

**CENTRAL SCOTLAND JOINT
POLICE BOARD**



ABSTRACT OF ACCOUNTS

2008/2009

CENTRAL SCOTLAND JOINT POLICE BOARD

ABSTRACT OF ACCOUNTS 2008/09

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CENTRAL SCOTLAND JOINT POLICE BOARD

MEMBERS AND OFFICIALS 2008/09

The members and officials of the Joint Police Board for 2008/09 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 (up to 2 December 2008)
Councillor A Simpson (from 11 December 2008)
Councillor N Benny

CLACKMANNANSHIRE COUNCIL

Appointed Members -

Councillor C Holden

OFFICIALS

Chief Constable	-	Andrew Cameron (up to 30 September 2008) Kevin Smith (from 1 October 2008)
Clerk	-	Rose Mary Glackin, Falkirk Council
Treasurer	-	William Watson, Stirling Council

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2008/09

INTRODUCTION

The Treasurer's report provides an explanation of the Board's overall financial position, along with a summary of the financial out-turn for the year ended 31 March 2009. It also assists in interpreting the core financial statements included within the accounts.

The financial statements and their purpose are noted below.

Income and Expenditure Account, which summarises the resources that have been generated and consumed in providing services and managing the Force during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Statement of the Movement on the General Fund Balance, which is a reconciling statement summarising the differences between the out-turn on the Income and Expenditure Account and the General Fund Balance.

Statement of Total Recognised Gains and Losses, which shows all the gains and losses of the Board for the year and the aggregate (decrease)/increase in net worth.

Balance Sheet, which sets out the overall financial position of the Board as at 31 March 2009.

Cash Flow Statement, which summaries the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Statement of Responsibilities for the Abstract of Accounts, which sets out the respective responsibilities of the Board and Treasurer for the accounts.

Statement on the System of Internal Financial Control, which sets out the framework within which financial control is managed and reviewed and the main components of the system, including the arrangements for internal audit.

INCOME & EXPENDITURE ACCOUNT

At its meeting on 28 January 2008, the Board approved a Revenue Budget of £55.5m for the financial year 2008/09. After deducting the estimated government grant of £27.9m, the resultant requisition upon the constituent authorities was £27.6m. The final revenue position will leave the Board with accumulated revenue reserves to carry forward of £1.88m (2007/08 = £0.9m). This surplus includes an "earmarked" element for police pension commutations of £1.47m. The balance of £0.41m represents a modest 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 £87K lower than the original budget, with pensions costs being the predominant factor. In this respect there are two significant elements. Firstly, the budget includes commutation payments for all officers eligible to retire during the year but as usual, some remained in service (these amounts are taken to the earmarked part of the general fund balance). Secondly, the further back-dating of the increase in commutations for officers who had previously retired partly offset this.

Other costs are £850K higher than the original budget. This is due to a number of factors, the most significant of which are higher costs of energy, equipment, fuel and payments to other agencies.

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2008/09

Income is £3.2m higher than the original budget due to a number of factors including grants for additional officers, the Priority Crime Unit, the backdating of the increased commutations payments and the re-imburement of ICT costs which were previously funded from core grant. However, primarily as a result of the transfer of ICT service to the SPSA, core grant and requisitions were reduced by £1.3m.

As reported in the 2007/08 Abstract of Accounts, the amount of pension which police officers can commute was increased by approximately 25%, backdated to 1 October 2007. Subsequently, the Police Federation has appealed the implementation date and a judicial review has determined that the date on which the factors take effect is 1 December 2006. The Scottish Government has confirmed that commutation factors backdated to 1 December 2006 will be implemented in Scotland and funding for the additional costs of £538K will be met through an increased police grant. This will be effective from 18 June 2009. The extra cost of the additional commutation factors and police grant funding has been accrued into the accounts.

CAPITAL ACCOUNT

The Board incurred £1.436m of capital expenditure in 2008/09. The expenditure being made up of investment in the Force estate of £0.617m, £0.461m for operational vehicles, and £0.358m for computers and equipment. Capital expenditure was financed by capital grant from the Scottish Executive of £1.416m and applied capital receipts of £20K. The total of capital receipts available to carry forward into the next financial year was £186K.

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.

PENSIONS LIABILITIES

The Abstract of Accounts for 2008/09 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 2008/09 Accounts are as follows:

A charge has been made to the Income & Expenditure Account for current service costs of £10.821m (2007/08 £14.078m), the funding of which comes from an appropriation from the Pensions Reserve.

The recognition of the Pension Liability of £302.552m (2007/08 £273.731m) in the Balance Sheet has resulted in total net liabilities of £282.852m. The increase reflects that the cost of accrual of new benefits for active members and interest on the benefits earned to date exceeds the rate at which liabilities are being discharged through the payment of benefits to pensioners. Additionally, in the local government pension scheme, changes in the investment markets have resulted in much lower than expected returns and hence a negative impact on the FRS17 position.

It should be noted that the 2007/08 FRS17 amounts have been re-stated to reflect the changes to commutations values referred to above.

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 (£282.852m), 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.

CENTRAL SCOTLAND JOINT POLICE BOARD

TREASURER'S REPORT 2008/09

OTHER FRS 17 ISSUES

In accordance with the local authority SORP, pension charges are made to the income and expenditure account on an FRS 17 basis. However, these charges are reversed out in the statement of movement in the general fund balance and replaced with the contributions that the authority has to make to the pension fund in the year, to pay the benefits to pensioners.

The statutory basis for this reversal is the Local Government Pension Reserve Fund (Scotland) Regulation 2003. This regulation lists the pension funds that it applies to, and specifically refers to the 1987 police scheme. However it has recently come to light that there is no explicit provision for it to cover new schemes such as the one established by The Police Pensions (Scotland) Regulations 2007, i.e. the New Police Pension Scheme whose membership consists broadly of new officers joining since 6 April 2006 and any members of the old scheme who opted to join the new scheme. This means that there is no statutory basis for reversing the FRS 17 based costs in respect of these new schemes.

Audit Scotland's Technical Services Unit has advised the Scottish Government of this issue and they now plan to update the 2003 regulations accordingly. In view of the fact that this is a technical omission which is being addressed and that to adjust would artificially distort the financial position of the Board (the General Fund Balance would be adversely affected by approximately £1.5m), the financial statements have not been adjusted.

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 were 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 2009

1 General

The Abstract of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting for 2008 in Great Britain - A Statement of Recommended Practice (SORP 2008) 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 and other requirements 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.

Intangible assets are valued at depreciated replacement 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/Amortisation

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.

The vehicle depreciation measurement has been changed to provide a more relevant measurement of vehicle useful lives.

Depreciation/amortisation 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	straight line method over estimated useful life (3-10 years)
Intangible Assets	straight line method at 25% per annum

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STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009

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 Receipts Reserve.

6 Capital Adjustment Account

The balance on the Account represents primarily the sums that have been set aside to finance 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 2009 have been brought into account. All salaries and wages earned up to 31 March 2009 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 2009 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 2009 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 2009

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.

These schemes are statutory and as such the Board is obliged to pay the benefits when due. They are also final salary schemes which means that they are “defined benefits” schemes. They are contracted out of the additional state pension scheme and are registered with HMRC.

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.

In the preparation of its 2008/09 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 22).

It should be noted that the 2007/08 FRS 17 amounts have been re-stated to reflect the changes to commutations values which were introduced on 1 July 2008 and back-dated to 1 October 2007.

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, subject to the technical adjustment referred to on page 6. The liability to pay commuted sums for those officers who were eligible to retire but remained in service at 31 March 2009 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 General Fund Balance 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 14 to the Balance Sheet (page 34).

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.

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009

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 Government 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.

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.

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. For Public Works Loan Board debt, two Fair Value comparators are disclosed. Information provided by the Board's Treasury Management Advisors determines Fair Value with reference to new borrowing rates applicable in the market on the date of valuation and effectively calculates the notional interest/gain that would accrue if the Board kept the loans to maturity. Alternatively, the Fair Value determined by the Public Works Loan Board uses the early repayment rate and effectively calculates the amount the Board would have to pay to avoid the notional loss or realise the notional gain. The Fair Value of non Public Works Loan Board debt has been provided by the Board's Treasury Management Advisors, calculated with reference to the rate applicable in the market on the date of valuation.

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.

The Fair Value of loans and receivables has been determined by the Board's Treasury Management Advisors, calculated with reference to the rate applicable in the market on the date of valuation.

CENTRAL SCOTLAND JOINT POLICE BOARD

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

Previous Year Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,212	Call Management	2,313	(52)	2,261
157	Common Police Services	1,390	(1,437)	(47)
14,833	Community Safety	18,060	(3,735)	14,325
67	Corporate and Democratic Core	104	0	104
24,938	Crime Management	26,106	(4,352)	21,754
12,900	Police Pensions	10,000	0	10,000
2,157	Public Order	3,060	(523)	2,537
2,996	Traffic Management	3,377	(559)	2,818
0	Non Distributed Costs	3	0	3
564	Discontinued Operations (I & E Note 10)	0	0	0
59,824 NET COST OF SERVICES		64,413	(10,658)	53,755
55	(Surplus) / Loss on the disposal of fixed assets			(41)
691	Interest payable and similar charges			671
19,153	Pension Interest Costs			20,404
(34)	Interest and investment income			(56)
(1,478)	Expected return on pension assets			(1,506)
78,211 NET OPERATING EXPENDITURE				73,227
Requisitions from local authorities :				
(4,187)	Clackmannanshire (15.8%)			(4,261)
(13,702)	Falkirk (51.7%)			(13,944)
(8,613)	Stirling (32.5%)			(8,765)
(26,502)				(26,970)
(27,469)	General government grants			(27,233)
24,240 Deficit for the year				19,024

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE FOR THE YEAR ENDED 31 MARCH 2009

Previous Year £000		Current Year £000
24,240	Deficit for the year on the Income and Expenditure Account	19,024
(23,852)	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)	(19,991)
388	(Increase) / Decrease in the General Fund Balance for the Year	(967)
(1,303)	General Fund Balance brought forward	(915)
(915)	General Fund Balance carried forward (I & E Note 7)	(1,882)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2009

Previous Year £000		Current Year £000
24,240	Deficit for the year on the Income and Expenditure Account	19,024
0	(Surplus) / Deficit arising on the revaluation of fixed assets	0
(81,477)	Actuarial (Gains) / Losses on Pension Fund Assets and Liabilities	9,220
(57,237)	Total recognised losses / (gains) for the year	28,244

Within the statement of accounts there have been prior year adjustments as a result of two significant factors. Firstly, resulting from the revised pension commutation factors (£5.2m) which were introduced on 1 July 2008 and back-dated to 1 October 2007 and secondly a change to the depreciation measurement for vehicles has resulted in their written down value as at 31 March 08 being restated by £309K.

**CENTRAL SCOTLAND JOINT POLICE BOARD
BALANCE SHEET AS AT 31 MARCH 2009**

2007/08 £000		2008/09 £000	2008/09 £000
	FIXED ASSETS		
0	Intangible Fixed Assets	25	
	Tangible Fixed Assets		
	<i>Operational assets:</i>		
31,695	Operational Land and Buildings	31,440	
3,216	Vehicles, Plant and Equipment	2,694	
	<i>Non-operational assets:</i>		
0	Assets Under Construction	183	
34,911	TOTAL FIXED ASSETS (B/S Notes 1 to 4)		34,342
	CURRENT ASSETS		
405	Stocks	366	
2,932	Debtors (B/S Note 5)	2,554	
5	Advances and Petty Cash	5	
1,527	Advances with Stirling Council Loans Fund	2,480	
4,869			5,405
	CURRENT LIABILITIES		
(4,001)	Creditors (B/S Note 6)	(3,488)	
(574)	Short Term Borrowing – Stirling Council (B/S Note 10)	(512)	
(29)	Insurance Provision (B/S Note 13)	(20)	
(4,604)			(4,020)
35,176	TOTAL ASSETS LESS CURRENT LIABILITIES		35,727
	LESS: LONG TERM LIABILITIES		
(5,761)	Government Grants – Deferred Account (B/S Note 9)		(6,246)
(273,731)	Net Pension Asset / (Liability)		(302,552)
(10,292)	Long Term Borrowing – Stirling Council (B/S Note 10)		(9,781)
(254,608)	TOTAL NET ASSETS / LIABILITIES		(282,852)
	RESERVES:-		
47	Insurance Reserve (B/S Note 13)		15
915	General Fund Balance (B/S Note 14)		1,882
(273,731)	Pension Reserve (B/S Note 15)		(302,552)
18,098	Capital Adjustment Account (B/S Note 16)		17,617
63	Capital Receipts Reserve (B/S Note 16)		186
(254,608)			(282,852)

In my opinion the Abstract of Accounts presents a true and fair view of the financial position of the Joint Police Board as at 31 March 2009 and its income and expenditure for the year then ended. There were no events that occurred between 1 April 2009 and 22 September 2009 other than the commutations liability disclosed in Note 17 to the Balance Sheet (page 35) that would have an impact on the 2008/2009 financial statements (2007/2008 None). The unaudited accounts were issued on 11 June 2009 and the audited accounts were authorised for issue on 22 September 2009.

CENTRAL SCOTLAND JOINT POLICE BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

2007/08		2008/09	2008/09
£000	<u>REVENUE ACTIVITIES</u>	£000	£000
	Expenditure		
52,493	Cash Paid to and on Behalf of Employees	55,553	
6,346	Other Operating Costs	7,137	
58,839			62,690
	Income		
(6,510)	Cash received from goods and services	(7,046)	
(26,502)	Requisitions from Constituent Authorities	(27,066)	
(27,333)	Government Grants (C/F Note 4)	(30,457)	
(60,345)			(64,569)
(1,506)	NET CASH (INFLOW) / OUTFLOW FROM REVENUE ACTIVITIES (C/F Note 1)		(1,879)
	 <u>SERVICING OF FINANCE</u>		
	Expenditure		
691	Interest Paid	671	
	Income		
(34)	Interest on Revenue Balances	(56)	
657	NET CASH (INFLOW) / OUTFLOW FROM SERVICING OF FINANCE		615
	 <u>CAPITAL ACTIVITIES</u>		
	Expenditure		
1,887	Purchase of Fixed Assets	1,325	
	Income		
(59)	Sale of Fixed Assets	(87)	
(1,425)	Capital Grant Received	(1,445)	
0	Other Capital Cash Receipts	(56)	
403	NET CASH (INFLOW) / OUTFLOW FROM CAPITAL ACTIVITIES		(263)
(446)	NET CASH (INFLOW) / OUTFLOW BEFORE FINANCING		(1,527)
	 <u>MANAGEMENT OF LIQUID RESOURCES</u>		
(190)	Net Increase / (Decrease) in Temporary Advances (C/F Note 3)		953
	 <u>FINANCING</u>		
	Expenditure		
636	Repayment of Amounts Borrowed	574	
636	NET CASH (INFLOW) / OUTFLOW FROM FINANCING		574
0	NET (INCREASE) / DECREASE IN CASH (C/F Note 2)		0

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance	
(2,774)	Depreciation and impairment of Fixed Assets	(2,349)
1,422	Government Grants Deferred amortisation	1,320
(55)	Net surplus / (loss) on sale of Fixed Assets	41
(31,753)	Net charges made for retirement benefits in accordance with FRS 17	(29,722)
(33,160)		(30,710)
	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	
636	Loan Fund Principal Repayment	574
8,671	Employer's contributions payable to the Pension Account and retirement benefits payable direct to pensioners	10,121
9,307		10,695
	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	
0	Capital Receipt not from sale of Assets	56
1	Transfer (from) / to Insurance Reserve	(32)
(23,852)	Net additional amount to be credited to the General Fund Balance	(19,991)

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 2008/09, the current service cost of pensions was £10 million (2007/08: £12.9million), representing 34.9% (2007/08: 47.4%) 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.

It should be noted that the 2007/08 FRS 17 amounts have been re-stated to reflect the changes to commutations values which were introduced on 1 July 2008 and back-dated to 1 October 2007.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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.

In 2008/09, the Board's current service costs amounted to £821K (2007/08: £1,178K), representing 12% (2006/07: 17.8%) 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 2008/09 is nil, (2007/08: nil),
- b) retiring in earlier years, for which payments are still being made, is £212K, (2007/08: £211K).

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:

	2007/08	2008/09
	£	£
Employment Advertising	72,548	82,994
Other Advertising	31,748	29,881
	104,296	112,875

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:

	2007/08	2008/09
	£	£
Radio Workshop Services	51,119	52,653

5. AUDIT FEES

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

	2007/08	2008/09
	£	£
External Audit Services	32,800	35,100
Other Services	0	0
	32,800	35,100

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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 2010/11 & 2013/14
2007/08 £		2008/09 £	2009/10 £	2009/10 £	2013/14 £
7,630	CCTV Rental Agreement	8,617	9,910		9,910
43,655	Car Leases	49,357	55,006	8,710	46,296
11,552	Land	20,969	20,969		20,969
19,642	Photocopiers	54,388	35,352		35,352
51,942	Protective Vests	60,567	60,567		60,567
0	Batons	14,956	14,956		14,956
134,421	Total	208,854	196,760	8,710	188,050

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 2009 the amount included in the Accumulated Surplus but required to provide for future commuted sums was £1.47m (as at 31 March 2008 - £0.7m).

As referred to in the Treasurer's report and Note 14 to the Balance Sheet (page 34), there has been no adjustment to General Fund for the total FRS 17 calculated cost of the New Police Pension Scheme.

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>	2007/08 Number of Employees	2008/09 Number of Employees
£50,000-£59,999	4	22
£60,000-£69,999	8	9
£70,000-£79,999	1	3
£80,000-£89,999	2	1
£90,000-£99,999	0	1
£100,000-£109,999	1	1
£120,000-£129,999	1	1
	17	38

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

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	
	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000
Clackmannanshire Council	81	85	281	591
Falkirk Council	500	496	360	282
Stirling Council	120	107	45	31

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.

11. PRIOR YEAR ADJUSTMENT

The accounts for 2007/08 have been restated as a result of revised pension commutation factors which were introduced on 1 July 2008 and back-dated to 1 October 2007 which increases the net pension liability by £5.2m.

The written down value of vehicles as at 31.03.08 has been restated to reflect the change in depreciation measurement. The change is that the vehicles are now written off on a straight line basis over their useful lives. Useful life being determined over 3 – 10 years. The financial effect of this change results in depreciation being restated by £309K.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

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 2009

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.

The written down value of vehicles as at 31.03.08 has been restated to reflect the change in depreciation measurement. The change is that the vehicles are now written off on a straight line basis over their useful lives. Useful life being determined over 3 – 10 years. The financial effect of this change results in depreciation being restated by £309K.

The assets shown below as being "transferred in at year end" relate to national ICT assets developed under the auspices of the ACPOS Business Change Programme Board. The funding and costs for these assets has been managed by host forces, however, as they are national police assets and all Scottish forces will derive benefit from them it has been agreed between Audit Scotland and ACPOS that the assets should be held by each force in proportion to their respective Police Grant allocations.

The assets shown are the National ICT Infrastructure and the Performance Platform with values transferred in of £206K (£34K intangible and £172K tangible) and £183K (assets under construction) respectively.

Asset Type	Number 2007/08	Number 2008/09
Police Stations	22	22
Police Houses – Operational	8	8
Radio Aerial Sites	8	8
Vehicles	214	212

Intangible Fixed Assets

	Software and Licences £000	Total £000
Gross Valuation		
Opening Balance as at 1.4.08	-	-
Assets Transferred in at 1.4.08	34	34
Balance as at 31.3.2009	34	34
Depreciation		
Opening Balance as at 1.4.08	-	-
Assets Transferred in at 1.4.08	9	9
Balance as at 31.3.2009	9	9
Written Down Value as at 31.3.2009	25	25
Written Down Value as at 31.3.2008	-	-

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Tangible Fixed Assets

	Land & Buildings	Non- Operational Assets	Operational Vehicles	Computer, Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Gross Valuation						
Opening Balance as at 1.4.08	37,513	-	2,729	7,920	-	48,162
Additions	617	-	461	358	-	1,436
Disposals	-	-	(417)	-	-	(417)
Assets Transferred in at 1.4.08	-	-	-	172	183	355
Balance as at 31.3.2009	38,130	-	2,773	8,450	183	49,536
Depreciation						
Opening Balance as at 1.4.08	5,818	-	1,405	6,029	-	13,252
Relating to disposals	-	-	(372)	-	-	(372)
Charge for the year	872	-	511	905	-	2,288
Assets Transferred in at 1.4.08	-	-	-	51	-	51
Balance as at 31.3.2009	6,690	-	1,544	6,985	-	15,219
Written Down Value as at 31.3.2009	31,440	-	1,229	1,465	183	34,317
Written Down Value as at 31.3.2008	31,695	-	1,325	1,891	0	34,911

3. CAPITAL EXPENDITURE IN THE YEAR

Capital expenditure of £1,436K was incurred in the year. The additions were funded as follows:-

	2007/08		2008/09	
	%	£000	%	£000
Capital Grants Applied	74.3	1,425	98.6	1,416
Capital Receipts Applied	25.7	493	1.4	20
		1,918		1,436

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

4. CAPITAL COMMITMENTS

As at the year end the tender for the new Police Office at Central Business Park, Larbert was approved, although the construction was not due to commence until April 2009. The resulting capital contractual commitments incumbent on the Joint Police Board as at 31 March 2009 were therefore as follows:

Contractor	Estimated Value of Commitment	Purpose of contract
Hadden Construction Ltd	£1.78m	Construction of new Police Office at Central Business Park, Larbert

5. DEBTORS

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

	2007/08 £000	2008/09 £000
Government Grants	1,314	1,203
VAT	324	234
Other Grants & Recharges	435	75
Sales Ledger Debtors	500	836
Sundry Prepayments	359	206
	2,932	2,554

Related Party Debtors

Included in the above balance, related party debtors at 31 March 2009 are as follows:

	2007/08 £000	2008/09 £000
Clackmannanshire Council	8	7
Falkirk Council	38	61
Stirling Council	7	25

6. CREDITORS

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

	2007/08 £000	2008/09 £000
Payroll Accruals	2,533	1,597
Purchase Ledger Creditors	1,049	596
Sundry Accruals	419	1,295
	4,001	3,488

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Related Party Creditors

Included in the above balance, related party creditors at 31 March 2009 are as follows:

	2007/08	2008/09
	£000	£000
Clackmannanshire Council	0	139
Falkirk Council	0	142
Stirling Council	8	30

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 2009, the earmarked reserve amount is £1.47m (31 March 2008 - £0.7m). This is also detailed in Note 7 of the Notes to the Income and Expenditure Account on page 17 and at Note 14, General Fund Balance on page 34.

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.

These schemes are statutory and as such the Board is obliged to pay the benefits when due. They are also final salary schemes which means that they are “defined benefits” schemes. They are contracted out of the additional state pension scheme and are registered with HMRC.

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.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

In 2008/09, pension costs have been charged to the Income and Expenditure Account on the accruals basis as prescribed in FRS 17. As at 31 March 2009, 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 2009.

It should be noted that the 2007/08 FRS 17 amounts have been re-stated to reflect the changes to commutations values which were introduced on 1 July 2008 and back-dated to 1 October 2007.

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	£000		£000		£000	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Fair value of employer assets	15,075	20,764	-	-	15,075	20,764
Present value of funded liabilities	(18,615)	(21,284)	-	-	(18,615)	(21,284)
Net (under) / overfunding in funded plans	(3,540)	(520)	-	-	(3,540)	(520)
Present values of unfunded liabilities	(212)	(211)	(298,800)	(273,000)	(299,012)	(273,211)
Unrecognised past service cost	-	-	-	-	-	-
Net asset/ (liability)	(3,752)	(731)	(298,800)	(273,000)	(302,552)	(273,731)
Amount in balance sheet						
Liabilities	3,752	731	298,800	273,000	302,552	273,731
Assets	-	-	-	-	-	-
Net asset/ (liability)	(3,752)	(731)	(298,800)	(273,000)	(302,552)	(273,731)

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

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 (bid) value for investments, and consist of the following categories by proportion of the total assets held by the Fund:

	31 March 2009	31 March 2008
	£000	£000
Equity Investments	10,100	14,961
Bonds	2,412	2,972
Property	1,357	2,135
Cash	1,206	697
Total	15,075	20,764

Analysis of amounts charged to Income & Expenditure Account

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	£000		£000		£000	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Current service cost	821	1,178	10,000	12,900	10,821	14,078
Interest Cost	1,504	1,353	18,900	17,800	20,404	19,153
Expected return on employer assets	(1,506)	(1,478)	-	-	(1,506)	(1,478)
Past service cost / (gain)	3	-	-	-	3	-
Losses / (gains) on curtailments and settlements	-	-	-	-	-	-
Total	822	1,053	28,900	30,700	29,722	31,753
Actual return on employer assets	(4,359)	(565)	-	-	(4,359)	(565)

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Changes in the present value of the defined benefit obligation are as follows:

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	£000		£000		£000	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Opening defined benefit obligation	21,495	24,451	273,000	327,900	294,495	352,351
Current service cost	821	1,178	10,000	12,900	10,821	14,078
Interest cost	1,504	1,353	18,900	17,800	20,404	19,153
Contributions by members	368	391	3,000	2,900	3,368	3,291
Actuarial losses / (gains)	(4,810)	(5,519)	5,900	(78,000)	1,090	(83,519)
Pensions and lump sum expenditure	-	-	(11,900)	(10,700)	(11,900)	(10,700)
Transfers in from other authorities	-	-	-	200	-	200
Transfers out to other authorities	-	-	(100)	-	(100)	-
Past service costs / (gains)	3	-	-	-	3	-
Estimated unfunded benefits paid	(17)	(16)	-	-	(17)	(16)
Estimated benefits paid	(537)	(343)	-	-	(537)	(343)
Closing defined benefit obligation	18,827	21,495	298,800	273,000	317,627	294,495

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Changes in the fair value of employer assets are as follows:

	Local Government Pension Scheme		Police Pension Schemes		Totals	
	£000		£000		£000	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008	31 March 2009	31 March 2008
Opening fair value of employer assets	20,764	20,226	-	-	20,764	20,226
Expected return on assets	1,506	1,478	-	-	1,506	1,478
Contributions by members	368	390	3,000	2,900	3,368	3,290
Contributions by the employer	1,104	1,055	9,000	7,600	10,104	8,655
Contributions in respect of unfunded benefits	17	16	-	-	17	16
Transfers in from other authorities	-	-	-	200	-	200
Transfers out to other authorities	-	-	(100)	-	(100)	-
Actuarial gains / (losses)	(8,130)	(2,042)	-	-	(8,130)	(2,042)
Pensions and lump sum expenditure	-	-	(11,900)	(10,700)	(11,900)	(10,700)
Estimated unfunded benefits paid	(17)	(16)	-	-	(17)	(16)
Estimated benefits paid	(537)	(343)	-	-	(537)	(343)
Closing fair value of employer assets	15,075	20,764	-	-	15,075	20,764

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Amounts for the current and previous four periods are as follows:

	Local Government Pension Scheme £000				
	31 March 2009	31 March 2008	31 March 2007	31 March 2006	31 March 2005
Fair value of employer assets	15,075	20,764	20,226	17,995	12,968
Present value of defined benefit obligation	(18,827)	(21,495)	(24,451)	(24,113)	(18,445)
Surplus / (deficit)	(3,752)	(731)	(4,225)	(6,118)	(5,477)
Experience gains / (losses) on assets	(8,130)	(2,042)	(161)	2,406	382
Experience gains / (losses) on liabilities	2,549	(1)	(4)	464	(7)

	Police Pension Schemes £000				
	31 March 2009	31 March 2008	31 March 2007	31 March 2006	31 March 2005
Fair value of employer assets	-	--	-	-	-
Present value of defined benefit obligation	(298,800)	(273,000)	(327,900)	(330,300)	(276,900)
Surplus / (deficit)	(298,800)	(273,000)	(327,900)	(330,300)	(276,900)
Experience gains / (losses) on assets	-	-	-	-	-
Experience gains / (losses) on liabilities	(19,500)	7,300	2,900	2,700	1,800

	Local Government and Police Pension Schemes £000				
	31 March 2009	31 March 2008	31 March 2007	31 March 2006	31 March 2005
Fair value of employer assets	15,075	20,764	20,226	17,995	12,968
Present value of defined benefit obligation	(317,627)	(294,495)	(352,351)	(354,413)	(295,345)
Surplus / (deficit)	(302,552)	(273,731)	(332,125)	(336,418)	(282,377)
Experience gains / (losses) on assets	(8,130)	(2,042)	(161)	2,406	382
Experience gains / (losses) on liabilities	(16,951)	7,299	2,896	3,164	1,793

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Hymans Robertson, an independent firm of actuaries, has assessed the Police Pension Schemes and the Local Government Pension Scheme and has applied the following actuarial assumptions in arriving at the figures above:

a. Police Pension Schemes

Financial assumptions

	31 March 2009 % p.a.	31 March 2008 % p.a.
Price increase rate	3.1%	3.6%
Salary increase rate	4.6%	5.1%
Pension increase rate	3.1%	3.6%
Discount rate	6.9%	6.9%

Mortality

Average future life expectancies at age 60		
	Males	Females
Current pensioners	27.6 years	31.0 years
Future pensioners	29.2 years	32.7 years

Historic mortality

Life expectancy for all of the below year ends is based on the PFA92 and PMA92 tables			
Year Ended	Prospective Pensioners	Current Pensioners	Ill Health Pensioners
31 March 2008	Calendar year 2030 – 1 yr	Calendar year 2020 – 1 yr	Calendar year 2020 + 4 yrs
31 March 2007	Calendar year 2030 – 1 yr	Calendar year 2020 – 1 yr	Calendar year 2020 + 4 yrs
31 March 2006	Calendar year 2030 – 1 yr	Calendar year 2020 – 1 yr	Calendar year 2020 + 4 yrs
31 March 2005	Calendar year 2030 – 1 yr	Calendar year 2020 – 1 yr	Calendar year 2020 + 4 yrs

Bulk transfers

No allowance has been made for any bulk transfer since the employer's previous FRS17 report as at 31 March 2008.

b. Local Government Pension Scheme

Financial assumptions

	31 March 2009 % p.a.	31 March 2008 % p.a.
Inflation/Price increase rate	3.1%	3.6%
Salary increase rate	4.6%	5.1%
Expected return on assets	6.3%	7.1%
Discount rate	6.9%	6.9%

Breakdown of expected return on assets by category

	31 March 2009 % p.a.	31 March 2008 % p.a.
Equities	7.0%	7.7%
Bonds	5.4%	5.7%
Property	4.9%	5.7%
Cash	4.0%	4.8%

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Mortality

Average future life expectancies at age 65		
	Males	Females
Current pensioners	20.7 years	23.8 years
Future pensioners	22.0 years	25.0 years

Historic mortality

Life expectancy for all of the below year ends is based on the PFA92 and PMA92 tables		
Year Ended	Prospective Pensioners	Current Pensioners
31 March 2009	Year of birth	Year of birth
31 March 2008	Calendar year 2030	Calendar year 2015
31 March 2007	Calendar year 2030	Calendar year 2015
31 March 2006	Calendar year 2030	Calendar year 2015
31 March 2005	Calendar year 2002	Calendar year 2002

Commutations

An allowance is included for 50% of future retirements to elect to take additional tax-free cash up to HMRC limits.

9. GOVERNMENT GRANTS – DEFERRED ACCOUNT

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 Scottish Government in twelve monthly instalments to the Constituent Authorities who remit it 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 2008/09, the Board received a capital grant of £1.4 million. This grant was fully utilised, along with other capital funding (see Balance Sheet Note 3 above) to support capital expenditure.

The written down value of government grants as at 31.03.08 has been restated to reflect the change in vehicle depreciation measurement, which matches their grant amortisation. The change is that the vehicles are now written off on a straight line basis over their useful lives. Useful life being determined over 3 – 10 years.

The amount of grant received in 2008/09, as shown in the following table has been increased by £389K to reflect the national ICT assets transferred in at year, referred to in Note 2 to the balance sheet.

Details of the amounts received and amortised are as follows:

	2007/08	2008/09
	£000	£000
Opening balance at 1 April	5,758	5,761
Grant received	1,425	1,805
Amortisation for the year – Tangible Fixed Assets	(1,422)	(1,311)
Amortisation for the year – Intangible Fixed Assets	0	(9)
Closing balance at 31 March	5,761	6,246

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

10. LONG TERM BORROWING – STIRLING COUNCIL

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

	2007/08	2008/09
	£000	£000
Loans due within 1 year	574	512
Loans due 1 – 2 years	512	535
Loans due 2 – 5 years	1,027	695
Loans due 5 – 10 years	720	647
Loans due over 10 years	8,033	7,904
	10,866	10,293
Total due 31 March	10,866	10,293

11. FINANCIAL INSTRUMENTS

With effect from 1 April 2007, the Board has been required to adopt new disclosure requirements set down within the Statement of Recommended Practice. This is based on major changes in international accounting standards which have resulted in the introduction of new UK accounting standards for financial instruments, namely FRS25, 26 and 29.

The changes have been designed to present a higher quality of information pertaining to financial instruments and in order to help quantify and inform on exposure to and management of risk, new “fair value” disclosure requirements have been introduced.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The financial instruments will be valued initially at their fair value and thereafter will be carried on the balance sheet at their amortised cost. The fair value is the amount for which an asset could be exchanged.

CLASSIFICATION

The borrowings and investments disclosed in the Balance Sheet at 31 March 2009 comprise the following categories of financial instruments:

	Long Term		Current	
	31 March 2008	31 March 2009	31 March 2008	31 March 2009
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost	(10,292)	(9,781)	(574)	(512)
Total Borrowings	(10,292)	(9,781)	(574)	(512)
Loans and Receivables	0	0	1,527	2,480
Total Investments	0	0	1,527	2,480

Financial liabilities and financial assets classed as loans and receivables are initially measured at fair value then carried on the Balance Sheet at amortised cost. Amortised cost is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account using the expected cash flows of a financial asset or liability. Ignoring impairment, the carrying amount at any point in time of a financial instrument carried at amortised cost is the carrying amount on initial recognition plus the interest taken to the Income and Expenditure Account less cash received or paid (both interest and principal).

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

FINANCIAL INSTRUMENTS INTEREST & EXPENSE

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 2008	31 March 2009	31 March 2008	31 March 2009
	£'000	£'000	£'000	£'000
Interest Expense	691	671	0	0
Interest Payable and similar charges	691	671	0	0
Interest Income	0	0	(34)	(56)
Interest and investment income	0	0	(34)	(56)

FINANCIAL INSTRUMENTS FAIR VALUE

The fair value of financial instruments held on the Balance Sheet as at 31 March 2009 is:

	31 March 2008			31 March 2009		
	Carrying Amount	Fair Value	Fair Value	Carrying Amount	Fair Value	Fair Value
		£'000	Early Repayment Rate £'000		New Borrowing Rate £'000	Early Repayment Rate £'000
Financial Liabilities	(10,866)	(10,866)	(10,866)	(10,293)	(10,293)	(10,293)
Loans and Receivables	1,527	1,527	1,527	2,480	2,480	2,480

The new financial instrument provisions require disclosure of the fair value of financial assets and liabilities where the fair value is different to the Balance Sheet carrying amount. 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.

- For PWLB debt, the Fair Value based on the new borrowing rate effectively calculates the notional interest/gain that would accrue if the Board kept the loans to maturity. The Fair Value based on the early repayment rate effectively calculates the amount the Board would have to pay to avoid the notional loss or realise the notional gain.
- For non-PWLB debt, the fair value has been calculated with reference to comparable market gilt yields
- For Investments, the fair value has been calculated with reference to comparable market rates
- Available for Sale Financial Assets are measured at cost less impairment as there is no active market for these investments
- For all other assets and liabilities, the carrying value is used to approximate the fair value.

The fair value of financial liabilities is greater than the carrying amount because the Board's loan portfolio comprises a number of fixed rate loans where the interest rate payable is higher than comparable loan interest rates at 31st March 2009. The difference between the fair value and the carrying value thereby reflects the premiums that would be payable on the early redemption of these fixed rate loans.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

12. FINANCIAL INSTRUMENTS – RISK DISCLOSURE

The Board's activities expose it to a variety of financial risks, the key risks being:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity risk – the possibility that the Board might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Board might be required to renew a financial instrument on disadvantageous terms or interest rates.
- Market risk – the possibility that financial loss might arise for the Board as a result of changes in interest rate movements

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 procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. Risk management is effectively undertaken through a central treasury management function which is governed by the requirement to comply with the CIPFA Prudential Code for Capital Finance and the CIPFA Treasury Management in the Public Services Code of Practice. Formal adoption of such requires the production of an annual treasury management strategy, the setting of prudential indicators and written treasury management policies and practices. These cover specific areas, such as overall borrowing limits, interest rate risk, credit risk and the investment of surplus cash, and establish the boundaries for treasury management activities.

Credit Risk

Credit risk arises from deposits placed with banks and financial institutions as a means of investing surplus cash as well as credit exposures to the Board's customers. Stirling Council, on behalf of the Board, has specific policies addressing credit and counterparty risk. Inclusion on the Council's counterparty list is subject to an institution meeting approved credit ratings and regular updates are provided by the Treasury Management Advisors. To diversify risk, a maximum lending limit and period is set for institutions to reflect their relative ratings. Subsidiaries are only used if rated in their own right and monetary and investment limits are further restricted to ensure the Council is not over-exposed to a particular group. The recent turmoil in the financial markets has resulted in an increasingly restrictive Counterparty list and specific consideration has been given to those UK institutions with significant government support/ownership.

Historically, the Board has not incurred any losses arising from the non-performance of any of its counterparties. In 2008/09, no credit limits were exceeded and the Board was not exposed to any losses resulting from the collapse of the Icelandic Banks as no investments were placed with these institutions. Although the current economic environment still presents a risk of default, the lending criteria remains strict and is regularly reviewed and updated.

The Board does not generally allow credit for customers. The past due amount in relation to trade debtors can be analysed by age as follows:

	£'000
Less than 30 days	608
31-60 days	104
61-90 days	22
More than 90 days	102
	<u>836</u>

Suitable provision has been made for all sundry debtors outstanding.

In 2008/09, the Board held no collateral as security.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

Liquidity Risk

As the Board has ready access to borrowings from the Public Works Loan Board, and the Money Markets to cover day to day cash flow requirements, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. As part of the SLA Stirling Council manages the Board's liquidity position through cash flow management procedures to ensure funds are available when required.

Re-financing Risk

All capital investment has been funded from capital receipts and disposals since the introduction of the prudential borrowing regime on 1 April 2004 and there are currently no plans for the Board to borrow funds. As such, no material re-financing risk exists.

Interest Rate Risk

The Board is exposed to a risk in terms of its exposure to interest rate movements on its borrowing and investments. 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 charge to the Income and Expenditure Account. Movements in interest rates have a complex impact on the Board, for instance, a rise in interest rates would have the following effect:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or Statement of Total Recognised Gains and Losses. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the General Fund Balance.

Price Risk

The Board does not invest in equity share and as such this risk does not apply.

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.

13. INSURANCE RESERVE

During the 2008/09 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, £20K, (2008 £29K) was provided in respect of the self-funded elements of liability and motor claims which were unsettled at 31 March 2009.

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 2008/09 is shown in the following table.

	2007/08	2008/09	Movement
	£000	£000	£000
Insurance Reserve	47	15	(32)

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

14. 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 2009 the amount included in the Fund Balance but required to provide for future commuted sums was £1.47m (as at 31 March 2008 - £0.7m).

In relation to the Board's employer's pension costs, legislation generally requires that the difference between retirement benefit costs as calculated under FRS 17 and the Board's actual employer's pension contributions are charged to the Pensions Reserve. There is currently no legislation that permits this in respect of the New Police Pension Scheme which commenced from 6 April 2006. For these financial statements however it is anticipated that this will be corrected by legislative action during the 2009/10 financial year.

Consequently in order to provide a financial presentation which reflects what is considered to be the substance of the Board's financial position as at 31 March 2009, the total FRS 17 calculated cost of the New Police Pension Scheme since its inception has not been charged against the General Fund.

If the FRS 17 calculated costs of the scheme since inception had been accounted for in line with the existing legislative framework this would have resulted in the General Fund balance and Pensions Reserve balances both being adjusted by £1.5m.

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:

	2007/08	2008/09
	£000	£000
Opening Balance	332,125	273,731
Net Actuarial (Gains) / Losses	(81,477)	9,220
Adjustment for Employer's Contributions Paid	(8,670)	(10,121)
Reversal of Income and Expenditure Account Entries	31,753	29,722
Closing Balance	273,731	302,552

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2009

16. STATEMENT OF MOVEMENT IN CAPITAL ACCOUNTS

	Capital Adjustment Account £000	Capital Receipts Reserve £000	Total £000
Balance as at 1 April 2008	(18,098)	(63)	(18,161)
Effects of disposals of fixed assets	46	-	46
Capital Receipts	-	(143)	(143)
Difference between loan principal repayment and depreciation	1,775	-	1,775
Applied capital receipts	(20)	20	-
Amortisation of capital grant	(1,320)	-	(1,320)
Balance as at 31 March 2009	(17,617)	(186)	(17,803)

Capital Adjustment Account

The Capital Adjustment Account 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.

The written down value of the Capital Adjustment Account as at 31.03.08 has been restated to reflect the change in vehicle depreciation and amortisation measurement. The change is that the vehicles are now written off on a straight line basis over their useful lives. Useful life being determined over 3 – 10 years.

Capital Receipts Reserve

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

17. POST BALANCE SHEET EVENT

As reported in the 2007/08 Abstract of Accounts, the amount of pension which police officers can commute was increased by approximately 25%, backdated to 1 October 2007.

Subsequently, the Police Federation has appealed the implementation date and a judicial review has determined that the date on which the factors take effect is 1 December 2006.

The Scottish Government has confirmed that commutation factors backdated to 1 December 2006 will be implemented in Scotland and funding for the additional costs will be met through an increased police grant. This will be effective from 18 June 2009.

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

- £481K in respect of officers who retired between 1 December 2006 and 30 September 2007.
- £57K interest for backdated amounts.

CENTRAL SCOTLAND JOINT POLICE BOARD

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

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

	£000	£000
Income and Expenditure Account Balance		(967)
Interest paid		(671)
Interest received		56
Repayment of Amounts Borrowed		(574)
Capital finances from current revenue		0
Non-Cash Transactions:-		
Gain on disposal of fixed assets		41
Insurance Fund		32
Items on an Accruals Basis:-		
Decrease in Stocks	(39)	
Decrease in Debtors	(378)	
Decrease in Creditors	621	
	204	204
Cash Inflow from Revenue Activities		(1,879)

2. ANALYSIS OF CASH BALANCES

	01 April 2008	31 March 2009	Movement
	£000	£000	£000
Cash in Hand	5	5	0
Bank	0	0	0
	5	5	0

3. MANAGEMENT OF LIQUID RESOURCES

	01 April 2008	31 March 2009	Movement
	£000	£000	£000
Temporary Advances to Stirling Council Loans Fund	1,527	2,480	953

4. ANALYSIS OF GOVERNMENT GRANTS

	£000	
Police Specific Grant		27,041
Other Government Grants		3,416
TOTAL		30,457

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT OF RESPONSIBILITIES FOR THE ABSTRACT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

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 a true and fair view of the financial position of the Joint Police Board at the accounting date and its income and expenditure for the year ended 31 March 2009.

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 2009

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 2009. 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. The Risk Management Framework and Risk Management Procedures have been used to inform the development of the Corporate Risk Register and Strategic Threat Assessment Risk Register which, combined, make up the Force Strategic Risk Register. These are owned and managed by the Force Policy Group and supplemented by risk registers managed within individual business areas.
5. The Force has in place a Business Continuity Framework encompassing disaster recovery plans for all key risks that could potentially impact upon 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 Corporate Governance Manager, in his capacity as Chief Internal Auditor, to the Chief Constable. The reports are also 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 Subcommittee.

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.

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2009

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 2008/09 it can be confirmed that other than the issues highlighted in audit reports as recommendations, the system controls were found to exist and operate as required.
9. For 2008/09 it can be confirmed that all material recommendations were acted upon by the Board and the Corporate Governance 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 2008/09, which was presented to the Best Value & Audit Sub-Committee, outlined the following key developments arising from Internal Audit recommendations for the year ended 31st March 2009:

- **PROCUREMENT**

Procurement & Stores Arrangements - further strengthen the arrangements for procurement and tendering through:

- Training to ensure procurement staff have appropriate skills and competency
- Approval and formal adoption of the Force's Procurement Strategy
- Review and update the Force's Financial Regulations and Contract Standing Orders
- Further development of collaborative procurement opportunities at the local level
- Further development of Purchase Cards use across the Force to achieve cost reductions
- Future development of the Force's e- tendering / procurement capability
- Development of an annual and a strategic procurement work plan
- Monitoring and report procurement performance using national Best Practice Indicators
- Developing "assurance" arrangements on procurement activity with Internal Audit

- **RISK MANAGEMENT**

Risk Management Arrangements - further strengthen the arrangements for the identification, assessment, control and monitoring of risk through:

- Formal approval of the Risk Management Framework & Procedures by the Board
- Annual reporting to the Board on overall Risk Management arrangements
- Definition and reporting of Risk Management performance indicators
- Review of Corporate Risk Register assessments to ensure a consistent approach
- Provision of training for the Board and officers in relation to the Risk Management role

- **INCOME**

Bank Reconciliations – improve controls over bank reconciliations through:

- Clearer assigned responsibilities for performing bank reconciliations and reconciling the financial ledger suspense account.
- Supervisory checking of information collated, reconciliation documents and suspense account management.
- Earlier resolution of transactional queries from bank account & ledger reconciliations

CENTRAL SCOTLAND JOINT POLICE BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2009

• PAYROLL

HR Starters & Leavers - ensure accurate payroll-related data is held between the HR and Payroll functions 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

• TRANSPORT

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

- Improved reporting from V.8 of the “Tranman” Fleet Management software
- Review & amendment of access rights to “Tranman” & deletion of redundant user-IDs
- Clear assignment of operational responsibility for maintaining the vehicle Asset Register
- Regular data reconciliations between “Tranman” vehicle database & the Asset Register

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

- Completion & issue of written procedures for purchasing and use of vehicle spare parts
- Review / amendment of access rights to Tranman and deletion of redundant user-IDs
- Implementation of spot-checks by Foreman on mechanics’ use of vehicle spare parts
- Conduct of year-end stock-count of vehicle parts in presence of an independent person
- Identification and write-off of obsolete vehicle spare parts

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.
11. 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.
12. In summary, therefore, my evaluation of the control environment is informed by a number of sources:
 - Audit work undertaken by Internal Audit during the year to 31 March 2009, together with management responses to audit recommendations;
 - Assessment of risk completed during the preparation of the strategic audit plan;
 - Reports issued by the Force’s external auditors and other review agencies (e.g. HMIC);
 - The Chief Constable’s certificate of assurance on the operation of internal controls within the Force during 2008/09; and
 - My knowledge of the Force’s governance, risk management and performance monitoring arrangements.

William Watson CPFA
Treasurer

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 2009 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 Main 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 2008 - A Statement of Recommended Practice (the 2008 SORP) are set out in the Statement of Responsibilities for the Abstract of Accounts.

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 give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of 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 the list of Members and Officials, 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.

Qualified opinion arising from disagreement about accounting treatment

As explained in the Treasurer's Report, proper accounting practice requires local authorities to make a charge to the income and expenditure account for pension costs based on FRS 17 Retirement benefits. The Local Government Pension Reserve Fund (Scotland) Regulation 2003 (the 2003 Regulation) provides the statutory basis for local authorities to remove the FRS 17-based costs from being a charge to the general fund so that only the actual pension payments are charged to that fund. However, the 2003 Regulation does not currently apply to the new pension scheme established with effect from 6 April 2006 by The Police Pensions (Scotland) Regulations 2007.

Although the Scottish Government intend amending the regulation to include this new scheme, there is no statutory basis for removing the FRS 17 based costs from the general fund in respect of the new scheme at the date these financial statements were authorised for issue. However, the authority has removed FRS 17 costs amounting to £0.9 million in 2008/09 and £0.6 million in previous years from being a charge to the general fund which means the balance on that fund as at 31 March 2009 is overstated by £1.5 million.

Except for the financial effect on the general fund of the matter referred to in the preceding paragraph, in my opinion the financial statements

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of Central Scotland Joint Police Board as at 31 March 2009 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
Senior Audit Manager
Audit Scotland
Osborne House
1/5 Osborne Terrace
Edinburgh
EH12 5HG

22 September 2009

CENTRAL SCOTLAND JOINT POLICE BOARD

STATUTORY PERFORMANCE INDICATORS 2008/2009

The Local Government Act 1992 requires the Force to publish Statutory Performance Indicators relating to activities that will enable appropriate comparisons on the basis of cost, economy, efficiency and effectiveness. The indicators for Central Scotland Police for the financial year ending 31 March 2009 are detailed under the headings shown below. Previous years figures are also included to allow the performance of the Force to be placed in context.

Indicator		2007/08	2008/09
Percentage of crimes/offences cleared up:	Crimes of violence	96.1%	97.2%
	Crimes of indecency	97.7%	80.0%
	Crimes of dishonesty	48.6%	50.3%
	Fire-raising, malicious mischief etc	39.2%	34.6%
	Other crimes	100.6%	99.6%
	Offences (miscellaneous)	94.1%	89.9%
	Offences (Road Traffic)	103.2%	99.0%
The proportion of 999 calls answered within 10 seconds		89.4%	91.7%
The proportion of working time lost to sickness absence for:	Police Officers	3.5%	3.6%
	Police Staff	4.3%	4.3%
Number of complaints about Police Officers and Police Staff per 10,000 incidents reported		10.8	14.2
Number of service complaints raised about the force per 10,000 population		1.96	2.84
The number of racist incidents per 1,000 population		1.16	1.31
Percentage of racially motivated crimes cleared up		78.5%	76.1%
Class A drug seizures	Weight (grams)	3,756	15,116
	No. of Doses/Tablets	18,979	9
	Volume (ml)	0	0
The number of offences for supply and possession with intent to supply class A drugs		675	579
The number of people killed or injured as a result of road accidents	All people killed or seriously injured	157	167
	Children killed or seriously injured	10	22
	All people with slight injuries	723	700
Percentage of police reports sent to the Children's Reporter within 14 calendar days of caution/charge		81.8%	83.4%
Percentage of police reports sent to the Procurator Fiscal within 28 calendar days of caution/charge		83.6%	86.3%