

TAYSIDE JOINT POLICE BOARD
AUDITED STATEMENT OF ACCOUNTS 2003/2004
(AS AT 31 MARCH 2004)

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TAYSIDE JOINT POLICE BOARD

MEMBERS AND OFFICIALS 2003/2004

CONVENER -

Councillor Colin H Young, Perth & Kinross Council

VICE CONVENER -

Councillor Ron Scrimgeour, Angus Council

VICE CONVENER -

Depute Provost Charles D P Farquhar OBE JP DL, Dundee City Council

ANGUS COUNCIL -

Appointed Members -

Depute Provost Stewart McGlynn
Councillor Ian Mackintosh JP
Councillor Robert G Myles JP
Councillor Jack C Gibb

DUNDEE CITY COUNCIL -

Appointed Members -

Councillor James Barrie from 26.01.04
Councillor Richard Beattie to 26.01.04
Lord Provost John Letford JP
Baillie Neil I C Powrie JP
Councillor Christina Roberts
Councillor George Regan
Councillor Helen Dick from 25.08.03
Councillor Fraser Macpherson to 25.08.03

PERTH AND KINROSS COUNCIL -

Appointed Members -

Councillor Jack Coburn
Councillor H Alan Jack
Councillor David M Scott JP
Councillor Lewis D D Simpson
Councillor Alexander J Stewart JP

OFFICIALS -

Chief Constable - John D Vine QPM BA MSc MCIPD
Clerk - Catherine A Coull, Angus Council
Treasurer - David S Sawers, FCCA, Angus Council

TAYSIDE JOINT POLICE BOARD

TREASURER'S REPORT 2003/2004

INTRODUCTION

This report is intended to provide readers with comments on the Tayside Joint Police Board's financial position as presented within the Audited Statement of Accounts for the financial year 2003/2004.

ACCOUNTING POLICIES

The Statement of Main Accounting Policies sets out the basis upon which the Statement of Accounts have been prepared and explains the accounting treatment of both general and specific items.

THE FINANCIAL STATEMENTS

The Financial Statements presented within the Audited Statement of Accounts are as follows -

(i) **Revenue Account**

This sets out the budgeted and actual expenditure and income for the Board's activities.

(ii) **Balance Sheet**

This details the overall financial position of the Board as at 31 March 2004.

(iii) **Statement of Total Movements in Reserves**

Brings together all the recognised gains and losses of the Board during the period. The statement separates the movements between revenue and capital.

(iv) **Cash Flow Statement**

This summarises the inflows and outflows of cash arising from both revenue and capital transactions during the year.

(v) **Notes to the Revenue Account, Balance Sheet and Cash Flow Statement**

These notes are intended to give the reader additional information on the Financial Statements.

REVENUE ACCOUNT

REVENUE BUDGET PERFORMANCE

There was a general underspend of £0.232 m in 2003/2004. The principal reason for the underspend relates to additional grant income from Scottish Executive along with increased seconded officer income. The underspend has been transferred to the general reserve for use by the Board in subsequent financial years.

REQUISITION TO CONSTITUENT AUTHORITIES

The Board at its meeting on 27 January 2003 set the 2003/2004 Revenue Budget at £71.286m including interest earned on revenue balances of £0.180m. After allowing for specific Government Grant of £35.865m it was agreed the net costs of the Force (£35.421m) inclusive of CCTV allocation and net interest earned on revenue balances be apportioned between the Constituent Authorities based on the amalgamation scheme agreement and CCTV determined allocation. The estimated requisition for 2003/2004 compared to the actual amount is as follows:

	Estimate	Actual	Variance
	£000	£000	£000
Angus Council	8,666	8,677	11
Dundee City Council	16,068	16,089	21
Perth and Kinross Council	<u>10,687</u>	<u>10,701</u>	<u>14</u>
	35,421	35,467	46

Represented by:

Increase in Interest on Revenue Balances	(13)
Overspend in Non Grant Earning Expenditure	131
Underspend in Finance Charges	<u>(72)</u>
	<u>46</u>

During 2003/2004 an additional £0.219m of revenue support grant was paid directly to the constituent authorities in respect of increased Common Police Service costs. The increase in non-grant earning expenditure amounted to £0.305m but this was offset in part by additional income from officers seconded to the Scottish Drugs Enforcement Agency £0.174m, an increase in interest earned on revenue balances of £0.013m and an underspend of £0.072m, in finance changes.

After taking these into account the additional requisition to be met by the constituent authorities from the supplementary revenue support grant has been restricted to £0.046m.

PENSIONS

Particular attention is drawn to the new pensions accounting requirements under Financial Reporting Standard 17 (FRS 17). Under these requirements there is an obligation to recognise the Board's full pension obligations in the year which they are earned. The requirements lead to the creation in the Revenue Account of a charge of £18.933 m to net operating expenditure offset by a corresponding appropriation of £18.933 m in the appropriation account. It also leads to the creation of a Pension liability of £348.358 m with a corresponding negative pension reserve of £348.358 m. It is important to recognise that these adjustments are so substantial because the Police Pension scheme is unfunded and have been made for accounting purposes. They do not impact directly on the contributions from the constituent authorities.

GENERAL RESERVE

The General Reserve balance at the end of the year totalled £1.143 million. It is the Board's policy to retain a general reserve of 1% of Grant Aided Expenditure to meet any significant unforeseen demands which may occur in any financial year. The general reserve balance at 31 March 2004 exceeds the 1% figure by £0.46m which the Board intends to use to enhance operational policing in 2004/2005.

CAPITAL EXPENDITURE

The Board incurred £3.536m of gross capital expenditure (including £0.248m financed from current revenue) in 2003/2004. Operational vehicles and equipment amounted to £0.741m, radio and communications equipment £0.444m and other equipment £1.286m. Other building costs amounted to £1.065m. Capital receipts for the year amounted to £0.072m. In addition £0.450m of capital grant was provided to the Board by the Scottish Executive, £0.400m allocated for forensic laboratory equipment and £0.050m for CCTV equipment, thereby resulting in a net capital expenditure position of £2.766m.

BEST VALUE ACCOUNTING

In compliance with Best Value Accounting requirements costs associated with the Corporate and Democratic Core and Non Distributed Costs have been identified separately within the Revenue Account.

All overheads not defined as Corporate and Democratic Core or Non Distributed Costs have been fully recharged to the service expenditure headings.

ACKNOWLEDGEMENTS

This is the eighth set of Annual Accounts of the Tayside Joint Police Board and indicates that the difficult financial targets which had been set in financial year 2003/2004 have been achieved.

The key to the achievement of these targets has been the implementation of a robust budgetary control system which enabled a proactive virement strategy to be adopted to the benefit of the Board. Accordingly, I would wish to record my thanks to the finance staff in Tayside Police and Angus Council for their essential contribution to helping ensure that the financial targets were delivered.

I would also wish to take this opportunity to thank the Chief Constable and his staff, the elected members and the officers of the Board for their assistance, support and co-operation in the effective management of the Joint Board's finances.

Special thanks go to the Director of Corporate Services and Head of Finance, Tayside Police for their wholehearted commitment to ensuring that the financial targets of the Board have been met once again.

Finally, I would conclude the Treasurer's Report by thanking all staff who have contributed to the closure of Tayside Joint Police Board's 2003/2004 Statement of Accounts.

David S Sawers, FCCA, CPFA
Treasurer,
Tayside Joint Police Board,
22 June 2004

TAYSIDE JOINT POLICE BOARD

STATEMENT OF MAIN ACCOUNTING POLICIES

3.1 General

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S)AAC). They also comply with CIPFA's Best Value Accounting Code of Practice for 2003 (Scotland). The Statement of Accounts is intended to present the financial position and transactions of the Board and has been prepared in accordance with the fundamental accounting principles of accruals, going concern, materiality and primacy of legislative requirements. The information has also been prepared taking cognisance of relevance, reliability, comparability and understandability.

The Statement of Accounts reflects the system of accounting designed to produce information about the value of the Board's assets and the real cost of using those assets. The Capital Charges element of the Revenue Account therefore reflects a charge for depreciation and notional interest (3.5%) reflecting the cost of the fixed assets used in the provision of service.

The statements also reflect the new pension funding arrangements under Financial Reporting Standard 17 (FRS 17).

3.2 Fixed Assets

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

During 2003/2004 a full revaluation of the Board's properties was carried out by the Board's Valuers, all revised valuations have been included in the Balance Sheet.

Due to the specialist nature of operational properties (eg Police Stations, Radio Stations) they have been included in the balance sheet at Depreciated Replacement Cost (DRC). All other assets have been included at the lower of net current replacement cost or net realisable value.

All assets other than non-depreciable land have an annual charge for depreciation. Assets are depreciated in the year of sale, but not in the year of purchase.

Depreciation is charged using the straight line method at rates calculated to write-off the cost or valuation less estimated residual value of each asset over their estimated useful lives, as follows:-

Operational	15-25 years
Radio Stations	15 years
Vehicles, Plant and Equipment	1-4 years

Acquisition and disposals during the year have been assumed to occur evenly throughout the year. Non-operational buildings have been classified as assets that are not directly occupied, used or consumed in the delivery of services.

Capital expenditure incurred during the year, which has not resulted in an increase in an assets valuation, has not been capitalised in the accounts, such expenditure has been transferred to the Board's Revenue Account.

3.3 Basis of Funding and Charging for Capital

The Board's borrowing is managed through Angus Council's Consolidated Loans Fund (CLF) which makes advances to the Board to finance capital expenditure. The Council's CLF then makes charges in respect of principal repayment, interest and debt management expenses.

3.4 Fixed Assets – Capital Charge to Revenue Accounts

The capital charges made to the Revenue Account, equate to the sum of depreciation plus a notional interest charge based on the net amount at which the fixed assets are included in the Balance Sheet. The notional rate of interest used is 3.5%.

3.5 Receipts from the Sale of Capital Assets

Capital receipts arising from the sale of assets are applied to reduce the level of advances.

3.6 Revenue and Capital Debtors and Creditors

All specific and material sums payable to and due by the Board as at 31 March 2004 have been brought into account. All salaries and wages earned up to 31 March 2004 are included in the Audited Statement 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.

3.7 Stores and Work in Progress

Stocks and stores are valued at the lower of cost and net realisable value.

3.8 Pensions

The Board participates in two pension schemes which provide members with defined benefits related to pay and service.

The Board complies with FRS 17 (Accounting for Pension Costs) for both uniformed police officers and support staff.

3.9 Provisions

Provision has been made for the pension entitlements accruing to those officers eligible to retire at 31 March 2004 but who have elected to remain in service.

Provision has been made for bad debts, the level of the provision is based on an assessment of the prospect of recovering the related debt.

3.10 Grants

Grants have been credited to the appropriate revenue accounts and accruals have been made for balances known to be receivable for the period to 31 March 2004.

3.11 2002/2003 Revenue Account and Balance Sheet – Restatement

The 2002/2003 Revenue and Balance Sheet figures included in the financial statements have been restated to reflect the additional disclosure required by FRS 17 'Retirement Benefits'.

The net effect on the 2002/2003 Revenue Account is nil. The effect on the Balance Sheet is a net reduction to a liability of £311.965m, from a net asset of £18.749m.

TAYSIDE JOINT POLICE BOARDREVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2004

	2003/2004 Revised Budget	2003/2004 Gross Expenditure	2003/2004 Gross Income	2003/2004 Actual	2002/2003 Actual
	£000	£000	£000	£000	£000
Crime Management	42,974	48,229	(6,814)	41,415	32,704
Traffic Management	2,930	3,228	(476)	2,752	8,300
Public Order	977	1,048	(208)	840	1,325
Community Safety	5,860	6,493	(889)	5,604	8,420
Call Management	9,767	10,824	(1,484)	9,340	6,197
Police Pensions (net)	9,965	10,800	-	10,800	9,700
Cost of Services	72,473	80,622	(9,871)	70,751	66,646
Common Police Services	1,363	1,355	-	1,355	883
Corporate and Democratic Core	-	169	-	169	138
Non Distributed Costs	-	175	-	175	1,265
Net Cost of Services	73,836	82,321	(9,871)	72,450	68,932
Transfer from Asset Management Revenue Account (Note 4)	(690)		(690)	(690)	(1,249)
Pension Interest Cost	-	21,431	-	21,431	19,625
Expected Return on Pension Assets	-	-	(1,326)	(1,326)	(1,453)
Interest on Revenue Balances	(160)	-	(192)	(192)	(118)
Net Operating Expenditure	72,986	103,752	(12,079)	91,673	85,737
Appropriation from Capital Financing Reserve:	(1,591)			(1,715)	(1,706)
Movement on Pension Reserve	-			(18,933)	(18,339)
Amount to be met from Specific Govt Grant & Constituent Authorities	71,395			71,025	65,692
Police Grant	35,974			35,790	33,197
Constituent Authority Requisitions (Net of IORB Repayment)					
Angus	8,666			8,677	8,024
Dundee	16,068			16,089	14,874
Perth	10,687			10,701	9,891
	71,395			71,257	65,986
Surplus for the Year – to General Reserve				232	294
Balance Start of Year				911	617
Balance at End of Year	-			1,143	911

TAYSIDE JOINT POLICE BOARD**NOTES TO THE REVENUE ACCOUNT****1. ACCOUNTING FOR BEST VALUE**

To comply with the Best Value Accounting Code of Practice (2003) total cost must be identified within the Service Divisions as detailed within the Revenue Account for the year ended 31 March 2004.

Total cost includes all direct and reasonably attributable costs of a Service Division, including an allocation of support service costs, overheads and capital charges.

2. ANALYSIS OF REVENUE EXPENDITURE

Detailed below is an analysis of the Board's Net Operating Expenditure

	2003/2004 Revised Budget	2003/2004 Gross Expenditur e	2003/2004 Gross Income	2003/2004 Actual	2002/2003 Actual
	£000	£000	£000	£000	£000
Staff Costs	67,708	66,733	(416)	66,317	61,309
Property Costs	2,435	2,442	(3)	2,439	2,773
Supplies & Services	4,834	5,356	(157)	5,199	4,535
Transport Costs	1,669	1,697	(11)	1,686	1,658
Third Party Payments	1,481	1,454	-	1,454	1,019
Support Services Costs	185	176	-	176	141
Capital Charges	4,174	4,119	-	4,119	4,199
Gross Expenditure	82,485	81,977	(587)	81,390	75,634
General Income	(8,650)	-	(9,284)	(9,284)	(8,105)
Cost of Services	73,836	81,977	(9,871)	72,106	67,529
Corporate and Democratic Core	-	169	-	169	138
Non Distributed Costs	-	175	-	175	1,265
Net Cost of Services	73,836	82,321	(9,871)	72,450	68,932
Transfer from Asset Management Revenue Account	(690)	-	(690)	(690)	(1,249)
Pension Interest Costs	-	21,431	-	21,431	19,625
Expected Return on Pension Assets	-	-	(1,326)	(1,326)	(1,453)
Interest on Revenue Balances	(160)	-	(192)	(192)	(118)
Net Operating Expenditure	72,986	103,752	(12,079)	91,673	85,737

3. PENSIONS

See also Note 10 to Balance Sheet

Uniformed Police Officers Amount Charged to Operating Costs

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Service Cost	10,800	9,700
Past Service Cost	160	1,225
Total Operating Charge	10,960	10,925
Interest on Pension Scheme Liabilities	20,000	18,400
Net Revenue Account Cost	30,960	29,325

Other Employees Analysis of amount charged to operating costs

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Amount charged to Operating Cost		
Service Cost	1,173	967
Past Service Cost	15	-
Total Operating Charge	1,188	967
Amount Credited to Other Finance Income		
Expected Return on Employer Assets	(1,326)	(1,453)
Interest on Pension Scheme Liabilities	1,431	1,225
Net Return	105	(228)
Net Revenue Account Cost	1,293	739

4. TRANSACTIONS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

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

	2003/2004 £000	2002/2003 £000
Income -		
Capital Charges	(4,119)	(4,199)
Expenditure -		
Provision for Depreciation	2,512	2,115
Angus Council Loans Fund Interest	917	835
Balance to Revenue Account	<u>(690)</u>	<u>(1,249)</u>

5. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

The Board is empowered by this Act to provide goods and services to other public bodies. Detailed below is the expenditure and income arising from work carried out under the Local Authority (Goods and Services) Act 1970 during the financial year 2003/2004.

Expenditure

	2003/2004	2002/2003
	£000	£000
Dundee City Council	282	365
Dundee Contract Services	22	23
Dundee Parks DSO	6	5
Angus Council	127	48
Perth & Kinross Council	<u>29</u>	<u>82</u>
Total Expenditure	<u>466</u>	<u>523</u>

Income

	2003/2004	2002/2003
	£000	£000
Forensic/DNA Laboratory Recharge		
Fife	167	242
Central	133	193
Other Forces	1,664	1,271
IB		
Fife	57	54
Central	1	-
Radio Workshops		
Tayside Fire Brigade	80	78
Tayside Contracts	42	57
NOSWA	31	30
Taxi Certificates		
Angus Council	26	26
Dundee City Council	35	35
Other		
Tay Road Bridge	11	10
Dundee City Council	31	15
Angus Council	<u>5</u>	<u>5</u>
Total Income	<u>2,283</u>	<u>2,016</u>

6. OPERATING LEASES

Operating Lease rental payments of £239,322 (2002/2003 £230,999) were made during 2003/2004, with an undischarged liability at 31 March 2004 of £363,250 (2002/2003 £310,687).

7. PUBLICITY ACCOUNT

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

	2003/2004 £000	2002/2003 £000
Employment Advertising	41	61
General Advertising	11	6

8. REQUISITIONS ON CONSTITUENT AUTHORITIES

Authority	Original Estimate	Amount Requisitioned	Balance Due From Authorities
	£000	£000	£000
Angus	8,666	8,677	11
Dundee City	16,068	16,089	21
Perth & Kinross	<u>10,687</u>	<u>10,701</u>	<u>14</u>
	<u>35,421</u>	<u>35,467</u>	<u>46</u>

9. OFFICER'S EMOLUMENTS

The following table shows the number of employees whose whole taxable remuneration fell within the specified bandings:

Salary Banding	No of Employees	
	2003/2004	2002/2003
£40,000 - £49,999	80	51
£50,000 - £59,999	6	9
£60,000 - £69,999	7	3
£70,000 - £79,999	1	1
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1

10. **RELATED PARTIES**

In 2003/2004 there have been no material transactions with any related party, which are not disclosed elsewhere in the Audited Statement of Accounts.

11. **EXTERNAL AUDIT FEES**

In 2003/04 the following fees were incurred relating to external audit.

	2003/2004 £000	2002/2003 £000
Fees payable in respect of external audit services carried out by the appointed auditor	35	38
Fees payable in respect of other services	<u>2</u>	-
	37	38

The charge for external audit services includes a fixed charge for the year of £9,300 (2002/2003 £8,400). The fees for additional services during 2003/2004 relate to work in respect of a HMIC follow up inspection.

TAYSIDE JOINT POLICE BOARD**BALANCE SHEET AS AT 31 MARCH**

2002/2003			2003/2004	
£000	£000		£000	£000
		FIXED ASSETS		
30,183		Operational Buildings/Land	40,633	
70		Non Operational Buildings/Land	-	
3,022		Vehicles, Plant and Equipment	4,259	
<hr/>			<hr/>	
	33,275	TOTAL FIXED ASSETS		44,892
		CURRENT ASSETS		
84		Stocks	84	
5,238		Debtors	7,427	
10		Advances Petty Outlays	10	
2,907		Cash and Bank	1,905	
<hr/>			<hr/>	
	8,239			9,426
		CURRENT LIABILITIES		
(1,685)		Pension Provision	(2,560)	
(5,662)		Creditors	(5,731)	
<hr/>			<hr/>	
	(7,347)			(8,291)
	<hr/>	TOTAL NET CURRENT ASSETS		<hr/>
	892			1,135
	34,167	TOTAL ASSETS LESS CURRENT LIABILITIES		46,027
		LONG TERM LIABILITIES		
	(330,714)	Net Pension Liability		(348,358)
	(15,418)	Long Term Borrowing - Angus Council		(17,410)
	-	Govt Grant Deferred		(450)
	<hr/>	TOTAL NET LIABILITIES		<hr/>
	(311,965)			(320,191)
		RESERVES		
		Usable Reserves		
	911	General Reserve		1,143
		Unusable Reserves		
(330,714)		Pension Reserve	(348,358)	
23,966		Fixed Asset Restatement Reserve	34,785	
(6,128)		Capital Financing Reserve	(7,761)	
<hr/>			<hr/>	
	(312,876)			(321,334)
	<hr/>	TOTAL RESERVES		<hr/>
	(311,965)			(320,191)

David S Sawers, FCCA, CPFA
Treasurer
Tayside Joint Police Board
22 June 2004

TAYSIDE JOINT POLICE BOARD**NOTES TO THE BALANCE SHEET****1. FIXED ASSETS INFORMATION**

The Board's fixed assets are in respect of operational and non operational land and buildings, operational vehicles, computer, laboratory and other equipment, plant, radio and telecommunications equipment.

2. FIXED ASSET STATEMENT

	Operational Buildings/ Land	Non Operational Buildings/ Land	Operational Vehicles	Plant, Computer, Lab & Other Equipment	Radio & Telecom	Total
	£000	£000	£000	£000	£000	£000
GBV @ 31.03.2003	33,643	79	2,681	5,978	2,386	44,767
Revaluation Adjustments	6,150	(79)	-	-	-	6,071
Additions 2003/2004	840	-	741	1,286	444	3,311
Disposals 2003/2004	-	-	(369)	-	-	(369)
GBV @ 31.03.2004	<u>40,633</u>	<u>-</u>	<u>3,053</u>	<u>7,264</u>	<u>2,830</u>	<u>53,780</u>
Depreciation @ 31.03.2003	3,460	9	1,506	5,091	1,426	11,492
Depreciation 2003/2004	1,327	3	476	375	331	2,512
Depreciation on Disposals	-	-	(317)	-	-	(317)
Depreciation written off due to revaluation	(4,787)	(12)	-	-	-	(4,799)
Depreciation @ 31.03.2004	<u>-</u>	<u>-</u>	<u>1,665</u>	<u>5,466</u>	<u>1,757</u>	<u>8,888</u>
NBV @ 31.03.2004	<u>40,633</u>	<u>-</u>	<u>1,388</u>	<u>1,798</u>	<u>1,073</u>	<u>44,892</u>
NBV @ 31.03.2003	30,183	70	1,175	887	960	33,275

3. VALUATION OF THE BOARD'S ASSETS

A full revaluation of the Board's properties was carried out during 2003/2004 by Lickley Proctor, Chartered Surveyors with an effective date of 31 March, 2004.

Operational properties of a specialist nature (eg Police Stations, Radio Stations) were valued on the basis of what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect age, wear and tear and obsolescence of the existing asset (DRC – Depreciated Replacement Cost). Operational properties of a non- specialised nature were valued by reference to the market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use.

Vehicles, plant and equipment have been included in the balance sheet at net current replacement cost.

4. CAPITAL EXPENDITURE IN THE YEAR

Capital expenditure of £3.536m incurred during the year.

	2003/04 £000	2002/03 £000
Operational / Non Operational Buildings and Land	1,065	837
Operational Vehicles	741	623
Radio & Telecom	444	982
Other Equipment	1,286	390
	<u>3,536</u>	<u>2,832</u>

Included within the £3.536m capital expenditure incurred for 2003/2004 is £0.225m of expenditure which did not add additional value to the Board's assets, this amount was therefore transferred to revenue, leaving £3.311m to be capitalised in the Balance Sheet.

The capital expenditure was financed as follows :-

	2003/04 £000	2002/03 £000
External Loans	2,766	2,492
Capital Receipts	72	190
Revenue	248	150
Govt Grants	450	-
	<u>3,536</u>	<u>2,832</u>

5. ANALYSIS OF BORROWING

The Board's debt is managed by Angus Council, the debt outstanding at 31 March 2004 is £17.410m (2002/2003 £15.418m) which is sourced by the Public Works Loans Board with a range of Interest rates from 4.25% - 15% with the following maturity profile:

	Balance as at 31 March 2004 £000	Balance as at 31 March 2003 £000
Less than 1 year		
Between 1 - 2 years	-	-
Between 2 - 5 years	-	-
Between 5 - 10 years	620	352
More than 10 years	<u>16,790</u>	<u>15,066</u>
	<u>17,410</u>	<u>15,418</u>

6. COMMITMENTS UNDER CAPITAL CONTRACTS

The Board has authorised for inclusion in its Financial Plan £2.703m (2003/2004 £2.856m) of capital expenditure to be incurred in 2004/2005. Of this expenditure £0.417m (2003/2004 £0.947m) is legally committed under contract.

7. CONSTITUENT AUTHORITIES

The following amounts are included in the Balance Sheet.

Authority	2003/2004		
	Debtors £000	Creditors £000	Net £000
Angus	2,488	(817)	1,671
Dundee City	629	(2,656)	(2,027)
Perth & Kinross	14	-	14
	<u>3,131</u>	<u>(3,473)</u>	<u>(342)</u>

Authority	2002/2003		
	Debtors £000	Creditors £000	Net £000
Angus	94	(621)	(527)
Dundee City	154	(194)	(40)
Perth & Kinross	-	(118)	(118)
	<u>248</u>	<u>(933)</u>	<u>(685)</u>

8. EURO

As at 31 March 2004 no commitments in respect of costs associated with the Euro were made and no exceptional expenditure had been incurred. An estimate of the potential cost to the Board of conversion to the Euro has yet to be determined.

9. PROVISION

Pension

Provision established in order to meet future liabilities for pension commutations of officers who are eligible to retire, but who have elected to remain in service.

	Balance as at 31 March 2003	Increase for Year	Transfers During Year	Balance as at 31 March 2004
	£000	£000	£000	£000
Provision Movements				
2003/2004	1,685	1,344	(469)	2,560
2002/2003	1,642	1,624	(1,581)	1,685

10. PENSIONS

New requirements in the way that retirement benefits are accounted for represent a very substantial change from previous financial statements. Full adoption of FRS 17 'Retirement benefits' must now be included in the Boards financial statements. These changes include recognition of the net asset/liability in the balance sheet and entries in the Revenue Account representing the current and past service costs of employee pensions.

The accounting standard FRS17 is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years in the future.

The Net Pension Liability calculated by the Actuary, along with the Pension Reserve, has been reduced by the amount of cash Pension Provision held by the Board (see note 9 above).

Tayside Police Assets and Liabilities amount to:

2002/2003		2003/2004		
£000		£000 Police	£000 Other Employees	£000 Total
18,071	Share of Assets in T.S.F.*	-	23,660	23,660
(350,470)	Estimated Liabilities	(349,000)	(25,578)	(374,578)
1,685	Less Commuted Sums	2,560	-	2,560
(330,714)	Net Liabilities	(346,440)	(1,918)	(348,358)

* Tayside Superannuation Fund

Valuation Assumptions

The financial valuation assumptions used in the FRS 17 valuation as at 31 March 2004 (ie beginning of the year) are set out below.

Assumptions as at	31 March 2004 % per annum	31 March 2003 % per annum
Price increases	2.9%	2.5%
Salary increases	4.4%	4.0%
Pension increases	2.9%	2.5%
Discount rate	6.5%	6.1%

Uniformed Police Officers

The Police Pension Scheme is a defined benefit statutory scheme. The scheme is administered by Dundee City Council in accordance with the Police Pensions Regulations 1987 and the Police Pensions Act 1976 as amended. There is no funded pension scheme for Police Officers.

Net Pension Liability as at	31 March 2004 £000	31 March 2003 £000
Present Value of Scheme Liabilities		
Officers	199,600	176,700
Deferred Pensioners	2,900	2,750
Pensioners	146,500	148,200
Total Value of Scheme Liabilities	349,000	327,650

Movement in Net Pension Deficit during the year

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Beginning of year deficit	(327,650)	(288,100)
Service cost	(10,800)	(9,700)
Employer contributions	10,100	9,417
Transfers in from other authorities	(170)	-
Transfers out to other authorities	9	-
Past service costs (injury benefits)	(160)	(1,225)
Interest cost on liabilities	(20,000)	(18,400)
Actuarial gains/(losses)	(329)	(19,642)
End of year deficit	(349,000)	(327,650)

History of Experience Gains and Losses

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Experience gains/(losses) on liabilities arising from pension and salary increases	(329)	3,800
Present value of liabilities	349,000	327,650
Percentage of the present value of liabilities	(0.1%)	1.2%
Actuarial gains/(losses) recognised	(329)	(23,195)
Present value of liabilities	349,000	327,650
Percentage of the present value of liabilities	(0.1%)	7.1%

Other Employees

The Tayside Superannuation Fund, which is part of the Local Government Pension Scheme is a defined benefit statutory scheme. The fund is administered by Dundee City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

During 2003/2004 the Board's contribution was equivalent to 250% (2002/2003 240%) of employee contributions. The contribution rate is determined by an actuarial valuation of the Superannuation Fund's assets and liabilities. The relevant review being at 31 March 2002. This valuation determined the employer contribution rates for the years 2001/2002, 2002/2003 and 2003/2004. Under Superannuation Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

The Tayside Superannuation Fund applies a single employers contribution rate to the fund as a whole, therefore individual members cannot utilise their actual surplus/deficit to separately adjust the employer's contribution rate.

Balance Sheet disclosure as at 31 March 2004

Assets (Employer)	31 March 2004		31 March 2003	
	Long Term Return % per annum	Assets £000	Long Term Return % per annum	Assets £000
Equities	7.7%	16,640	8.0%	12,165
Bonds	5.1%	4,337	4.8%	3,501
Property	6.5%	2,072	6.0%	1,749
Cash	4.0%	611	4.0%	656
TOTAL	7.0%	23,660	7.0%	18,071

Net Pension Liability as at	31 March 2004 £000	31 March 2003 £000
Estimated Employer Assets	23,660	18,071
Present Value of Scheme Liabilities	25,376	22,645
Present Value of Unfunded Liabilities	202	175
Total Value of Liabilities	25,578	22,820
Net Pension Liability	(1,918)	(4,749)

Movement in Surplus/(Deficit) during the year

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Surplus/(deficit) at beginning of year	(4,749)	1,350
Current service cost	(1,173)	(967)
Employer contributions	1,417	1,251
Contributions in respect of Unfunded Benefits	15	-
Other income	-	-
Other outgoings (eg expenses)	-	-
Past service costs	(15)	-
Impact of settlements and curtailments	-	-
Net return on assets	(105)	228
Actuarial gains/(losses)	2,692	(6,611)
Surplus/(deficit) at end of year	(1,918)	(4,749)

History of Experience Gains and Losses

	Year to 31 March 2004 £000	Year to 31 March 2003 £000
Difference between the expected and actual return on assets	2,716	(5,097)
Value of assets	23,660	18,071
Percentage of assets	11.5%	(28.2%)
Experience gains/(losses) on liabilities	(24)	(1,472)
Present value of liabilities	25,578	22,645
Percentage of the present value of liabilities	(0.1%)	(6.5%)
Actuarial gains/(losses) recognised	2,692	(6,611)
Present value of liabilities	25,578	22,645
Percentage of present value of liabilities	10.5%	(29.2%)

TAYSIDE JOINT POLICE BOARD**STATEMENT OF TOTAL MOVEMENTS IN RESERVES**

The three capital reserves arising from the system of capital accounting are the Fixed Asset Restatement Reserve, the Capital Financing Reserve and the Usable Capital Receipts Reserve. The former of these represents the balance of surpluses and deficits arising from the revaluation of assets, the Capital Financing Reserve relates to amounts set aside from revenue and capital receipts applied to finance capital expenditure together with amounts repaid to the Angus Council Loans Fund. The Usable Capital Receipts reserve represents resources available for funding future capital expenditure.

As a result of the full adoption of FRS 17 'Retirement Benefits' a revenue Pension Reserve (FRS 17) is now required to represent the net pension liability.

2002/2003 Total	CAPITAL RESERVES	Fixed Asset Restatement Reserve	Capital Financing Reserve	Usable Capital Receipts Reserve	2003/2004 Total
£000		£000	£000	£000	£000
19,990	Balance at 1 April	23,966	(6,128)	-	17,838
(380)	Other Adjustments (including revaluations)	10,870	-	-	10,870
(255)	Disposals of Fixed Assets	(51)	-	-	(51)
190	Proceeds of Disposals	-	-	82	82
-	Usable Capital Receipts	-	82	(82)	-
(215)	Appropriation to Revenue Account	-	24	-	24
(1,492)	Difference between loan principal and depreciation	-	(1,739)	-	(1,739)
<u>17,838</u>	Balance at 31 March	<u>34,785</u>	<u>(7,761)</u>	<u>-</u>	<u>27,024</u>

REVENUE RESERVES

Total		FRS17 Pension Reserve	General Reserve	Total
£000		£000	£000	£000
(284,448)	Balance at 1 April	(330,714)	911	(329,803)
(27,310)	Net Acturial (Gains)/Losses	1,289	-	1,289
(18,339)	Appropriation from Revenue	(18,933)	-	(18,933)
294	Transfers during the year	-	232	232
<u>(329,803)</u>	Balance at 31 March	<u>(348,358)</u>	<u>1,143</u>	<u>(347,215)</u>

SECTION 9

TAYSIDE JOINT POLICE BOARDCASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH

2002/2003			2003/2004	
£000	£000		£000	£000
		REVENUE ACTIVITIES		
		Cash Outflows:		
61,617		Cash paid to and on behalf of employees	67,101	
9,378		Other Operating Costs	11,505	
	70,995			78,606
		Cash Inflows:		
(7,375)		General	(9,231)	
(32,873)		Requisitions from Constituent Authorities	(35,032)	
(33,687)		Specific Grant	(37,201)	
(55)		Civil Defence Grant	(55)	
	(73,990)			(81,519)
	(2,995)	NET CASH (INFLOW) FROM REVENUE ACTIVITIES (Note 1)		(2,913)
		SERVICING OF FINANCE		
1,394		Cash Outflows: Interest Paid	640	
(252)		Cash Inflows: Interest on Revenue Balances	(139)	
	1,142			501
		CAPITAL ACTIVITIES		
2,682		Purchase of Fixed Assets(Non-Revenue)	3,310	
129		Purchase of Fixed Assets (Revenue)	248	
2,811			3,558	
(216)		Sale of Fixed Assets	(72)	
-		Capital Grants	(450)	
	2,595	CASH OUTFLOW BEFORE FINANCING		3,036
		FINANCING		
999		Cash Outflows: Repayment of Amounts Borrowed	604	
(2,899)		Cash Inflows: Loans Advanced	(226)	
	(1,900)			378
	(1,158)	(INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS		1,002

SECTION 10

TAYSIDE JOINT POLICE BOARD

NOTES TO THE CASH FLOW STATEMENT

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

2002/2003		2003/2004	
£000		£000	£000
315	Surplus for the year		232
	Non-Cash Transactions:		
43	Pension Provision	875	
<u>43</u>			875
	Items on an Accruals Basis:		
1,786	Increase (Decrease) in Creditors	(189)	
(619)	(Increase) Decrease in Debtors	249	
<u>1,167</u>			60
834	Interest Paid	917	
625	Principal Repaid	773	
<u>1,459</u>			1,690
(139)	Interest Received		(192)
150	Capital from Current Revenue		248
<u>2,995</u>	Cash Inflow from Revenue Activities		<u>2,913</u>

2. RECONCILIATION TO NET DEBT

	2003/04 Movement £000	2002/03 Movement £000
Decrease/(Increase) in Cash in the Period	1,002	(1,158)
Increase in Debt	1,992	1,868
Movement in Net Debt in Period	<u>2,994</u>	<u>710</u>
Net Debt at 1 April	12,501	11,791
Net Debt as at 31 March	<u>15,495</u>	<u>12,501</u>

Analysis of Net Debt	Balance at 31 March 2003	Cashflow	Non Cash Movements	Balance at 31 March 2004
	£000	£000	£000	£000
Cash in hand	(10)	-	-	(10)
Bank	(2,907)	1,002	-	(1,905)
Debt due after 1 year	15,418	(159)	2,151	17,410
Debt due within 1 year	-	-	-	-
TOTAL	12,501	843	2,151	15,495

3. ANALYSIS OF GOVERNMENT GRANTS

2002/2003		2003/2004
£000		£000
34,964	Police Specific Grant	37,201
<u>55</u>	Civil Defence Grant	<u>55</u>
<u>35,019</u>		<u>37,256</u>

Police Specific Grant for 2003/2004 consists of the following:

	£000
51% Police Grant	36,488
CTSA	50
SDEA	160
DNA	15
Drug/Driving	16
Finance Analysts	73
SID	58
Ports	60
Special Events	240
Special Operations	23
Firearms	3
Fire-Fighters Dispute	15
	<u>37,201</u>

TAYSIDE JOINT POLICE BOARD

STATEMENT ON THE SYSTEMS OF INTERNAL FINANCIAL CONTROL

1. This statement is given in respect of the 2003/04 statement of accounts for The Tayside Joint Police Board and acknowledges responsibility for ensuring that an effective system of internal financial control is maintained and operated within the Board.
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 financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Board, with the support of constituent authorities. In particular, the system includes:-
 - financial regulations and codes of financial practice;
 - comprehensive budgeting systems;
 - regular reviews of periodic and annual financial reports which indicate financial performance against the forecast;
 - 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
 - as appropriate, formal project management disciplines.
4. An internal audit service is provided to the Board by the Internal Audit Section of Angus Council under a service level agreement. The service is provided in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom (2003). Audit needs are assessed using a robust risk model from which audit plans are developed and ratified by the Board's Finance Sub-Committee, which acts in the capacity of Audit Committee. The particular circumstances of the Board, where the financial systems are hosted and operated by Dundee City Council, mean that assurances in relation to these systems have been taken from the Depute Chief Executive (Finance) of that Authority.

5. In relation to reporting arrangements, the Chief Internal Auditor to the Board:-

- reports on a line management basis to the Board Treasurer
- has open access to Board Members and the Chief Constable
- reports in her own name and retains final edit rights over all audit reports
- provides an annual Internal Financial Control assurance statement

6. My review of the effectiveness of the system of internal financial control is informed by:-

- The work of managers within the Board;
- Assurances received from the Force Executive
- The work of internal audit (and third party assurances regarding core financial systems) as described above; and
- The external auditors in their annual audit letter and other reports

And, from the above, I am satisfied the Board has in place sound systems of internal financial control with no material weaknesses identified. I am also satisfied that mechanisms are in place which would identify, and address, any material areas of weakness on a timeous basis.

David S Sawers FCCA, CPFA
Treasurer
Tayside Joint Police Board

22 June, 2004

TAYSIDE JOINT POLICE BOARD

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Board's responsibilities

The Joint Board is required

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Board that officer is the Treasurer
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Joint Board's statement of accounts which, in terms of the CIPFA/LA(S)AAC Code of Practice on Local Authority Accounting ('the Code of Practice'), is required to present fairly the financial position of the Joint Board at the accounting date and its income and expenditure for the year ended 31 March 2004.

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then 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
- provided a statement on the Systems of Internal Financial Control