

**CENTRAL SCOTLAND JOINT
POLICE BOARD**



ABSTRACT OF ACCOUNTS

2007/2008

CENTRAL SCOTLAND JOINT POLICE BOARD

ABSTRACT OF ACCOUNTS 2007/08

CONTENTS	PAGE NO.
Members and Officials 2007/08	3
Treasurer's Report	4
Statement of Main Accounting Policies	7
Income and Expenditure Account	11
Statement of Movement on the General Fund Balance	12
Statement of Total Recognised Gains and Losses	12
Balance Sheet as at 31 March 2008	13
Cash Flow Statement for the year to 31 March 2008	14
Notes to the Income and Expenditure Account	15
Notes to the Balance Sheet	19
Notes to the Cash Flow Statement	30
Statement of Responsibilities for the Abstract of Accounts	31
Statement on the System of Internal Financial Control	32
Independent Auditors Report	35
Statutory Performance Indicators	37

CENTRAL SCOTLAND JOINT POLICE BOARD

MEMBERS AND OFFICIALS 2007/08

The members and officials of the Joint Police Board for 2007/08 were as noted below.

CONVENOR

Councillor G Matchett, Clackmannanshire Council

VICE CONVENORS

Councillor G Houston, Stirling Council
Councillor J Blackwood, Falkirk Council

FALKIRK COUNCIL

Appointed Members -

Councillor T Coleman
Councillor C R Martin
Councillor A Nimmo
Councillor M Oliver
Councillor A Waddell

STIRLING COUNCIL

Appointed Members -

Councillor J Hendry
Councillor N Benny

CLACKMANNANSHIRE COUNCIL

Appointed Members -

Councillor C Holden

OFFICIALS

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

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2007/08

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 2007/08, the Force continued to perform at high levels with its detection rate remaining one of the highest in the country at 60%.

The statutory accounts are produced in accordance with the Statement of Recommended Practice 2007 (the SORP) and the associated notes comprise:-

- Income and Expenditure Account which details expenditure and income of the Board analysed by service functions.
- Statement of Movement on the General Fund Balance which outlines the position in relation to the general reserve level
- Statement of Total Recognised Gains and Losses which demonstrate how the movement in net worth in the Balance sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses
- Balance Sheet which sets out the financial position of the Board as at 31st March 2008.
- The Cash Flow Statement which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

INCOME & EXPENDITURE ACCOUNT

At its meeting on 31 January 2007, the Board approved a Revenue Budget of £53.6 million for the financial year 2007/08. After deducting the estimated government grant of £27.1 million, the resultant requisition upon the constituent authorities was £26.5 million. The final revenue position will leave the Board with accumulated revenue reserves to carry forward of £915K (2006/07 = £1,303K). This surplus includes an "earmarked" element for police pension commutations of £702K. The balance of £213K is broadly in line with expectations and represents a marginal improvement towards reaching the target level of reserves of 1% of budget previously approved by the Board.

These financial statements have been prepared in accordance with the relevant Statement of Recommended Practice as explained in the Statement of Accounting Policies below and reflect the format prescribed by the Best Value Accounting Code of Practice. As such the Income and Expenditure Account reflects the agreed divisions of the net cost of services which Police Authorities are required to disclose.

The Income & Expenditure Account therefore shows total financial resources consumed by the Force and in employing these it has directed resources according to the agreed business and strategic plans.

Staff costs were approximately £1,121K higher than the original budget, with pensions costs accounting for £1,033K of this and of this the pension cost variance £618K was excluded from the budget having been already met from the earmarked element of the revenue reserve in 2006/07.

Other costs are £259K lower than the original budget. This is due to a number of factors, the most significant of which are energy and financing costs being less than the original budget offset by increases in equipment and prisoner holding costs.

Income is £615K higher than the original budget due to a number of factors including additional grants and officer secondments for specialist operations. The overall effect is a net position broadly in line with budget and revenue reserves at the target level set at the beginning of financial year 2007/08.

The Home Secretary, at the Police Federation of England and Wales annual conference on 21 May 2008, made an announcement that the amount of pension which police officers can commute will be increased by approximately 25%. This will be effective from 1 July 2008 and backdated to 1 October 2007. The Scottish Government has announced that these new commutation factors will also be implemented in Scotland and that funding for this extra cost will be met through additional police grant.

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2007/08

The extra cost of the new commutation factors and police grant funding has been accrued into the accounts. The additional cost comprises:

- £506K in respect of officers who retired between 1 October 2007 and 31 March 2008
- £15K interest for backdated amounts.

In addition the amount which would be earmarked for officers who were eligible to but did not retire as at 31 March 2008 has been increased by £127K.

The Board considers the implications the new commutation factors have on the FRS17 valuations disclosed in notes 8 and 17 to the Balance Sheet to be immaterial but will be factored into valuations in future years.

CAPITAL ACCOUNT

The Board incurred £1,918K of capital expenditure in 2007/08. The expenditure being made up of investment in the Force estate of £548K of which £430K relates to the purchase of land in Central Business Park, Larbert for the new Denny Sub Area Command office, £801K for operational vehicles, and £569K for computers and equipment. Capital expenditure was financed by the capital grant from the Scottish Executive of £1,425K and applied capital receipts of £493K. The total of capital receipts available to carry forward into the next financial year was £63K.

CAPITAL BORROWING

The Board's borrowings represent the debt outstanding on previous year's capital expenditure. Since the introduction of the Prudential Borrowing regime, all of the Board's capital expenditure has been met from capital grants, capital receipts and capital funded from current revenue (CFCR). The debt is managed within the Stirling Council Consolidated Loans Fund.

CAPITAL ACCOUNTING RESERVES

In accordance with the Code of Practice 2007, the balance on the Fixed Asset Restatement Account (FARA) as at 31 March 2007 has been transferred to the Capital Financing Account. This account has then been converted into the Capital Adjustment Account.

PENSIONS LIABILITIES

The Abstract of Accounts for 2007/08 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 2007/08 Accounts are as follows:

- A charge has been made to the Income & Expenditure Account for costs of £13,478K (2006/07 £14,459K), the funding of which comes from an appropriation from the Pensions Reserve.
- The recognition of the Pension Liability of £268,531K (2006/07 £332,125K) in the Balance Sheet has resulted in total net liabilities of £249,302K. This reduction in liabilities is due to a rise in long term bond yields.

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2007/08

GOING CONCERN

Under the provisions of FRS 17 there is a significant impact on the net worth of the Board as recorded in the Balance Sheet (£249,302K), however it is important to recognise that this liability results because the Police Pension Scheme is unfunded and reflects the proper accounting treatment as determined by FRS 17.

The technical accounting treatment has had no impact on the underlying basis for meeting the Police Board's current and ongoing pension liabilities. These will be met out of the Police Board's funding from Government Grants and contributions from constituent authorities under the Amalgamation Scheme 1995. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

DISCONTINUED OPERATIONS

Following the creation of the Scottish Police Services Authority (SPSA) from 1 April 2007, the ICT operations of Central Scotland Police and the other Scottish police forces was transferred to the SPSA on 1 April 2008. The costs in relation to these activities have therefore been shown separately on the Income & Expenditure Account.

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.

William Watson CPFA
Treasurer

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

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
 - materiality

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 from the date of purchase / operational use; and in the year of disposal, until the date 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

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

5 Capital Receipts

When assets are sold or disposed of, the capital receipt is held in an account (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 Adjustment Account.

6 Capital Account

Capital Adjustment Account

The Code of Practice 2007 requires the replacement of the Fixed Asset Restatement Account (FARA) with a Revaluation Reserve and for the balance on the FARA at 31 March 2007 to be transferred to the Capital Financing Account and then converting the latter into the Capital Adjustment Account.

The balance on the Account represents primarily the sums that have been set aside to finance capital expenditure.

Capital Receipts Reserve

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

7 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.

8 Revenue and Capital Debtors and Creditors

All specific and material sums payable to and due by the Board as at 31 March 2008 have been brought into account. All salaries and wages earned up to 31 March 2008 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 Operating Leases

Rental payments made under operating leases are charged to the Income and Expenditure 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 2008 are disclosed in Note 6 (page 17) of the Income and Expenditure Account.

10 Stores and Work in Progress

The Board complies with the requirements of SSAP 9 "Stocks and Long-Term Contracts". Stocks held at 31 March 2008 are valued at the lower of cost and current market value.

11 Insurance

Expenditure included in the Abstract of Accounts relates to premiums paid, policy excesses and settlement of claims. In addition, provision is made for the self funded elements of Property, Liability and Motor claims which remain unsettled at 31 March. An Insurance Reserve is maintained to meet insurance liabilities not specifically provided for.

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

12 Pensions

The Joint Police Board participates in three pension schemes that meet the distinct needs of Uniformed and Non-Uniformed personnel. All 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 2007/08 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 Police Staff.

Further details of pension costs have been disclosed in Note 2 to the Income and Expenditure Account (page 15) and further details of the assets and liabilities of the Schemes have been disclosed in Note 8 to the Balance Sheet (page 21).

13 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 2008 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 Income and Expenditure Account (page 17) and Note 16 to the Balance Sheet (page 27).

14 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.

15 Grants

a) Revenue

All Revenue Grants are matched with the expenditure to which they relate. Specific government grants are accounted for on an accruals basis where the conditions for receipt have been met.

b) Capital

Capital Grants from The Scottish Executive have now replaced borrowing consents as the main source of funding for capital expenditure. Capital grants are treated as deferred and written out over the life of the assets involved.

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

16 Redemption of Debt

The Board operates via the Stirling Council Loans Fund, which has made advances to the Board to finance capital expenditure. The Loans Fund then levies charges against the Board in respect of principal repayments and interest. Repayment of debt is on an annuity basis. Repayment periods range from 3 years for vehicles to 50 years for new buildings.

17 Central Overheads

The central overheads are recharged to the Best Value Accounting Code of Practice service functions categories on the basis of data collected from activity analysis exercises periodically.

18 Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. In terms of the Board's existing debt portfolio, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

The new financial instrument provisions require disclosure of the fair value of financial liabilities where the fair value is determined by calculating the net present value of future cash-flows to provide an estimate of the value of payments in the future in today's terms.

Financial Assets

Financial Assets are classed as loans and receivables (assets that have fixed or determinable payments but are not quoted in the active market) and are initially measured at fair value and calculated at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount multiplied by the effective rate of interest. This means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

**CENTRAL SCOTLAND JOINT POLICE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

Previous Year Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,614	Call Management	1,269	(30)	1,239
435	Common Police Services	1,289	(1,132)	157
14,487	Community Safety	17,465	(2,661)	14,804
62	Corporate and Democratic Core	67	0	67
23,173	Crime Management	27,570	(2,753)	24,817
13,300	Police Pensions	12,300	0	12,300
1,826	Public Order	2,448	(315)	2,133
4,552	Traffic Management	3,265	(128)	3,137
(325)	Non Distributable Costs	0	0	0
647	Discontinued Operations (I & E Note 10)	567	(3)	564
59,771	NET COST OF SERVICES	66,240	(7,022)	59,218
26	(Surplus) / Loss on the disposal of fixed assets			55
763	Interest payable and similar charges			691
17,611	Pension Interest Costs			19,153
(80)	Interest and investment income			(34)
(1,252)	Expected return on pension assets			(1,478)
76,839	NET OPERATING EXPENDITURE			77,605
	Precepts on local authorities :			
(3,926)	Clackmannanshire (15.8%)			(4,187)
(12,848)	Falkirk (51.7%)			(13,702)
(8,076)	Stirling (32.5%)			(8,613)
(24,850)				(26,502)
(25,530)	General government grants			(27,469)
26,459	Deficit for the year			23,634

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE FOR THE YEAR ENDED 31 MARCH 2008

Previous Year £000		Current Year £000's
26,459	Deficit for the year on the Income and Expenditure Account	23,634
(25,049)	Net Additional amount required by statute and non-statutory proper practices to be debited or (credited) to the General Fund Balance for the year (I & E Note 1)	(23,246)
1,410	(Increase) / Decrease in the General Fund Balance for the Year	388
(2,713)	General Fund Balance brought forward	(1,303)
(1,303)	General Fund Balance carried forward (I & E Note 7)	(915)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2008

Previous Year £000		Current Year £000's
26,459	Deficit for the year on the Income and Expenditure Account	23,634
(145)	(Surplus) / Deficit arising on the revaluation of fixed assets	0
(28,153)	Actuarial (Gains) / Losses on Pension Fund Assets and liabilities	(86,177)
(1,839)	Total recognised losses / (gains) for the year	(62,543)

**CENTRAL SCOTLAND JOINT POLICE BOARD
BALANCE SHEET AS AT 31 MARCH 2008**

2006/07 £000		2007/08 £000	2007/08 £000
	FIXED ASSETS		
32,145	Operational Land and Buildings	31,695	
3,754	Vehicles, Plant and Equipment	3,524	
35,899	TOTAL FIXED ASSETS (B/S Notes 1 to 4)		35,219
	CURRENT ASSETS		
304	Stocks	405	
2,543	Debtors (B/S Note 5)	2,932	
5	Advances and Petty Cash	5	
1,717	Advances with Stirling Council Loans Fund	1,527	
4,569			4,869
	CURRENT LIABILITIES		
(2,911)	Creditors (B/S Note 6)	(4,001)	
(636)	Short Term Borrowing – Stirling Council (B/S Note 10)	(574)	
(19)	Insurance Provision (B/S Note 15)	(29)	
(3,566)			(4,604)
36,902	TOTAL ASSETS LESS CURRENT LIABILITIES		35,484
	LESS: LONG TERM LIABILITIES		
(5,756)	Government Grants – Deferred Account (B/S Note 9)		(5,963)
(332,125)	Net Pension Asset / (Liability)		(268,531)
(10,866)	Long Term Borrowing – Stirling Council (B/S Note 10)		(10,292)
(311,845)	TOTAL NET ASSETS / LIABILITIES		(249,302)
	<u>RESERVES:-</u>		
46	Insurance Fund (B/S Note 15)		47
1,303	General Fund Balance (B/S Note 16)		915
(332,125)	Pension Reserve (B/S Note 17)		(268,531)
18,613	Fixed Asset Restatement (B/S Note 18)		0
(181)	Capital Financing Account (B/S Note 18)		0
0	Capital Adjustment Account (B/S Note 18)		18,204
499	Capital Receipts Reserve (B/S Note 18)		63
(311,845)			(249,302)

In my opinion the Abstract of Accounts presents fairly the financial position of the Joint Police Board as at 31 March 2008 and its income and expenditure for the year then ended. The unaudited accounts were issued on 14 June 2008 and the audited accounts were authorised for issue on 26 September 2008

William Watson CPFA
Treasurer

CENTRAL SCOTLAND JOINT POLICE BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

2006/07		2007/08	2007/08
£000	<u>REVENUE ACTIVITIES</u>	£000	£000
	Expenditure		
49,972	Cash Paid to and on Behalf of Employees	52,493	
7,123	Other Operating Costs	6,346	
57,095			58,839
	Income		
(6,067)	Cash received from goods and services	(6,510)	
(24,850)	Requisitions from Constituent Authorities	(26,502)	
(26,300)	Government Grants (C/F Note 4)	(27,333)	
(57,217)			(60,345)
(122)	<i>NET CASH (INFLOW) / OUTFLOW FROM REVENUE ACTIVITIES (C/F Note 1)</i>		(1,506)
	 <u>SERVICING OF FINANCE</u>		
	Expenditure		
763	Interest Paid	691	
	Income		
(79)	Interest on Revenue Balances	(34)	
684	<i>NET CASH (INFLOW) / OUTFLOW FROM SERVICING OF FINANCE</i>		657
	 <u>CAPITAL ACTIVITIES</u>		
	Expenditure		
1,732	Purchase of Fixed Assets	1,887	
	Income		
(82)	Sale of Fixed Assets	(59)	
(1,567)	Capital Grant Received	(1,425)	
83	<i>NET CASH (INFLOW) / OUTFLOW FROM CAPITAL ACTIVITIES</i>		403
645	<i>NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING</i>		(446)
	 <u>MANAGEMENT OF LIQUID RESOURCES</u>		
(1,502)	Net Increase / (Decrease) in Temporary Advances (C/F Note 3)		(190)
	 <u>FINANCING</u>		
	Expenditure		
857	Repayment of Amounts Borrowed	636	
857	<i>NET CASH (INFLOW) / OUTFLOW FROM FINANCING</i>		636
0	<i>NET (INCREASE) / DECREASE IN CASH (C/F Note 2)</i>		0

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

1. Reconciliation of transactions required by statute and non-statutory practices to be debited or (credited) to the General Fund Balance for the year

Previous Year £000		Current Year £000's
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance	
(2,824)	Depreciation and impairment of Fixed Assets	(2,466)
824	Government Grants Deferred amortisation	1,220
(26)	Net surplus / (loss) on sale of Fixed Assets	(55)
(30,818)	Net charges made for retirement benefits in accordance with FRS 17	(31,153)
(32,844)		(32,454)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance	
857	Loan Fund Principal Repayment	636
-	Capital expenditure charged in-year to the General Fund Balance	-
6,958	Employer's contributions payable to the Pension Account and retirement benefits payable direct to pensioners	8,571
7,815		9,207
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
(20)	Transfer (from) / to Insurance Reserve	1
(25,049)	Net additional amount to be credited to the General Fund Balance	(23,246)

2. PENSION COSTS

Police Officers

As from 1 April 2006 new Police Officers have entered into a new Police Pension Scheme. Both this scheme and the previous one for existing officers are unfunded schemes 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 2007/08, the current service cost of pensions was £12.3 million (2006/07: £13.3million), representing 45.2% (2006/07: 51.3%) 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.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

2. PENSION COSTS (Cont.)

Other Employees (Cont.)

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.

In 2007/08, the Board's current service costs amounted to £1,178K (2006/07: £1,484K), representing 17.8% (2006/07: 20.5%) 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 2007/08 is nil, (2006/07: nil),
- b) retiring in earlier years, for which payments are still being made, is £211K, (2006/07: £225K).

3. PUBLICITY ACCOUNT

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

	2006/07	2007/08
	£	£
Employment Advertising	33,517	72,548
Other Advertising	53,708	31,748
	87,225	104,296

4. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

Local Authorities are required to prepare a separate account of agreements entered into under section 2(2) of the above legislation. During the year the Board received the following income:

	2006/07	2007/08
	£	£
Radio Workshop Services	50,981	51,119

5. AUDIT FEES

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

	2006/07	2007/08
	£	£
External Audit Services	35,480	32,800
Other Services	0	0
	35,480	32,800

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

6. OPERATING LEASES

Rental payments made under operating leases are charged to the Income and Expenditure 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 2009/10 & 2012/13
2006/07 £		2007/08 £	2008/09 £	2008/09 £	2012/13 £
6,205	CCTV Rental Agreement	7,630	8,617		8,617
40,699	Car Leases	43,655	23,534	5,104	18,430
11,000	Land	11,552	13,789		13,789
15,980	Photocopiers	19,642	13,415		13,415
51,942	Protective Vests	51,942	51,942		51,942
125,826	Total	134,421	111,297	5,104	106,193

7. ACCUMULATED SURPLUS

The surplus of requisitions paid plus police grant due over the actual net expenditure may be 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 2008 the amount included in the Accumulated Surplus but required to provide for future commuted sums was £702K (as at 31 March 2007 - £1,101K). This includes an additional £127k required as a result of the new commutation factors.

8. STAFF EMOLUMENTS

The number of police officers and police staff whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:

<u>Remuneration Band</u>	2006/07 Number of Employees	2007/08 Number of Employees
£50,000-£59,999	9	4
£60,000-£69,999	5	8
£70,000-£79,999	1	1
£80,000-£89,999	1	2
£90,000-£99,999	1	0
£100,000-£109,999	1	1
£120,000-£129,999	1	1
	19	17

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

9. RELATED PARTIES

The Accounting Code of Practice requires disclosure as a note to the Income and Expenditure 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.

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 Resources at Stirling Council.

Material transactions with any related parties, which are not disclosed elsewhere within the Abstract of Accounts, are noted below:

	Goods / Services Purchased		Goods / Services Sold	
	2006/07 £000	2007/08 £000	2006/07 £000	2007/08 £000
Clackmannanshire Council	80	81	335	281
Falkirk Council	483	500	281	360
Stirling Council	129	120	97	45

10. DISCONTINUED OPERATIONS

Following the creation of the Scottish Police Services Authority (SPSA) from 1 April 2007, the ICT operations of Central Scotland Police and the other Scottish police forces was transferred to the SPSA on 1 April 2008. The costs in relation to these activities have therefore been shown separately on the Income & Expenditure Account.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

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 2008

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

Asset Type	Number				
	2006/07	2007/08			
Police Stations	22	22			
Police Houses – Operational	8	8			
Radio Aerial Sites	8	8			
Vehicles	184	214			

	Land & Buildings	Non-Operational Assets	Operational Vehicles	Computer, Plant and Equipment	Total
	£000	£000	£000	£000	£000
Gross Valuation					
Opening Balance as at 1.4.07	36,965	-	2,393	7,289	46,647
Adjustments to Opening Balance	-	-	(84)	62	(22)
Additions	548	-	801	569	1,918
Disposals	-	-	(381)	-	(381)
Balance as at 31.3.2008	37,513	-	2,729	7,920	48,162
Depreciation					
Opening Balance as at 1.4.07	4,816	-	1,074	4,854	10,744
Adjustments to Opening Balance	-	-	(32)	32	-
Relating to disposals	-	-	(267)	-	(267)
Charge for the year	1,002	-	321	1,143	2,466
Balance as at 31.3.2008	5,818	-	1,096	6,029	12,943
Written Down Value as at 31.3.2008	31,695	-	1,633	1,891	35,219
Written Down Value as at 31.3.2007	32,149	-	1,319	2,435	35,903

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

3. CAPITAL EXPENDITURE IN THE YEAR

Capital expenditure of £1,918K was incurred in the year. The additions were funded as follows:-

	2006/07		2007/08	
	%	£000	%	£000
Capital Grants Applied	90.5	1,567	74.3	1,425
Capital Receipts Applied	9.5	165	25.7	493
		1,732		1,918

4. CAPITAL COMMITMENTS

There were no capital commitments incumbent on the Joint Board as at 31 March 2008, (31 March 2007: nil).

5. DEBTORS

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

	2006/07	2007/08
	£000	£000
Government Grants	665	1,314
VAT	264	324
Other Grants & Recharges	1,064	435
Sales Ledger Debtors	348	500
Sundry Prepayments	202	359
	2,543	2,932

Related Party Debtors

Included in the above balance, related party debtors at 31 March 2008 are as follows:

	2006/07	2007/08
	£000	£000
Clackmannanshire Council	157	8
Falkirk Council	44	38
Stirling Council	16	7

6. CREDITORS

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

	2006/07	2007/08
	£000	£000
Payroll Accruals	1,310	2,533
Government Grants	-	-
Purchase Ledger Creditors	446	1,049
Sundry Accruals	1,155	419
	2,911	4,001

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

Related Party Creditors

Included in the above balance, related party creditors at 31 March 2008 are as follows:

	2006/07	2007/08
	£000	£000
Falkirk Council	2	0
Stirling Council	0	8

7. COMMUTED PENSIONS

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 2008, the earmarked amount is £702K (31 March 2007 - £1,101K). This is also detailed in Note 7 of the Notes to the Income and Expenditure Account on page 17 and at Note 16, General Fund Balance on page 27.

8. ACCOUNTING FOR RETIREMENT BENEFITS

As part of the terms and conditions of employment of police officers and police 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 three pension schemes:

- the Local Government Pension Scheme for police 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
- two Police Pension Schemes for police officers – these are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet schemes’ benefits as they eventually fall due.

The last full actuarial valuation was conducted on 31 March 2005. This is in compliance and in accordance with the terms of the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

In 2007/08, pension costs have been charged to the Income and Expenditure Account on the accruals basis as prescribed in FRS 17. As at 31 March 2008, 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 2008.

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	£000		£000		£000	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007	31 March 2008	31 March 2007
Estimated liabilities in scheme	(21,284)	(24,226)	(267,800)	(327,900)	(289,084)	(352,126)
Estimated unfunded discretionary liabilities	(211)	(225)	0	0	(211)	(225)
Estimated assets in scheme	20,764	20,226	0	0	20,764	20,226
Net asset/(liability)	(731)	(4,225)	(267,800)	(327,900)	(268,531)	(332,125)

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 Schemes	
	2007/08	2006/07	2007/08	2006/07
Rate of Inflation	3.6%	3.2%	3.6%	3.2%
Rate of increase in salaries	5.1%	4.7%	5.1%	4.7%
Rate of increase in pensions	3.6%	3.2%	3.6%	3.2%
Rate for discounting scheme liabilities	6.9%	5.4%	6.9%	5.4%

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 2008	31 March 2007
Equity Investments	7.7%	72.0%	73%
Bonds	5.7%	14.3%	14%
Property	5.7%	10.3%	11%
Cash	4.8%	3.4%	2%
		100%	100%

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

The movement in the net pension liability for the year to 31 March 2008 is as follows:

	Local Government Pension Scheme	Police Pension Schemes
	£000	£000
Net pensions (liability) at 1 April 2007	(4,225)	(327,900)
<i>Movements in the year:</i>		
◆ current service cost	(1,178)	(12,300)
◆ employer's contributions payable to scheme	1,055	7,700
◆ transfers in from other authorities		(200)
◆ transfers out to other authorities		
◆ contributions in respect of unfunded benefits	16	
◆ pensions and lump sum expenditure		
◆ past service costs		
◆ interest cost	(1,353)	(17,800)
◆ expected return on pension assets	1,478	
◆ actuarial gains / (losses)	3,476	82,700
Net pension (liability) at 31 March 2008	(731)	(267,800)

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 2008.

Local Government Pension Scheme	31 March 2008		31 March 2007		31 March 2006		31 March 2005	
	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	(2,043)	(9.8)% of assets	(161)	(0.8)% of assets	2,406	13.4% of assets	382	2.9% of assets
Differences between actuarial assumptions about liabilities and actual experience	(1)	0.0% of liabilities	(4)	0.0% of liabilities	464	1.9% of liabilities	(7)	0.0% of liabilities
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	0	0	0	0
Changes in the Financial Assumptions underlying the present value of the Scheme Liabilities	5,520	0	2,118	0	(3,241)	0	(3,653)	0
Actuarial Gain/(Loss)	3,476	-	1,953	-	(371)	-	(3,278)	-

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

Police Pension Schemes	31 March 2008		31 March 2007		31 March 2006		31 March 2005	
	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	4,200	1.6% of assets	2,900	0.9% of assets	2,700	0.8% of assets	1,800	0.7% of assets
Differences between actuarial assumptions about liabilities and actual experience	78,500	30.9% of liabilities	23,300	7.1% of liabilities	(35,600)	(10.8)% of liabilities	(52,458)	(18.9)% of liabilities
Actuarial Gain/(Loss)	82,700	-	26,200	-	(32,900)	-	(50,658)	-

9. GOVERNMENT GRANTS – DEFERRED ACCOUNT

Since 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 2007/08, the Board received a capital grant of £1.5 million. This grant was fully utilised, along with other capital funding (see Balance Sheet Note 3 above) to support capital expenditure.

Details of the amounts received and amortised are as follows:

	2006/07 £000	2007/08 £000
Opening balance at 1 April	5,015	5,758
Grant received	1,567	1,425
Amortisation for the year	(824)	(1,220)
Closing balance at 31 March	5,758	5,963

10. LONG TERM BORROWING – STIRLING COUNCIL

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

	2006/07 £000	2007/08 £000
Loans due within 1 year	636	574
Loans due 1 – 2 years	574	512
Loans due 2 – 5 years	1,302	1,027
Loans due 5 – 10 years	830	720
Loans due over 10 years	8,160	8,033
Total due 31 March	11,502	10,866

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

11. FINANCIAL INSTRUMENTS CLASSIFICATION

The borrowings and investments disclosed in the Balance Sheet at 31 March 2008 comprise the following categories of financial instruments:

	Long Term		Current	
	31 March 2007 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2008 £'000
Financial liabilities at amortised cost	(10,866)	(10,292)	(636)	(574)
Total Borrowings	(10,866)	(10,292)	(636)	(574)
Loans and Receivables	0	0	1,717	1,527
Total Investments	0	0	1,717	1,527

12. FINANCIAL INSTRUMENTS INTEREST

Interest income and expense recognised in the Income and Expenditure Account and STRGL in relation to financial instruments comprises:

	Financial Liabilities		Financial Assets	
	Financial Liabilities at Amortised Cost		Loans and Receivables	
	31 March 2007 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2008 £'000
Interest Expense	763	691	0	0
Interest Payable and similar charges	763	691	0	0
Interest Income	0	0	(80)	(34)
Interest and investment income	0	0	(80)	(34)

13. FINANCIAL INSTRUMENTS FAIR VALUE

The fair value of financial instruments held on the Balance Sheet as at 31 March 2008 is:

	31 March 2007		31 March 2008	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities	(11,502)	(11,502)	(10,866)	(10,866)
Loans and Receivables	1,717	1,717	1,527	1,527

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

14. FINANCIAL INSTRUMENTS – RISK DISCLOSURE

The Board's treasury management is provided by Stirling Council under a Service Level Agreement. The Board's risk management is effectively undertaken through the treasury management function. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources to fund services. It is governed by an annual treasury management strategy and setting of prudential indicators and approved treasury management policies and practices. These cover specific areas and establish the boundaries for treasury management activities.

Credit Risk

Credit risk arises from deposits placed with banks and institutions and Stirling Council has specific policies addressing credit and counterparty risk. Inclusion on the Council's counterparty list is subject to appropriate credit ratings. The Council's treasury management advisors provide regular updates to the counterparty list. A maximum lending limit and lending period is set for each institution and in order to diversify risk, these limits reflect the relative ratings of counterparties. No lending limits or periods were exceeded during the period and the Council did not incur any losses arising from the non-performance of any of its counterparties.

Liquidity Risk

As the Board has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead there is an element of refinancing risk that the Board may have to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. Furthermore, the recent introduction of a separate schedule of early repayment rates by the Public Works Loan Board is likely to have an impact on the cost effectiveness of debt restructuring. As part of the treasury management strategy and formulation of prudential indicators, the calculation of upper and lower limits regarding the maturity structure of borrowings is designed to manage the risk of the Board having to refinance debt at a time when interest rates may be volatile or uncertain and avoid large concentration of debt with the same maturity structure.

Interest Rate Risk

Although the Board is exposed to a general market rise of adverse movements in interest rates, the risk is not considered significant. As the Board's debt portfolio predominantly comprises fixed rate debt, there is considerable certainty regarding the costs of financing such debt and the subsequent interest expense charged to the Income and Expenditure Account.

The current climate of uncertain interest rate movements does present an element of risk in respect of investment income and in order to mitigate the Board's exposure to interest rate movements, the upper limits in respect of fixed and variable interest rate exposures have been set. On-going management and forecasting of the Board's cash-flows and prudent use of approved investment instruments for cash surpluses, facilitates stability and certainty of income whilst retaining a sufficient degree of flexibility in anticipation of advantageous interest rate movements.

Foreign Exchange Rate Risk

The Board had no financial assets or liabilities denominated in foreign currencies and therefore had no exposure to losses arising from exchange rate risk.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

15. INSURANCE RESERVE

During the 2007/08 financial year, Income and Expenditure Accounts were charged with an amount which reflected the self insured element of insurance costs. This amount was credited to an Insurance Account in line with the guidelines issued by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) in December 2005. The Insurance Account would then pay out against the self-insured element (i.e. the excess) of any claims. In addition, £29K, (2007 £19K) was provided in respect of the self-funded elements of liability and motor claims which were unsettled at 31 March 2008.

At the end of the year, any surplus or deficit on the Insurance Account is dealt with by appropriation to or from the Insurance Reserve. The movement on the Reserve during 2007/08 is shown in the following table.

	2006/07	2007/08	Movement
	£000	£000	£000
Insurance Reserve	46	47	1

16. GENERAL FUND BALANCE

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 Fund Balance 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 2008 the amount included in the Fund Balance but required to provide for future commuted sums was £702K (as at 31 March 2007 - £1,101K). This includes an additional £127k required as a result of the new commutation factors.

17. 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 FRS17.

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

	2006/07	2007/08
	£000	£000
Opening Balance	336,418	332,125
Unfunded Discretionary Benefits	(16)	(16)
Net Actuarial (Gains) / Losses	(28,153)	(86,176)
Adjustment for Employer's Contributions Paid	(6,942)	(8,755)
Reversal of Income and Expenditure Account Entries	30,818	31,153
Transfer from Other Authority	-	200
Closing Balance	332,125	268,531

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

18. STATEMENT OF MOVEMENT IN CAPITAL ACCOUNTS

	Capital Adjustment Account	Fixed Asset Restatement	Capital Financing Account	Capital Receipts Reserve	Total
	£000	£000	£000	£000	£000
Balance as at 1 April 2007	0	(18,615)	181	(499)	(18,933)
Transfers to Capital Adjustment Account	(18,434)	18,615	(181)		0
Effects of disposals of fixed assets	114				114
Proceeds of disposal				(58)	(58)
Difference between loan principal repayment and depreciation	1,830				1,830
Applied capital receipts	(494)			494	0
Amortisation of capital grant	(1,220)				(1,220)
Balance as at 31 March 2008	(18,204)	0	0	(63)	(18,267)

Capital Adjustment Account

The Capital Adjustment Account contains the amount of Capital Funded from Current Revenue. The balance on the Fixed Asset Restatement Account at 31 March 2007 has been transferred to the Capital Financing account in accordance with the requirements of the 2007 SORP. The Capital Adjustment Account is derived from the Capital Financing Account.

It 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.

Capital Receipts Reserve

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

19. POST BALANCE SHEET EVENT

The Home Secretary, at the Police Federation of England and Wales annual conference on 21 May 2008, made an announcement that the amount of pension which police officers can commute will be increased by approximately 25%. This will be effective from 1 July 2008 and backdated to 1 October 2007. The Scottish Government has confirmed that the new commutation factors will be implemented in Scotland and funding for the additional costs will be met through an increased police grant.

The extra cost of the new commutation factors and police grant funding has been accrued into the accounts. The additional cost comprises:

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2008

- £506K in respect of officers who retired between 1 October 2007 and 31 March 2008
- £15K interest for backdated amounts.

In addition the amount which would be earmarked for officers who were eligible to but did not retire as at 31 March 2008 has been increased by £127K.

The Board considers the implications the new commutation factors have on the FRS17 valuations disclosed in notes 8 and 17 to the Balance Sheet to be immaterial but will be factored into valuations in future years.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

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

	£000	£000
Income and Expenditure Account Balance		387
Interest paid		(691)
Interest received		34
Repayment of Amounts Borrowed		(636)
Capital finances from current revenue		0
Non-Cash Transactions:-		
Insurance Fund		1
Items on an Accruals Basis:-		
Increase in Stocks	101	
Increase in Debtors	388	
Increase in Creditors	(1,090)	
	(601)	(601)
Cash Inflow from Revenue Activities		(1,506)

2. ANALYSIS OF CASH BALANCES

	01-Apr-07	31-Mar-08	Movement
	£000	£000	£000
Cash in Hand	5	5	0
Bank	0	0	0
	5	5	0

3. MANAGEMENT OF LIQUID RESOURCES

	01 April 2007	31 March 2008	Movement
	£000	£000	£000
Temporary Advances to Stirling Council Loans Fund	1,717	1,527	(190)

4. ANALYSIS OF GOVERNMENT GRANTS

	£000	
Police Specific Grant		26,821
Other Government Grants		512
TOTAL		27,333

**CENTRAL SCOTLAND JOINT POLICE BOARD
STATEMENT OF RESPONSIBILITIES FOR THE ABSTRACT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008**

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 SORP'), 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 2008.

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 2008

1. This assurance statement is given in respect of the Abstract of Accounts for Central Scotland Joint Police Board for the year ended 31st March 2008. The Board acknowledges it has responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources under its control.
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 that 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 has developed an over-arching Risk Management Framework, Risk Management Procedures and Corporate Risk Register.
5. The Force has in place a Business Continuity Framework encompassing disaster recovery plans for all key risks that could potentially impact the operational capability of the Force.
6. The Internal Audit Unit of Stirling Council provides an Internal Audit service to support the Board in discharging its responsibilities for the system of internal financial control. The work undertaken by Internal Audit primarily covers system and probity audits across the Board, but also includes:-
 - advice and consultancy
 - fraud prevention and investigation
 - review of financial procedures and systems
 - specific tasks requested by the Board

Internal Audit operates a five-year rolling Strategic Audit Plan, based on the audit risk assessment methodology prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates local risk areas, audit priorities and any concerns raised by senior Officials. The Audit Plan identifies all areas for review and an estimate of resources required to implement the Plan. The Plan is revised each year to reflect operational and/or legislative changes and resources are allocated to the audit areas of highest priority.

Audit reports are issued by the Audit Manager to the Chief Constable and copied to the Treasurer, Director Of Finance and Resources, Finance Manager, External Audit and are reported to the Central Scotland Joint Police Board Best Value and Audit Sub-committee.

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2008

Internal Audit work must meet the standards in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006). This is confirmed each year by the Board's External Auditor, who places reliance on the work of Internal Audit in relation to core financial systems.

7. 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.
8. From the work carried out by Internal Audit in 2007/08 it can be confirmed that other than the issues highlighted in audit reports as recommendations, the system controls were found to exist or operate as required.
9. For 2007/08 it can be confirmed that all material recommendations were acted upon by the Board and the Audit Manager has concluded that after considering Officers' responses, and implementation of recommendations, reasonable assurance can be placed upon the internal controls in operation throughout the Board. Where agreed actions remain outstanding, these are reported to the Chief Constable, Treasurer, Director of Finance and Resources, Finance Manager and the Best Value and Audit Sub-committee.

The Internal Audit Annual Report 2007/08, which will be presented to the Best Value & Audit Sub-Committee, will outline the following key developments arising from Internal Audit recommendations:

- **PAYROLL SYSTEMS**

HR Starters & Leavers - improved accuracy of payroll-related data through:

- Improvements in data retention and data access / sharing within the HR team
- More timely notification of data to HR and Payroll by departments Force-wide
- Reinstatement of regular data matching / meetings between HR and Payroll teams

- **EXPENDITURE SYSTEMS**

Payment of Creditors & Fuel Cards - improved controls over specific expenditure through:

- Improvements in checking, recording and processing of medical examination fees.
- Completion of revised fuel card procedures to be issued to all relevant Departments.

Imprests - more robust administration of imprests through:

- Completion of revised Imprest Procedures to be issued to all imprest holders.
- Re-issue annually of procedures at same time as the year-end Imprest Certificate.

- **INCOME SYSTEMS**

Treasury Management - Stirling Council will develop the Treasury Management service provided to CSP, through:

- revised procedures after implementation of the "Logotech" treasury management system.
- Improved reporting on the performance of its Treasury Management advisers against agreed performance measures.

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2008

Income, Banking & Bank Reconciliations - improved controls over recording, banking and reconciling income through:

- Revised procedures for logging & recording mail containing income.
- Maintaining an appropriate frequency for banking of all income received.
- More regular reconciliations of income received & banked with the financial ledger.
- Earlier resolution of transactional queries from bank & ledger reconciliations.
- Improved separation of duties and checking of income documents/spreadsheets.

• TRANSPORT SYSTEMS

Purchase & Disposal of Fleet Vehicles - strengthened controls over the purchase and disposal of Police operational fleet vehicles, through:

- Implementing a revised version of the Tranman Fleet Management software package.
- Review of access rights to Tranman and deletion of redundant user-ID.
- Allocation of operational responsibility for maintaining the vehicle Asset Register.
- Regular reconciliation between Tranman vehicle database and the Asset Register.

Purchase & Use of Vehicle Spares – strengthened controls over the purchase and use of vehicle spare parts for operational Police vehicles through:

- Issuing written procedures for the purchasing and use of vehicle spare parts.
- Review of responsibilities to identify opportunities to improve separation of duties.
- Review of access rights to Tranman and deletion of redundant user-ID.
- Implementation of spot-checks by Foreman on mechanics' use of vehicle spare parts.
- Year-end stock-count of vehicle parts in the presence of an independent person.

• I.T. SYSTEMS

Computer Backup & Recovery – improved arrangements for ensuring backup and recovery of data held on CSP corporate IT systems through:

- Development & issue of a policy document on the back-up and recovery process.
- Scheduling of “rolling” quarterly test restores on all types of corporate data.
- Review of access rights to the software used to automate the data backup & recovery.
- Improvements in security arrangements for the storage facility for back-up media.

10. 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 fulfils the role of an Audit Committee, with a schedule of quarterly meetings arranged to receive and consider audit reports and the implications for internal controls throughout the Force. With regard to anti-fraud and corruption, policies and regulations developed provide a robust process for preventing and/or detecting wrongdoing. The Central Scotland Police Professional Standards Policy and Central Scotland Police Ethics Policy, both incorporate the requirements of an anti-fraud and corruption strategy. The Force has continued the availability of “Safecall”, which is an independent confidential reporting facility for staff to report wrongdoing, and the Workplace Contact Scheme for staff to seek advice from contact advisors on coping with harassment, discrimination and / or bullying. These are all important tools that 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.

CENTRAL SCOTLAND JOINT POLICE BOARD

Independent Auditor's Report

Independent auditor's report to the members of Central Scotland Joint Police Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Central Scotland Joint Police Board for the year ended 31 March 2008 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash-Flow Statement, and the related notes and the Statement of Accounting Policies. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2007-A Statement of Recommended Practice (the 2007 SORP) are set out in the Statement of Responsibilities for the financial statements.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

I report my opinion as to whether the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP the financial position of the joint board and its income and expenditure for the year, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

I also report to you if, in my opinion, the local government body has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects compliance with the SORP, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the list of Members and Officials 2007/08, the Treasurer's Report and the Statutory Performance Indicators. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

CENTRAL SCOTLAND JOINT POLICE BOARD

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. My 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 most appropriate to the joint board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements

- present fairly, in accordance with relevant legal and regulatory requirements and the 2007 SORP, the financial position of Central Scotland Joint Police Board as at 31 March 2008 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Bruce Crosbie FCCA, Senior Audit Manager
Audit Scotland – Audit Services
Osborne House, 1/5 Osborne Terrace
Edinburgh, EH12 5HG

26 September 2008

CENTRAL SCOTLAND JOINT POLICE BOARD

STATUTORY PERFORMANCE INDICATORS 2007/2008

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 31st March 2008 are detailed under the headings shown below. The 2006/07 figures are also displayed to allow comparisons to be made between years.

INDICATOR 1

	2006/2007	2007/2008
a) The percentage of crimes of violence cleared up	95%	96%
b) The percentage of crimes of indecency cleared up	98%	98%
c) The percentage of crimes of dishonesty cleared up	52%	49%
d) The percentage of crimes of fire-raising, malicious mischief etc. cleared up	43%	39%
e) The percentage of other crimes cleared up	99%	101%
f) The percentage of miscellaneous offences cleared up	92%	94%
g) The percentage of offences related to motor vehicles cleared up	100%	103%

INDICATOR 2

	2006/2007	2007/2008
The proportion of 999 calls answered within 10 seconds	92%	91%

CENTRAL SCOTLAND JOINT POLICE BOARD

STATUTORY PERFORMANCE INDICATORS 2007/2008

INDICATOR 3

	2006/2007	2007/2008
The proportion of working time lost due to sickness absence for:		
(a) Police Officers	4.4%	3.5%
(b) Support Staff	4.8%	4.3%

INDICATOR 4

	2006/2007	2007/2008
The number of complaints per 100 members of the police force	11.8	9.7

INDICATOR 5

	2006/2007	2007/2008
a) The number of racist incidents per 1,000 population	1.3	1.2
b) The percentage of racially aggravated crimes cleared up	83%	79%

INDICATOR 6

		2006/2007	2007/2008
a) Percentage change in Class A drug seizures compared with 2000-2003	Weight	299%	344%
	No. of Doses/Tablets	44%	567%
	Volume	-23%	-100%
b) Percentage change in the number of offences for supply and possession with intent to supply Class A drugs compared with 2000-2003		146%	206%

INDICATOR 7

	2006/2007	2007/2008
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	-41%	-46%
(b) Children killed or seriously injured	-59%	-84%
(c) All people with slight injuries	-1%	-8%

CENTRAL SCOTLAND JOINT POLICE BOARD

STATUTORY PERFORMANCE INDICATORS 2007/2008

INDICATOR 8

	2006/2007	2007/2008
The percentage of police reports sent to the Children's Reporter within 10 days of caution/charge	82%	82%

INDICATOR 9

The percentage of police reports sent to the Procurator Fiscal within 28 days of caution/charge	77%	84%
---	-----	-----