Advisory Committee.

In previous years a provision was charged through the Revenue Account to recognise the liability to pay commuted sums for those officers who were eligible to retire but remained in service at 31 March of each year. The latest guidance instructs that inclusion of this provision would result in an over statement of the pension liability in the Balance Sheet as it is included in the Net Pension Asset / Liability figure. Therefore the cumulative provision has been removed from the accounts and the resulting surplus has been included in the Accumulated Surplus Carried Forward on the Revenue Account and in the Revenue Surplus Reserves on the Balance Sheet. As implementing the change in accounting policy results in a material difference to last year’s figures a prior year adjustment has been made to the 2003/04 accounts.

The effects of the prior year adjustment on the Revenue Account are that the Surplus for the year has increased from £123K to £340K, the Brought Forward surplus increased from £294K to £1,509K, and the Accumulated Surplus Carried Forward increased from £417K to £1,849K.

The 2003/04 Balance Sheet now shows a Net Pension Liability of £211,049K and a Pension Reserve of £211,049K. The Surplus Revenue Reserve increased from £417K to £1,849K. The total net liabilities on the Balance Sheet remain unchanged at £198,722K.

**CENTRAL SCOTLAND JOINT POLICE BOARD**  
**REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005**

<b>Restated 2003/04 £000</b>		<b>Actual 2004/05 £000</b>	<b>Budget 2004/05 £000</b>	<b>Variance £000</b>
42,712	Staff Costs	48,354	42,645	(5,709)
991	Property Costs	1,009	994	(15)
2,291	Supplies and Services	2,678	2,354	(324)
820	Transport Costs	868	782	(86)
1,026	Third Party Payments	910	778	(132)
1,543	Finance Costs / Capital Charges	2,844	2,135	(709)
1,589	Exceptional item	0	0	0
<b>50,972</b>	<b>GROSS EXPENDITURE</b>	<b>56,663</b>	<b>49,688</b>	<b>(6,975)</b>
(4,821)	Income	(5,982)	(4,257)	1,725
<b>46,151</b>	<b>NET COST OF SERVICES</b>	<b>50,681</b>	<b>45,431</b>	<b>(5,250)</b>
(25)	Transfer from Asset Management Revenue Account (Note 6)	(855)	0	855
(58)	Interest on Revenue Balances	(100)	0	100
12,731	Pension Interest Costs	12,343	0	(12,343)
(619)	Expected Return on Pension Assets	(820)	0	820
<b>58,180</b>	<b>NET OPERATING EXPENDITURE</b>	<b>61,249</b>	<b>45,431</b>	<b>(15,818)</b>
(1,607)	Appropriations (from) / to Capital Financing Account	(76)	0	76
(14,300)	Movement on Pensions Reserve	(16,650)	0	16,650
<b>42,273</b>	<b>Net Expenditure to be met from Grant &amp; Constituent Authorities</b>	<b>44,523</b>	<b>45,431</b>	<b>908</b>
21,294	<u>Funded from Specific Government Grant</u>	22,463		
	<u>Funded from Requisitions on Constituent Authorities</u>			
3,368	Clackmannanshire      15.8%	3,593		
11,022	Falkirk                      51.7%	11,757		
6,929	Stirling                      32.5%	7,391	22,741	
<b>42,613</b>		<b>45,204</b>		
<b>340</b>	<b>Surplus / (Deficit) for the year</b>	<b>681</b>		
1,509	Accumulated Surplus / (Deficit) brought forward	1,849		
<b>1,849</b>	<b>Accumulated Surplus / (Deficit) carried forward (Note 7)</b>	<b>2,530</b>		

## NOTES TO THE REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

1. As required under the Best Value Accounting Code of Practice the following analysis is provided for the divisions of service suggested: -

<b>Service Divisions for Police Services For The Year Ended 31<sup>st</sup> March 2005</b>		
	<b>2003/04 Actual £000</b>	<b>2004/05 Actual £000</b>
Call Management	514	549
Common Police Services	1,159	413
Community Safety	16,315	17,443
Corporate & Democratic Core	57	62
Crime Management	18,171	19,427
Finance Costs / Capital Charges	1,543	2,844
Police Pensions	2,300	5,127
Public Order	2,054	2,197
Traffic Management	2,449	2,619
<b>Adjusted Net Cost of Services for the year ended 31 March 2005</b>	<b>44,562</b>	<b>50,681</b>
Being : Per Revenue Account	46,151	50,681
Less : Exceptional Item	(1,589)	0
<b>Adjusted Net Cost of Services</b>	<b>44,562</b>	<b>50,681</b>

The Exceptional Item in 2003/04 related to the impairment cost of demolishing the police station at Falkirk in preparation for the building of the new Falkirk Police Station.

## 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 accrued cost of pensions and other benefits earned in the financial year and payable to scheme members after allowing for the receipt of contributions and transfer value income.

In 2004/05, the current service cost of pensions was £9.7 million, representing 42.3% of pensionable pay. In the Police Pension Scheme the age profile of the active membership is rising significantly. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

### 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 accrued cost of pensions and other benefits earned in the financial year and payable to scheme members 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. A further formal fund valuation is due to take place as at 31st March 2005.

For 2004/05, the Pension Fund Actuary has used an alternative discount rate (AA Corporate Bonds) as a means of valuing pension fund liabilities. This change has brought the valuation of local authority pension funds more into line with the valuation methods used in other sectors.

In 2004/05, the Board's current service costs amounted to £1,025K, representing 20.4% 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 2004/05 is nil,
- b) retiring in earlier years, for which payments are still being made, is £222K.

### 3. PUBLICITY ACCOUNT

Section 5 of the Local Government Act 1986 requires a separate account to be kept of expenditure on publicity. During 2004/05 the Board incurred the following publicity expenditure:

	<b>£</b>
Employment Advertising	49,864
Other Advertising	20,221
	<u>70,085</u>

### 4. AUDIT FEES

The fees charged to the Revenue Account and payable to Audit Scotland are as follows:

	<b>2003/04</b>	<b>2004/05</b>
	<b>£</b>	<b>£</b>
External Audit Services	27,570	30,580
Other Services	0	0
	<u>27,570</u>	<u>30,580</u>

### 5. OPERATING LEASES

Rental payments made under operating leases are charged to the Revenue Account on a straight-line basis over the term of the lease. Details of the Joint Police Board's obligations:

Actual Lease Payments	Category of Lease	Actual Lease Payments	Committed Lease Payments	Leases Expiring During	Leases Expiring between 2006/07 & 2009/10	Leases Expiring from 2010/11 onwards
2003/04		2004/05	2005/06	2005/06	2006/07 & 2009/10	2010/11 onwards
£		£	£	£	£	£
0	CCTV Rental Agreement	0	4,013	0	0	4,013
0	Car Leases	3,000	15,000	0	15,000	0
6,692	Land	6,450	14,500	0	0	14,500
<u>25,628</u>	Photocopiers	<u>24,796</u>	<u>6,300</u>	<u>6,300</u>	<u>0</u>	<u>0</u>
<b><u>32,320</u></b>	<b>Total</b>	<b><u>34,246</u></b>	<b><u>39,813</u></b>	<b><u>6,300</u></b>	<b><u>15,000</u></b>	<b><u>18,513</u></b>

## 6. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

The 2004/05 transactions on the Asset Management Revenue Account are as follows:

	2003/04	2004/05
	£000	£000
<b>Income -</b>		
Capital Charges	(1,543)	(2,844)
<b>Less Expenditure -</b>		
Provision for Depreciation and Amortisation of Deferred Capital Grant	909	1,056
Loans Fund Interest and Expenses	609	933
<b>Balance to Revenue Account</b>	<b>(25)</b>	<b>(855)</b>

## 7. ACCUMULATED SURPLUS

The surplus of requisitions paid plus police grant due over the actual net expenditure is taken to reserves to provide a working balance and to provide against material unforeseen circumstances.

Also included in the Accumulated Surplus figure is the amount of funding which is required to be set aside to meet future commuted sums of police officers who were at the year end eligible to retire but chose to remain in service.

As at 31 March 2005 the amount included in the Accumulated Surplus but required to provide for future commuted sums was £997K (as at 31 March 2004 - £1,432K).

## 8. STAFF EMOLUMENTS

The number of police officers and support staff whose remuneration, excluding pension contributions, was £40,000 or more in bands of £10,000 were:

	2003/04	2004/05
<b><u>Remuneration Band</u></b>	<b>Number of Employees</b>	<b>Number of Employees</b>
£40,000-£49,999	35	57
£50,000-£59,999	7	8
£60,000-£69,999	5	4
£70,000-£79,999	1	0
£80,000-£89,999	1	1
£90,000-£99,999	1	1
£100,000-£109,999	0	0
£110,000-£119,999	0	1
	<b>50</b>	<b>72</b>

**9. 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. The Joint Police Board does not remunerate the members for their services to it.

Ms Rose Mary Glackin, 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 2004/05 there were no material transactions with any related parties, which are not disclosed elsewhere within the Abstract of Accounts.

**10. BUDGET INFORMATION**

The budget figures included in the Revenue Account are not subject to the same level of audit testing as actual income and expenditure.

**CENTRAL SCOTLAND JOINT POLICE BOARD  
BALANCE SHEET AS AT 31 MARCH 2005**

<b>Restated 2003/04 £000</b>		<b>2004/05 £000</b>	<b>2004/05 £000</b>
<b>FIXED ASSETS</b>			
15,030	Operational Land and Buildings	32,727	
750	Non Operational Assets	447	
1,907	Vehicles, Plant and Equipment	4,555	
7,049	Assets Under Construction	22	
13	Deferred Charges	0	
<b>24,749</b>	<b>TOTAL FIXED ASSETS (Notes 1 to 6)</b>		<b>37,751</b>
<b>CURRENT ASSETS</b>			
218	Stocks	248	
2,149	Debtors (Note 7)	2,771	
5	Advances and Petty Cash	5	
1,546	Advances with Stirling Council Loans Fund	2,782	
<b>3,918</b>			<b>5,806</b>
<b>CURRENT LIABILITIES</b>			
<b>(3,145)</b>	Creditors (Note 8)		<b>(4,080)</b>
<b>25,522</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>39,477</b>
<b>LESS: LONG TERM LIABILITIES</b>			
0	Government Grants – Deferred Account (Note 11)		(4,317)
(211,049)	Net Pension Asset / (Liability)		(282,377)
(13,195)	Long Term Borrowing – Stirling Council (Note 12)		(12,360)
<b>(198,722)</b>	<b>TOTAL NET ASSETS / LIABILITIES</b>		<b>(259,577)</b>
<b><u>RESERVES:-</u></b>			
101	Insurance Fund (Note 13)		81
1,849	Surplus Revenue Reserve (Note 14)		2,530
(211,049)	Pension Reserve (Note 15)		(282,377)
9,846	Fixed Asset Restatement Account (Note 16)		19,679
316	Capital Financing Account (Note 16)		240
215	Usable Capital Receipts Account (Note 16)		270
<b>(198,722)</b>			<b>(259,577)</b>

In my opinion the Abstract of Accounts presents fairly the financial position of the Joint Police Board as at 31 March 2005 and its income and expenditure for the year then ended.

William Watson CPFA  
Treasurer  
16 June 2005

*W. R. Watson*

## NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2005

### 1. VALUATION OF THE BOARD'S ASSETS

The properties which comprise the Joint Police Board's property portfolio, with the exception of the Falkirk Police Station, were valued as at 1 April 2004 by Stirling Council Estates Services in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The land and buildings at the site of the new Falkirk police station were valued as at 1 November 2004, the property having become operational during October 2004.

The intention is to carry out asset re-valuations every five years, the next full valuation being due to take place during 2009/10 for the year ended 31 March 2010.

### 2. FIXED ASSETS INFORMATION AS AT 31 MARCH 2005

The Joint Police Board's fixed assets are in respect of Operational and Non-Operational Land and Buildings; Operational Vehicles; Computer, Laboratory and Other Equipment; Plant, Radio and Telecommunications Equipment.

Asset Type	Number
Police Stations	22
Police Houses – Operational	8
Police Houses – Non-Operational	7
Radio Aerial Sites	8
Vehicles	184

### 3. FIXED ASSET STATEMENT

	Land & Buildings £000	Non-Operational Assets £000	Operational Vehicles £000	Computer, Plant and Equipment £000	Assets Under Construction £000	Total £000
<b>Gross Valuation</b>						
Opening Balance as at 1.4.04	17,545	750	2,975	2,995	7,049	31,314
Revaluations/Restatements	15,898	(303)	0	1,463	(7,049)	10,009
Additions	2,504	0	550	1,558	22	4,634
Disposals	0	0	(672)	(407)	0	(1,079)
<b>Balance as at 31.3.2005</b>	<b>35,947</b>	<b>447</b>	<b>2,853</b>	<b>5,609</b>	<b>22</b>	<b>44,878</b>
<b>Depreciation</b>						
Opening Balance as at 1.4.04	2,515	0	1,813	2,250	0	6,578
Relating to disposals	0	0	(578)	(325)	0	(903)
Charge for the year	705	0	272	475	0	1,452
<b>Balance as at 31.3.2005</b>	<b>(3,220)</b>	<b>0</b>	<b>(1,507)</b>	<b>(2,400)</b>	<b>0</b>	<b>(7,127)</b>
<b>Written Down Value as at 31.3.2005</b>	<b>32,727</b>	<b>447</b>	<b>1,346</b>	<b>3,209</b>	<b>22</b>	<b>37,751</b>
<b>Written Down Value as at 31.3.2004</b>	<b>15,030</b>	<b>750</b>	<b>1,162</b>	<b>745</b>	<b>7,049</b>	<b>24,736</b>

Land & Buildings includes “Non Operational” police houses and their land with a total valuation of £447K as at 31 March 2005. The Joint Police Board agreed at their meeting on 25 of August 2004 that the houses no longer required for operational purposes could be sold. Those where officers are in residence are being sold at the discounted rates permitted as per the sales of council houses to residents. Those houses not occupied are being sold on the open market. Valuations were carried out by Stirling Council Corporate Asset Management Department as part of the exercise of total revaluation of the police estate, as per Note 1 above.

Assets Under Construction from 2003/04 are now incorporated in the Net Book Values of the appropriate category of asset. In 2004/05 work commenced on a project to renovate the cell complex at Stirling. The costs to date (£22K) have been held as “Assets Under Construction” pending completion of the project.

#### 4. DEFERRED CHARGES

The following deferred charge was fully amortised as at 31 March 2005:

	<b>£000</b>
<b>Gross Value</b>	
Opening Value 1.4.04	39
Additions	0
Closing Value 31.3.05	<u>39</u>
<b>Amortisation</b>	
Opening Value 1.4.04	26
Charge for year	13
Closing Value 31.3.05	<u>39</u>
<b>Net Book Value as at 31.3.05</b>	<u><b>0</b></u>
<b>Net Book Value as at 1.4.04</b>	<u><b>13</b></u>

#### 5. CAPITAL EXPENDITURE IN THE YEAR

Capital expenditure of £4,634K was incurred in the year and was financed as follows:-

	%	£000
Capital Grants Applied	100	4,634
Capital Receipts Applied	0	<u>0</u>
		<u><b>4,634</b></u>

#### 6. CAPITAL COMMITMENTS

As at the year end some of the work required to comply with the Disability Discrimination Act was in progress but not completed. The resulting capital contractual commitments incumbent on the Joint Police Board as at 31 March 2005 were therefore as follows:

<b>Contractor</b>	<b>Estimated Value of Commitment</b>	<b>Purpose of contract</b>
A & L King	£53K	Bringing police estate up to standards required under disability discrimination laws

## 7. DEBTORS

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

	<b>2003/04</b>	<b>2004/05</b>
	<b>£000</b>	<b>£000</b>
Government Grants	484	663
VAT	899	299
Other Grants & Recharges	43	579
Sales Ledger Debtors	378	901
Sundry Prepayments	345	329
	<hr/>	<hr/>
	<b>2,149</b>	<b>2,771</b>

## 8. CREDITORS

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

	<b>2003/04</b>	<b>2004/05</b>
	<b>£000</b>	<b>£000</b>
Payroll Accruals	1,362	1,358
Short Term Advances with Stirling Council Loans Fund	1,181	1,022
Government Grants	20	69
Purchase Ledger Creditors	245	526
Sundry Accruals	337	1,105
	<hr/>	<hr/>
	<b>3,145</b>	<b>4,080</b>

## 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 had been 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. Under the full application of FRS 17 this liability is better covered under the actuarial calculations of the Net Pension Asset / Liability and Pension Reserve figures. Therefore a prior year adjustment was made to remove this provision from the accounts.

In order to preserve the funding to pay for the cost of the commuted sums of officers eligible to retire but who have not yet done so, the amount previously held in a provision is now included in the Accumulated Surplus Carried Forward and "earmarked" for this purpose. As at 31 March 2005, the earmarked amount is £997K (31 March 2004 - £1,432K). This is also detailed in Note 7 of the Notes to the Revenue Account on page 13 and at Note 14, Surplus Revenue Reserve on page 22.

## 10. ACCOUNTING FOR RETIREMENT BENEFITS

As part of the terms and conditions of employment of police officers and support staff, the Joint Police Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments and that commitment needs to be incorporated into the Abstract of Accounts and 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 2004/05, pension costs have been charged to the consolidated revenue account on the accruals basis as prescribed in FRS 17. As at 31 March 2005, the Board had the following overall assets and liabilities for pensions. In compliance with FRS 17 these have been included in the Balance Sheet as at 31 March 2005.

	Local Government Pension Scheme		Police Pension Scheme		Totals	
	£000		£000		£000	
	31 March 2005	31 March 2004	31 March 2005	31 March 2004	31 March 2005	31 March 2004
Estimated liabilities in scheme	(18,223)	(12,810)	(276,900)	(209,100)	(295,123)	(221,910)
Estimated unfunded discretionary liabilities	(222)	(188)	0	0	(222)	(188)
Estimated assets in scheme	12,968	11,049	0	0	12,968	11,049
Net asset/ (liability)	(5,477)	(1,949)	(276,900)	(209,100)	(282,377)	(211,049)

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	
	2004/05	2003/04	2004/05	2003/04
Rate of Inflation	2.9%	2.9%	2.9%	2.9%
Rate of increase in salaries	4.4%	4.4%	4.4%	4.4%
Rate of increase in pensions	2.9%	2.9%	2.9%	2.9%
Rate for discounting scheme liabilities (n.b. based on 5.5% real)	5.4%	6.5%	5.4%	6.5%

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 2005	31 March 2004
Equity Investments	7.7%	74.0%	77.4%
Bonds	4.8%	11.0%	9.4%
Property	5.7%	10.7%	8.9%
Cash	4.8%	4.3%	4.3%
		<b>100%</b>	<b>100%</b>

The movement in the net pension liability for the year to 31 March 2005 is as follows:

	<b>Local Government Pension Scheme</b>	<b>Police Pension Scheme</b>
	<b>£000</b>	<b>£000</b>
<b>Net pensions asset/(liability) at 1 April 2004</b>	<b>(1,949)</b>	<b>(209,100)</b>
<i>Movements in the year:</i>		
◆ current service cost	(1,025)	(9,700)
◆ employer's contributions payable to scheme	682	4,900
◆ transfers in from other authorities	0	(742)
◆ contributions in respect of unfunded benefits	16	0
◆ pensions and lump sum expenditure	0	0
◆ past service costs	0	0
◆ interest cost	(743)	(11,600)
◆ net return on assets in the scheme	820	0
◆ actuarial gains / (losses)	(3,278)	(50,658)
<b>Net pension asset/(liability) at 31 March 2005</b>	<b>(5,477)</b>	<b>(276,900)</b>

The reported increase in the net liability position is mainly due to the Pension Fund Actuary using an alternative discount rate (AA Corporate Bonds) as a means of valuing pension fund liabilities. This change brings the valuation of local authority pension funds more into line with the valuation methods used in other sectors.

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 2005.

<b>Local Government Pension Scheme</b>	<b>31 March 2005</b>		<b>31 March 2004</b>		<b>31 March 2003</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Differences between the expected and actual return on assets	382	2.9% of assets	1,618	14.6% of assets	(4,006)	(48.7)% of assets
Differences between actuarial assumptions about liabilities and actual experience	(7)	0.0% of liabilities	35	0.3% of liabilities	(660)	(5.8)% of liabilities
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	0	0
Changes in the Financial Assumptions underlying the present value of the Scheme Liabilities	(3,653)	0	0	0	0	0
<b>Actuarial Gain/(Loss)</b>	<b>(3,278)</b>	<b>-</b>	<b>1,653</b>	<b>-</b>	<b>(4,666)</b>	<b>-</b>

<b>Police Pension Scheme</b>	<b>31 March 2005</b>		<b>31 March 2004</b>		<b>31 March 2003</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Differences between the expected and actual return on assets	1,800	0.7% of assets	(200)	(0.1)% of assets	0	0
Differences between actuarial assumptions about liabilities and actual experience	(52,458)	(18.9)% of liabilities	0	0	11,968	6.15% of liabilities
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	(16,000)	(8.22)% of liabilities
<b>Actuarial Gain/(Loss)</b>	<b>(50,658)</b>	<b>-</b>	<b>(200)</b>	<b>-</b>	<b>(4,032)</b>	<b>-</b>

## 11. GOVERNMENT GRANTS – DEFERRED ACCOUNT

From the financial year 2004/05 capital expenditure is supported by a capital grant from the Scottish Executive. The amount of grant is settled during the budgeting process, and paid by the Executive in twelve monthly instalments to the Joint Police Board.

The capital grant is held in the Balance Sheet, and is amortised over the useful life of the asset with which it is associated.

During 2004/05, the Board received a capital grant of £4.7 million. Of this grant, £4.6 million was used to fund capital expenditure. The balance of £78K will be utilised against capital projects in the financial year 2005/06.

Details of the amounts received and amortised are as follows:

	<b>2004/05</b> <b>£000</b>
Opening balance at 01.04.05	0
Grant received	4,712
Amortisation for the year	<u>(395)</u>
<b>Closing balance at 31.03.05</b>	<b><u>4,317</u></b>

## 12. LONG TERM BORROWING – STIRLING COUNCIL

The debt to Stirling Council is repayable over the following periods:

	<b>2003/04</b> <b>£000</b>	<b>2004/05</b> <b>£000</b>
Loans due within 1 year	1,181	1,022
Loans due 1 – 2 years	1,225	857
Loans due 2 – 5 years	2,188	1,723
Loans due 5 – 10 years	1,232	1,361
Loans due over 10 years	<u>8,550</u>	<u>8,419</u>
Total due 31 March	<b><u>14,376</u></b>	<b><u>13,382</u></b>

## 13. INSURANCE FUND

During the 2004/05 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.

	<b>2003/04</b> <b>£000</b>	<b>2004/05</b> <b>£000</b>	<b>Movement</b> <b>£000</b>
Insurance Fund Reserve for future liabilities	101	81	-20

The amount of the balance of £81K should adequately cover the self-funded element of all claims to be settled.

#### 14. SURPLUS REVENUE RESERVE

The surplus of requisitions paid plus police grant due over the actual net expenditure is taken to reserves to provide a working balance and to provide against material unforeseen circumstances.

Also included in the Revenue Reserve figure is the amount of funding which is required to be set aside to meet future commuted sums of police officers who were at the year end eligible to retire but chose to remain in service.

As at 31 March 2005 the amount included in the Revenue Reserve but required to provide for future commuted sums was £997K (as at 31 March 2004 - £1,432K).

#### 15. PENSION RESERVE

In compliance with FRS 17, a Pension Reserve has been established in the Balance Sheet to represent the accumulated assets / liabilities resulting from processing the entries required for full compliance with FRS 17.

The movement in the Pension Reserve for the year is as follows:

	<b>2003/04 £000</b>	<b>2004/05 £000</b>
<b>Opening Balance</b>	198,032	211,049
Unfunded Discretionary Benefits	173	0
Net Actuarial (Gains) / Losses	(1,456)	53,936
Adjustment for Employer's Contributions Paid	(5,342)	(5,127)
Reversal of Revenue Account Entries	19,642	21,777
Transfer from Other Authority	0	742
<b>Closing Balance</b>	<b>211,049</b>	<b>282,377</b>

**16. STATEMENT OF MOVEMENT IN CAPITAL ACCOUNTS**

	<b>Fixed Asset Restatement Account</b>	<b>Capital Financing Account</b>	<b>Usable Capital Receipts Account</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1/4/04</b>	(9,846)	(316)	(215)	(10,377)
Revaluation of assets	(10,009)			(10,009)
2004/2005 expenditure not increasing value of assets				
Effects of disposals of fixed assets	176			176
Financing of fixed assets				
Proceeds of disposal			(55)	(55)
Difference between loan principal repayment and depreciation		471		471
Applied capital receipts				
Amortisation of Capital Grant		(395)		(395)
<b>Balance as at 31/3/05</b>	<b>(19,679)</b>	<b>(240)</b>	<b>(270)</b>	<b>(20,189)</b>

**Fixed Asset Restatement Account**

The Fixed Asset Restatement Account represents the difference between the valuation of assets under the previous system of capital accounting and the revaluation as at 1 April 1994. The account is adjusted on an accruals basis to reflect the disposal of assets and the effect of revaluations and restatement of asset values. The account cannot be called upon to support expenditure.

**Capital Financing Account**

The Capital Financing Account 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 account cannot be called upon to support expenditure.

**Usable Capital Receipts Account**

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

**CENTRAL SCOTLAND JOINT POLICE BOARD  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005**

<b>2003/04</b>		<b>2004/05</b>	<b>2004/05</b>
<b>£000</b>	<b><u>REVENUE ACTIVITIES</u></b>	<b>£000</b>	<b>£000</b>
	<b>Expenditure</b>		
40,198	Cash Paid to and on Behalf of Employees	43,231	
<u>6,390</u>	Other Operating Costs	<u>4,362</u>	47,593
	<b>Income</b>		
(4,153)	General	(4,731)	
(21,319)	Requisitions from Constituent Authorities	(22,741)	
<u>(22,509)</u>	Government Grants (Note 4)	<u>(23,050)</u>	<u>(50,522)</u>
<b>(1,393)</b>	<b><i>NET CASH (INFLOW) / OUTFLOW FROM REVENUE ACTIVITIES (Note 1)</i></b>		<b>(2,929)</b>
	<b><u>SERVICING OF FINANCE</u></b>		
	<b>Expenditure</b>		
609	Interest Paid	932	
	<b>Income</b>		
<u>(58)</u>	Interest on Revenue Balances	<u>(100)</u>	
<b>551</b>	<b><i>NET CASH (INFLOW) / OUTFLOW FROM SERVICING OF FINANCE</i></b>		<b>832</b>
	<b><u>CAPITAL ACTIVITIES</u></b>		
	<b>Expenditure</b>		
7,964	Purchase of Fixed Assets	4,634	
	<b>Income</b>		
(31)	Sale of Fixed Assets	(55)	
<u>0</u>	Capital Grant Received	<u>(4,712)</u>	
<b>7,933</b>	<b><i>NET CASH (INFLOW) / OUTFLOW FROM CAPITAL ACTIVITIES</i></b>		<b>(133)</b>
<b>7,091</b>	<b><i>NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING</i></b>		<b>(2,230)</b>
	<b><u>MANAGEMENT OF LIQUID RESOURCES</u></b>		
(128)	Net Increase / (Decrease) in Temporary Advances (Note 3)		1,236
	<b><u>FINANCING</u></b>		
	<b>Expenditure</b>		
695	Repayment of Amounts Borrowed	1,181	
	<b>Income</b>		
<u>(7,658)</u>	New Loans Raised	<u>(187)</u>	
<b>(6,963)</b>	<b><i>NET CASH (INFLOW) / OUTFLOW FROM FINANCING</i></b>		<b>994</b>
<b>0</b>	<b><i>NET (INCREASE) / DECREASE IN CASH (Note 2)</i></b>		<b>0</b>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2005**

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

	<b>£000</b>	<b>£000</b>
Revenue Account Balance		(681)
Interest		(832)
Repayment of Amounts Borrowed		(1,181)
<b>Non-Cash Transactions:-</b>		
Insurance Fund		20
<b>Items on an Accruals Basis:-</b>		
Increase in Stocks	30	
Increase in Debtors	622	
Decrease in Creditors	(907)	
	<u>          </u>	<u>(255)</u>
<b>Cash Inflow from Revenue Activities</b>		<b><u>(2,929)</u></b>

**2. ANALYSIS OF CASH BALANCES**

	<b>01-Apr-04</b>	<b>31-Mar-05</b>	<b>Movement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash in Hand	5	5	0
Bank	<u>0</u>	<u>0</u>	<u>0</u>
	<u>5</u>	<u>5</u>	<u>0</u>

**3. MANAGEMENT OF LIQUID RESOURCES**

	<b>01-Apr-04</b>	<b>31-Mar-05</b>	<b>Movement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Temporary Advances to Stirling Council Loans Fund	1,546	2,782	1,236

**4. ANALYSIS OF GOVERNMENT GRANTS**

	<b>£000</b>
Police Specific Grant	22,463
Other Government Grants	<u>587</u>
<b>TOTAL</b>	<b><u>23,050</u></b>

# CENTRAL SCOTLAND JOINT POLICE BOARD

## STATEMENT OF RESPONSIBILITIES FOR THE ABSTRACT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

### **The Joint Police Board's Responsibilities**

The Joint Police 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 Police 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 Joint Police 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 Joint Police Board at the accounting date and its income and expenditure for the year ended 31 March 2005.

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

# CENTRAL SCOTLAND JOINT POLICE BOARD

## STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2005

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 Board also employs a comprehensive system of risk management which applies to all key areas of the organisation. For example, the application of the National Intelligence Model in the operational sphere and the use of PRINCE2 project management methodology, incorporating risk management. To further enhance this, the Force Policy Group have decided to develop an over-arching risk register, the introduction of which is being managed under PRINCE2 project management disciplines.
5. Also, it has been recognised that the existing internal financial procedures and authorised signatories list should be updated and this will be programmed utilising the same project management methodology. Due in large part to the consistency and knowledge of staff within the Finance Department, the current arrangements do not present a material risk in this area. However it is important that documented procedures are updated.
6. The Information Management Board oversees all strategic issues relating to information technology and communications. As part of this role it has been instrumental in ensuring that business continuity / disaster recovery plans are in place for all critical systems. Additionally, it is now planning an overarching business continuity / disaster recovery plan for the new IT system platform.
7. 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 Prevention 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 Director of Finance and Resources 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 2004/05, the Internal Audit Manager has concluded that after considering Officers' responses and implementation of recommendations made, reasonable assurance can be placed upon the internal controls in operation throughout the Board.

8. 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.
9. From the work carried out by Internal Audit in 2004/05 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 Director of Finance and Resources.
10. For 2004/05 it can be confirmed that all material recommendations were acted upon by the Board. The Internal Audit Annual Report 2004/05, presented to the Best Value & Audit Sub-Committee of the Joint Police Board, outlined the following key areas, in this regard :
  - Management information in relation to contracts is dealt with in a timely manner;
  - Expenditure of at least £60K (the tendering limit) is reviewed to ensure best value;
  - It has been recognised that the stores system requires updating and this has been actioned;
  - Imprest holders have been instructed on the requirement to be aware of guidelines;
  - Although there were no issues arising regarding Payroll, the manual will be updated
11. As part of the Board's responsibilities for corporate governance, the Best Value and Audit Sub-Committee is now firmly established. In terms of corporate governance, this group fulfils the requirements of an audit committee and has a schedule of quarterly meetings arranged to address pertinent issues. With regard to anti fraud and corruption, policies and regulations developed provide a robust process for preventing and/or detecting wrongdoing. Also, the Professional Standards Department 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. Also, in the last year the Force has introduced "safecall" which is an independent confidential reporting facility for staff to report wrongdoing, and a new workplace contact scheme for staff to seek advice from contact advisors on coping with harassment, discrimination and / or bullying. These are both important tools which clearly demonstrate the Force's commitment to identify and deal effectively with wrongdoing. Furthermore, there is an ongoing review designed to ensure that a comprehensive library of up to date financial procedures exists.

*W. R. Watson*

**William Watson CPFA**  
Treasurer  
16 June 2005

# INDEPENDENT AUDITORS' REPORT

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

We certify that we have audited the financial statements on pages 6 to 28 under the Local Government (Scotland) Act 1973. The financial statements have been prepared in accordance with the accounting policies set out on pages 6 to 9.

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 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 26 the Treasurer of the Joint Board 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 2005 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 27 and 28 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 2005 and its income and expenditure for the year then ended.

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

30 September 2005

# CENTRAL SCOTLAND JOINT POLICE BOARD

## STATUTORY PERFORMANCE INDICATORS 2004/2005

The Local Government Act 1992 requires the Force to publish Statutory Performance Indicators relating to activities that will facilitate the making of appropriate comparisons by reference to the criteria of cost, economy, efficiency and effectiveness. The indicators for Central Scotland Police for the financial year ending 31<sup>st</sup> March 2005 are detailed under the headings shown below. The 2003/04 figures are also displayed to allow comparisons to be made between years.

### INDICATOR 1

	<b>2003/2004</b>	<b>2004/2005</b>
The percentage of crimes cleared up	66.6%	62.5%

### INDICATOR 2

	<b>2003/2004</b>	<b>2004/2005</b>
The percentage of serious violent crime cleared up	94.7%	96.3%

### INDICATOR 3

	<b>2003/2004</b>	<b>2004/2005</b>
The percentage of housebreakings cleared up	44.9%	37.8%

### INDICATOR 4

	<b>2003/2004</b>	<b>2004/2005</b>
The percentage of car crimes cleared up	45.3%	45.6%

### INDICATOR 5

	<b>2003/2004</b>	<b>2004/2005</b>
The proportion of 999 calls answered within 10 seconds	94.0%	85.0%

### INDICATOR 6

	<b>2003/2004</b>	<b>2004/2005</b>
The proportion of working time lost due to sickness absence for:		
(a) Police Officers	5.8%	4.5%
(b) Support Staff	4.8%	3.7%

**INDICATOR 7**

	<b>2003/2004</b>	<b>2004/2005</b>
The number of complaints per 100 members of the police force	14.3	10.7

**INDICATOR 8**

	<b>2003/2004</b>	<b>2004/2005</b>
The number of racist incidents per 1,000 population	0.81	1.08

**INDICATOR 9**

	<b>2003/2004</b>	<b>2004/2005</b>
The percentage of racially aggravated crimes cleared up	77.5%	83.1%

**INDICATOR 10**

	<b>2003/2004</b>	<b>2004/2005</b>
The number of Class A drug seizures and percentage change compared with 2000-2003	Weight No. of Doses/Tablets Volume	-61.1%
	-	-82.1%
	-	57.6%
The number of offences for supply and possession with intent to supply Class A drugs and percentage change compared with 2000-2003	-	103.1%

**INDICATOR 11**

	<b>2003/2004</b>	<b>2004/2005</b>
The number of people killed or injured as a result of road accidents and percentage change compared with the 5 year average 1994 to 1998 :		
(a) All people killed or seriously injured	-30.3%	-40.7%
(b) Children killed or seriously injured	-67.2%	-62.3%
(c) All people with slight injuries	-13.0%	-25.1%

**INDICATOR 12**

	<b>2003/2004</b>	<b>2004/2005</b>
The percentage of police reports sent to the Children's Reporter within 10 days of caution/charge	-	51.9%
The percentage of police reports sent to the Procurator Fiscal within 28 days of caution/charge	-	57.5%