



GRAMPIAN
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Keeping our communities safe

COMMITTEE: GRAMPIAN JOINT POLICE BOARD
DATE: 8 June 2012
TITLE OF REPORT: Draft Annual Statement of Accounts 2011-12

1. PURPOSE OF REPORT

- 1.1 To present to the Board a copy of the unaudited Draft Annual Statement of Accounts for the financial year to 31 March 2012. At this stage the accounts are for noting and a fuller report will be presented to the Board on completion of the external audit.

2. RECOMMENDATION(S)

- 2.1 To note the contents of the report.

3. FINANCIAL IMPLICATIONS

- 3.1 The Force is required by statute to present a Draft Annual Statement of Accounts for the financial year 2011-12 to Members of the Board and Audit Scotland by 30 June 2012. Where the meeting of the Board is held beyond this date, then Members should be provided with a copy by 30 June 2012.
- 3.2 The Draft Annual Statement of Accounts provides an overview of the financial performance of the Force during 2011-12 and the financial position at 31 March 2012. These can be compared to the corresponding totals for 2010-11 and the balances at 31 March 2011.

4. SERVICE & COMMUNITY IMPACT

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5. OTHER IMPLICATIONS

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6. REPORT

- 6.1 The Draft Annual Statement of Accounts for 2011-12 is appended to the report and has been prepared in accordance with the accounting requirements included within International Financial Reporting Standards (IFRS).
- 6.2 In the 2007 Budget, the Chancellor announced that the UK public sector would adopt IFRS, as this was seen as best practice and allowed for international comparisons to be made. Although IFRS has been developed for the private sector, the impact on the vast majority of transactions is the same for all sectors. However, in some instances there are statutory arrangements that require divergence from generally accepted accounting practices because we have to fund and account for some things, e.g. pensions, on a different basis.
- 6.3 An overview of the Force's financial performance and position at the year end is set out within the Explanatory Foreword by the Treasurer (pages 3 to 10). This also includes an explanation as to the different financial statements and their purpose (page 4). The figures are subject to review by the Force's External Auditors (Audit Scotland).
- 6.4 In summary, the Force generated a total budget saving of £2.996m against the approved net expenditure budget of £117.571m. This compares closely with the estimate of £2.954m reported to the last meeting of the Board in March 2012. As reported throughout the year, one of the key aims has been to generate savings (primarily in back office functions) in order to contend with the reduction in core funding in 2011-12, and the further cuts that were anticipated for 2012-13 and beyond. The final out-turn figures in comparison to the respective budget categories are included within the Foreword (page 6), with a comprehensive breakdown shown within the Notes to the Accounts (pages 64 and 65).
- 6.5 The accounts include a prior year adjustment in respect of 2010-11. In 2010-11 the Force ran a voluntary redundancy scheme for Police Staff and in some cases compensatory added years were included within the total benefit. At the time the Force took a prudent approach and accounted for these future costs by accruing them and creating a provision in the 2010-11 accounts. The relevant accounting treatment has been under review and has been confirmed. The compensatory added years element, i.e. unfunded benefits, is included in the Actuary's calculation of the Force's overall pension liability as at 31 March 2011 and therefore no provision was required. The accruals and provision have been reversed by way of a prior year adjustment.

Reserves

- 6.6 At the start of year, the Force had a balance on the General Fund of £3.891m. The prior year adjustment, described above, has the effect of increasing the General Reserve at 31 March 2011 by £1.470m, i.e. from £3.891m to £5.361m. With the underspend of £2.996m during 2011-12, the balance on the General Fund increased to £8.357m. This adjustment has the effect of taking the General Reserve at 31 March 2012 above the 8% limit on cumulative reserves set by the Scottish Government, which is currently

calculated at £7.404m. The Capital Receipts Reserve increased from £4.001m to £4.578m. These balances (subject to audit) will be carried forward into 2012-13.

- 6.7 A summary of the movement in the balance on the Force's General Fund during 2011-12 is included in the Explanatory Foreword (page 6).

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

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Chief Constable
May 2012

Treasurer
May 2012