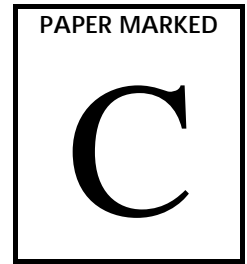


LEICESTERSHIRE POLICE AUTHORITY



Meeting POLICE AUTHORITY
Date TUESDAY 30th JUNE 2009 – 2.00 P.M.
Report of CHIEF CONSTABLE & TREASURER
Subject STATEMENT OF ACCOUNTS 2008/09

Purpose of Report

1. To present for Police Authority approval the statement of accounts for the financial year 2008/09.

Background

2. The Police Authority's external auditors, PricewaterhouseCoopers, have reached the final stages of their audit of accounts in accordance with the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Statement of Accounts 2008/09

3. A copy of the Statement of Accounts is attached, the main elements of which are described in Annex A. No material amendments have been identified by the auditors during the course of their work, part of which remains to be completed.
4. Following a consultation exercise with interested parties last year the Authority now publishes a set of summary accounts. A copy of the 2008/09 version is also attached for information.

Recommendation

5. The Police Authority is recommended to consider and approve the Statement of Accounts for 2008/09.

Officers to Contact

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Annex A

The Statement of Accounts 2008/09

The purpose of this Annex is to draw out from the inevitably detailed statutory accounts the main messages.

Income and Expenditure Account

The revenue account shows performance on day to day operational expenditure and income, the net cost of which is met by police grant, revenue support grant, our share of the national non-domestic rate pot, and precept income.

The net budget to be met from those sources in 2008/09 was £164.696 million. In the event, that budget was under spent by £4.458 million, or 2.7%. This surplus on the year has been utilised as follows:-

£3.158m has been placed in the budget equalisation reserve as part of the package to meet the anticipated funding shortfall in 2009/10 to 2011/12.

£1.300m has been placed in the General reserve, increasing its value to £4.881 million.

£4.458m

The respective values of the main sources of funding were as follows:-

£ 50.030m (30.5%) precept

£ 64.318m (39.0%) police grant

£ 6.152m (3.7%) revenue support grant

£ 44.196m (26.8%) national non-domestic rates

£164.696m

Reserves

Earmarked reserves, including those mentioned above, amounted to £14.030 million at 31st March 2009. These will almost wholly be needed to support the revenue budgets for 2009/10 and beyond.

The non-earmarked Police Fund, retained for emergencies, amounted £4.881 million at 31st March 2009. There are no proposals to use this fund at present.

Balance Sheet

The Balance Sheet provides a snapshot view of the financial health of an organisation at a moment in time – in this case 31st March 2009. It lists the assets of the organisation, both long and short term, less its liabilities.

As mentioned in the Police Authority Statement of Accounts, the future liability for police pensions has to be shown as a liability in the accounts, even though it will be many years before many of these officers start to draw their pensions, and that statutory arrangements are in place to fund the annual deficits (contributions to the pension fund less pensions paid out of it) in future. This treatment distorts the balance sheet bottom line and disguises the realistic financial status of the authority.

If this figure is stripped out the balance sheet shows a healthy financial position, as follows:-

The authority holds assets worth some £127 million, including property and vehicles worth £94 million, cash invested temporarily of £20 million, and debtors (money owed to it) of £9 million.

Liabilities (excluding the pensions distortion) total only £55 million, including loans outstanding of £17 million and creditors (money owed by it) of £11 million.

The net asset value of the authority of £72 million is represented by the reserves mentioned above, cash, and the accounts that reflect past movements on asset funding and revaluations.

Cash flow

An important element of the Police Authority accounts is the cash flow statement. It summarises the inflows of and outflows of cash arising from the transactions with third parties for revenue and capital purposes resulting in the overall increase / decrease in cash book balance between the two years. It is not a particular measure of how the cash is invested during the year; this is reported in the annual Treasury Management Report. However, it does provide information on the liquidity of the Authority in terms of the increases and decreases in current assets and liabilities.