

**ANNUAL REPORT AND
ACCOUNTS FOR THE SCOTTISH
POLICE AUTHORITY
FOR THE YEAR TO
31 MARCH 2015**

CONTENTS

Chair's Foreword	3
Chief Constable's Foreword	4
Management Commentary – Strategic Report	5
Management Commentary – Directors' Report	11
Remuneration Report	27
Statement of Accountable Officer's Responsibilities	31
Governance Statement	32
Independent Auditor's Report	41
Annual Accounts	43
Notes to the Accounts	47
Scottish Government Direction to SPA 2013	110

CHAIR'S FOREWORD

This Annual Report and Accounts for the year to 31 March 2015 captures the key outcomes and outputs of the second full year of the single police service in Scotland. This period witnessed continued progress as the journey to transform policing continued, with the focus over the year shifting from the initial operational, legal and financial challenges of merger towards establishing the structures and approaches required for the longer-term.

This report demonstrates that SPA and Police Scotland again successfully continued to deliver a quality policing service. That was again thanks, in no small part, to the continued commitment and determination of the many thousands of police officers and staff. That significant contribution through the year ensured that standards of service to the public remained consistently high, with the public continuing to respond positively to the service when they encounter it.

Featuring heavily during 2014-15 were major events such as the Commonwealth Games and the Ryder Cup - attracting worldwide attention for, and on, Scotland. International events of this scale placed considerable operational and logistical demands on the service. They represented a pivotal 'stress test' of operational resilience. These enormous 'once in a generation' events were delivered safely and securely and in a policing style that was appreciated by visitors and locals alike. The flexibility shown by officers and staff was a major factor in that success, and overall the delivery of policing on this scale was made much more straightforward by operating as a single police service.

Prevention, early intervention and partnership engagement has also featured heavily and underpinned progress in the journey to reform during 2014-15. Local policing plans have continued to evolve and Police Scotland responded positively to the need for a renewed focus on 'how' the service engages with its many stakeholders. The service took on board lessons from the first year, and established enhanced approaches to the way policing informs, communicates and engages with its partners and communities. The SPA matured and broadened its approach to governance and oversight, and continued to develop stronger connections with local scrutiny arrangements.

Although the longer-term financial picture remains challenging, year two saw further opportunities to rationalise and reduce duplication being exploited, and have contributed to minimising operating expenditure for the second successive year.

As the incoming Chair of the SPA, it is also right that I take this opportunity to acknowledge the personal contributions of my predecessor as SPA Chair, Vic Emery, and of the former Chief Constable of Police Scotland, Sir Stephen House. Both have moved on since the end of this reporting year but played key parts in establishing both their respective organisations on strong foundations, and for ensuring that considerable change programmes were progressed in parallel, and without detriment, to the important day job of keeping the people of Scotland safe.



Andrew Flanagan
Chair

16 December 2015

CHIEF CONSTABLE'S FOREWORD

Over the last financial reporting year, Police Scotland led on range of incidents and major events including the world stage Commonwealth Games, the Independence Referendum and the Ryder Cup. All supported by our police officers and staff.

Delivering the benefits of reform ensures we continue to enhance the policing service we provide to communities. Through reform, all our assets, specialist resource and expertise are now available to all parts of the country no matter where and when the need. We are now able to maximise the use of these specialist skills and resources.

Keeping people safe is the focus of our service, through strengthened scrutiny and engagement. We will continue to work alongside our partners and communities to ensure that our service continues to be focused in the right place, on the issues that matter to communities where they live.

Overall crime continues to fall and public confidence remains high but in order to meet our future savings requirements, collaboration and engagement with those we serve will be key to our success in building a policing service that not only continues to meet the needs of communities today but also in the future. Working with others will enhance our focus on prevention, informed by the policing priorities set for us by local communities and through the strategic objectives informed by our broader intelligence and evidence.

We will continue to work with the Scottish Police Authority (SPA) and others to identify efficiencies across all areas of business including procurement, estates and improvements in ICT. We are on a challenging journey ahead but one that will be achieved by working together.

A handwritten signature in black ink, reading 'Neil Richardson', with a long horizontal flourish underneath.

Neil Richardson OBE QPM
Deputy Chief Constable Designate

16 December 2015

MANAGEMENT COMMENTARY – STRATEGIC REPORT

The Role of the SPA

On 1 April 2013 a new era of policing commenced with the establishment of a single Police Service for Scotland (Police Scotland). The Police and Fire Reform (Scotland) Act 2012 sets out the framework within which the new service operates to provide policing for the people of Scotland.

This was a substantive change to the control and management of policing arrangements within Scotland from the previous unitary authorities which existed prior to this.

The SPA was charged by the Scottish Ministers with maintaining a police service and holding the Chief Constable to account for the policing of Scotland.

The SPA carries out its functions in a way which is proportionate, accountable and transparent and which is consistent with principals of good governance which constitute best practice.

The Police Plan

The SPA is committed to building a powerful collaboration with Police Scotland that responds to the ongoing economic challenges through delivering the best, practical and evidence-based solutions possible. The Plan establishes a clear direction for both Police Scotland and the SPA and describes the measurement of progress against the Strategic Police Priorities set out by Ministers. The Plan can be viewed at <http://www.spa.police.uk/assets/128635/strategic-police-plan-web>

The Plan is a journey of improvement and better ways of working. The SPA strongly believes that Police Reform provides the best opportunity to not only deliver the efficiencies necessary in the current economic climate but also to improve the delivery of policing in Scotland through having a single police service. At a national level there are opportunities to share specialists and support services and deliver harmonised approaches and economies of scale. At a local authority level the new links forged through Local Commanders provides a fresh way of shaping how police can serve local communities and meet local needs. Policing remains an integral part of our wider civic landscape, and the SPA pledges to work in partnership across the public, private and third sectors with all those involved in delivering greater integration of public services.

Police reform involves the largest restructuring of Scottish policing. The Act not only creates a single police service, maintained by the SPA, but also replaces the stated role of the police service from the former "guard, patrol and watch" of the Police (Scotland) Act 1967 to the following new policing principles:

- The main purpose of policing is to improve the safety and well-being of persons, localities and communities in Scotland.
- The Police Service, working in collaboration with others where appropriate, should seek to achieve that main purpose by policing in a way which is accessible to, and engaged with, local communities, and promotes measures to prevent crime, harm and disorder.

These changes to policing take place at the forefront of wider reforms to public services and present opportunities for increased partnership working across the Justice Sector.

Policing continues to face even more complex demands, including violence reduction, hate crime and cyber-crime, historic sex abuse investigations and major events such as the 2014 Commonwealth Games and Ryder Cup. Against this backdrop and in parallel with the inevitable cuts across public expenditure, the SPA recognises that reform presents the best opportunity to maintain and improve

outcomes, by driving out duplication, enhancing consistency and rationalising systems and structures to target expertise, capability and budgets pooled at a national level towards local needs.

The Scottish Government has made clear the aims of Police Reform are:

- To protect and improve local services, despite financial cuts, by stopping duplication of support services and not cutting the frontline
- To create more equal access to specialist support and national capacity where and when they are needed
- To strengthen the connection between police services and communities.

The SPA is governed by a Board made up of members appointed by Scottish Ministers. Day to day responsibility for the delivery of services required to maintain Scottish policing has been delegated by the Board to the Chief Executive who provides support and advice to the Board on decisions regarding issues such as strategic policy, finance and human resources. The Chief Executive also oversees the management of forensic services in Scotland, independent custody visiting, senior officer complaints handling and other services required to support operational policing.

Priorities, Objectives and Performance

Section 33 of The Act provides for the Scottish Ministers to determine the strategic priorities for the SPA. The strategic objectives for policing were determined by the SPA and developed in partnership with Police Scotland. These objectives outline what requires to be done and collectively drew on the full range of professional knowledge and expertise which exists in Police Scotland framed against the wider vision and outcomes set out in the Justice Strategy. The strategic objectives were then quality assured by the Chief Constable and SPA Members and can be seen within the section Strategic Priorities which details the priority, expectations and activity. Key performance indicators are used to monitor and evaluate performance and progress against the strategic objectives and can be viewed at <http://www.spa.police.uk/performancepages/spaperformanceframework/>.

SPA Performance Framework

The Framework is underpinned by the four Strategic Policing Priorities set out by Scottish Ministers and the seven SPA Strategic Objectives within the [SPA's Strategic Plan](#) which was published in March 2013. As such, it supports reporting against the Priorities and the underlying Strategic Objectives. The four Policing Priorities are:

- Making Communities Safer
- Readiness to Respond to Natural Hazards and Major Events
- Delivering an Efficient and Effective Service, including Reform Benefit
- Increasing Public Confidence and Reducing the Fear of Crime.

While performance indicators are used to gather information about levels and quality of service and public perception, it is unlikely that they would be able to provide the full picture on performance across policing in Scotland. As such, while a key part of the Framework is a set of performance indicators, it is not the sole element. During 2014/15 a review of the performance framework was conducted.

For 2014/15 the Framework was made up of the following elements:

- Performance on a Page with its suite of high-level strategic indicators

- A set of corporate support service indicators to monitor the delivery of functions such as HR, Forensic Services and Finance
- A self-assessment module for the SPA to assess its own delivery of its functions
- Reports on progress against the Policing Principles, the Scottish Government's Policing Priorities and the SPA's Strategic Objectives.

From 2015/16 the new SPA Strategic Performance Framework will deliver a suite of public performance reports on the SPA and Police Scotland progress against the objectives within the Strategic Police Plan. The Framework is available to view at <http://www.scotland.police.uk/about-us/our-performance>.

SPA Governance – year 2 progress

In the second year of operation, the focus for the SPA has been on continuing to follow the governance arrangements established in year one around policing, reporting, governance and scrutiny. The SPA established governance structures and committees to scrutinise policing, with a permanent structure for the SPA, and the introduction of a performance framework to ensure regular public scrutiny of police performance.

Outlined are some of the key achievements in 2014/15:

- Approval and monitoring the delivery of the £1.1bn total Grant in Aid funding provided to the SPA by the Scottish Government as detailed in note 26 to the Accounts.
- Continued involvement in the on-going scrutiny of consensual Stop and Search and a review of the standing firearms policy which resulted in 8 recommendations for Police Scotland to take forward. The full report can be viewed at <http://www.spa.police.uk/assets/128635/spaarmedpolicingscrutinyinquiryreport>
- The future Strategic Police Plan dialogue was informed by a series of seminars covering Scotland's changing population and demographic profile and effective strategies in preventative policing and youth justice to help ensure the strategic direction will focus on the safety of citizens in Scotland.
- Creation of the Reform Collaboration Group with membership across the three emergency services in Scotland to collaborate at local and national level to deliver best value and improve outcomes across communities.
- Established a Forensics Strategic Partnership Forum which involves partners from Police Scotland and the Crown Office and Procurator Fiscal Service (COPFS). The purpose of the forum is to build upon Forensic successes to date and identify further improvements that will enhance long term strategy.
- Performance Steering Group established involving partners from Police Scotland, Scottish Government and Her Majesty's Inspectorate of Constabulary (HMICS) to drive positive strategic outcomes in relation to policing performance within Scotland.
- Further positive Stakeholder Engagement through developing networks with local authority scrutiny committees to ensure that local priorities, views and concerns with regard to policing and partnerships are effectively communicated to the SPA and inform its consideration of key issues. Three national 'Partners in Scrutiny' summits, jointly organised by the SPA and the Convention of Scottish Local Authorities (COSLA), were held through the year.
- Investing resources in our national Independent Custody Visiting Scheme (ICVS). Our volunteers are dedicated individuals who ensure that all appropriate custody processes and procedures have been adhered to. They report on the condition and treatment of detainees as well as the

condition of the custody suite, medical rooms and cooking facilities. The 2014/15 Annual Review of Independent Custody Visiting can be viewed on the SPA website at <http://www.spa.police.uk/assets/128635/spaarmedpolicingscrutinyinquiryreport>

- SPA Forensic Services successfully migrated a significant proportion of its scientific disciplines to the Scottish Crime Campus (SCC). The development of the laboratory functionality at the SCC also provides improved crime scene to court coordination on the investigation of major crimes and forensic contribution in the prosecution of cases.
- Investment was also provided to Forensic Services by the Scottish Government to develop DNA24 (Globalfilertm) chemistry technology. The increased sensitivity of DNA24 (Globalfilertm) technology combined with the instrumentation and laboratories available in the SCC has resulted in Scotland having one of the leading DNA facilities in Europe.
- The SPA Forensic Services have contributed to seminars and conferences, bringing together the Forensic Science community internationally, and presented on this exciting new DNA technology.

Summary of Performance

The SPA has published the 2014/15 annual review of policing. The purpose of the review is to give the Scottish Government and other stakeholders a clear position of progress against the Strategic Priorities set in 2012 and a statement on the direction for the next year of operation. This report can be viewed at <http://www.spa.police.uk/news/296928/>.

The review assesses SPA's performance in carrying out its functions as well as an assessment of Police Scotland's performance and how both organisations are working towards achieving the objectives of the Strategic Police Plan.

The publication of the review meets the SPA's statutory obligation as set out in The Police and Fire Reform (Scotland) Act 2012 which states that the SPA must prepare an annual report as soon as practicable after the end of each reporting year.

Achievement of Strategic Priorities – summary

Strategic Priority	Overall SPA Assessment
<p>1 <i>Make communities safer and reduce harm by tackling and investigating crime and demonstrating pioneering approaches to prevention and collaboration at a national and local level</i></p>	<p>Police Scotland has successfully continued to develop its relationships with local authorities, partners and local communities. This has led to initiatives, such as Clare's Law, where police checks can be made on potentially abusive partners or the national strategy to tackle child sexual exploitation through awareness-raising with a particular focus on prevention and early intervention, are having a positive impact on making communities safer and reducing harm.</p> <p>New approaches to prevention and collaboration are continuing to develop and are also producing positive results which underpin the delivery against this strategic priority.</p>
<p>2 <i>Strengthen Scotland's reputation as a successful and safe country by demonstrating excellence in effectively planning for and responding to major events and threats</i></p>	<p>Police Scotland demonstrated both the capacity and capability to deliver major events such as the Commonwealth Games and Ryder Cup safely and securely, while maintaining day to day services nationally and locally.</p> <p>There was a considerable amount of planning and preparation that allowed major events to be staged with no detrimental impact on operational policing and Police Scotland should be commended for this achievement so early in the formation of the single service.</p> <p>This was played out in a year that saw the threat level heightened, activating a proportionate Police Scotland response including reviews of deployment methods and nationwide staff and officer awareness briefings.</p>
<p>3 <i>Provide an efficient, effective service focused on protecting frontline services, delivering the benefits of Police Reform and promoting continuous improvement.</i></p>	<p>Publication of the third Annual Police Plan in March this year shows Police Scotland continues to demonstrate their ambition for delivering against the strategic priorities which have been set.</p> <p>This is a journey which will continue into the third year of operation and beyond.</p>

4 *Make communities stronger and improve wellbeing by increasing public confidence and reducing fear of crime, making the new Police Service of Scotland an exemplar of visible, ethical and responsive policing*

Engagement has been a strong focus for Scottish policing over the last year.

Through a number of forums and partnerships, the SPA and Police Scotland have sought the views and experience of those who can bring an independent but informed perspective to the direction of travel for policing.

There have been challenges and lessons learned through this process but the emphasis has always been and will continue to be increasing public confidence and reducing the fear of crime.

SPA will continue to monitor progress of:

- How police officers and staff will keep people safe in the next 12 months (Police Scotland's Annual Plan 2015/16)
- The programme of organisational reform that over the past two years has supported the service to deliver its priorities as noted in the Police Scotland Corporate Plan, which can be viewed on the Police Scotland website at <http://www.scotland.police.uk/assets/pdf/138327/150739/policescotlandcorporatestrategy2014>
- How policing will manage its finances in the remainder of this public-sector spending cycle and meet the long-term efficiencies anticipated by Police Reform. The SPA is currently working with Police Scotland on the development of a longer term financial strategy. This was a specific recommendation of the Section 22 report issued to SPA in December 2014
- The SPA also published its own business plan which will run to 31 March 2016 bringing the SPA business planning cycle in line with the next three year planning and budgeting cycle. This will include the review of the Strategic Police Plan, Police Scotland Corporate Strategy and the next Scottish Government spending review.

MANAGEMENT COMMENTARY – DIRECTORS’ REPORT

Introduction

The Directors of the SPA present its Annual Report & Accounts for the year to 31 March 2015 for the SPA, incorporating both the SPA and Police Scotland.

The accounts are prepared in accordance with the Accounts Direction issued by Scottish Government under provisions of the 2012 Act, and in a form directed by Scottish Ministers, in accordance with the Scottish Public Finance Manual (SPFM), the Government Financial Reporting Manual (FReM) and applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The SPA is expected to satisfy the conditions and requirements set out in the financial memorandum drawn up by Scottish Government’s Justice Portfolio, together with all the relevant requirements in the SPFM and such other conditions as Scottish Ministers may from time to time impose.

Statutory Background

The SPA was established as an Other Significant Public Body (OSPB) under the 2012 Act.

Principal Activities

The role of the SPA is to maintain policing, promote policing principles and continuous improvement of policing, and to hold the Chief Constable of Police Scotland to account.

Police Scotland is responsible for policing across the length and breadth of Scotland, some 28,168 square miles. Police Scotland is the second largest police service in the UK after the Metropolitan Police.

Police Scotland’s purpose is to improve the safety and wellbeing of people, places and communities in Scotland. Police Scotland’s focus is on Keeping People Safe, which is at the heart of everything that we do.

Going Concern

As an Other Significant Public Body, the SPA anticipates continued financial support from Scottish Government, and considers it appropriate to adopt a going concern basis for the preparation of these financial statements.

The accounts have been prepared incorporating the requirements of international accounting standards and include an actuarial valuation of the various pension schemes’ liabilities as explained in notes 1.3, 23, 24 and 25 to the accounts. These valuations reflect liabilities falling due in future years in respect of pension liabilities arising from the application of IAS19. The actuaries have calculated the liability as at 31 March 2015.

The pension deficit will not be met from the SPA’s sources of income, but will be met as it falls due by future Grant in Aid from the SPA’s sponsoring department, Scottish Government’s Justice Portfolio. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

Corporate Governance

The Governance Statement provides a summary of the way that the SPA has managed Governance, Risk and Internal Control throughout the year. The SPA has applied the principles of HM Treasury Code

of Good Practice and the Scottish Public Finance Manual (SPFM) for Corporate Governance in the context of its own circumstances.

SPA Board & Leadership

Details regarding the Board composition, its committees and its operation are on the SPA website at <http://www.spa.police.uk> and are also contained in the Governance Statement. Board appointments have been made in accordance with guidelines issued by the Commissioner for Ethical Standards in Public Life in Scotland. These require appointments to be on merit on the basis of fair and open competition.

Non-Executive Board Members were generally appointed for a fixed term of four years with a maximum notice period of one month, apart from the Chair whose fixed term contract was for three years. Contracts are renewable for further fixed terms if both parties agree. In the event of early termination there is no contractual provision for compensation. A Register of Interests for the Board and Senior Management of the SPA can be accessed via Executive Support, SPA, 1 Pacific Quay, Glasgow G51 1DZ, with Board Members' biographies being held on the SPA website at <http://www.spa.police.uk/about-us/the-board>.

During the course of the second full year of operation the SPA continued to develop its permanent structure and all the director positions have now been filled. The structures which allow the SPA to exercise effective governance are now in place. A review of SPA governance will be conducted by the new Chair of the SPA during the 2015/16 financial year as noted in the Governance Statement following Vic Emery's departure as Chair on 3 September 2015 (per * below). The new Chair of the SPA, Andrew Flanagan, joined the organisation on 7 September 2015. Brian Barbour also resigned from the SPA Board with effect from 9 September 2015.

The duration of contracts for the Non-Executive Board Members who were in office during the period are as follows:

	Date of current contract	Unexpired term as at 31 March 2015 (months)
Vic Emery OBE, Chair	31 August 2012 – 3 September 2015*	5 months
Moi Ali	17 October 2012 – 16 October 2016	18.5 months
Brian Barbour	17 October 2012 – 16 October 2016	18.5 months
Jeane Freeman OBE	17 October 2012 – 16 October 2016	18.5 months
Graham Houston	17 October 2012 – 16 October 2016	18.5 months
David Hume	17 October 2012 – 16 October 2016	18.5 months
Morag McLaughlin	17 October 2012 – 16 October 2016	18.5 months
Paul Rooney	17 October 2012 – 16 October 2016	18.5 months
Ian Ross OBE	17 October 2012 – 16 October 2016	18.5 months
Lisa Tennant	17 October 2012 – 16 October 2016	18.5 months
Iain Whyte	17 October 2012 – 16 October 2016	18.5 months
Douglas Yates	17 October 2012 – 16 October 2016	18.5 months

Senior Management

Chief Executive and Accountable Officer

Name	Status
John Foley	Chief Executive Officer

SPA Senior Management Group

Name	Status
Alistair Crerar	Interim Director of Strategy & Governance (to 30 April 2014)
John McCroskie	Director of Communications & Relationships
Amy McDonald	Director of Financial Accountability (from 26 May 2014)
Tom McMahon	Director of Strategy and Performance (from 12 May 2014)
Lindsey McNeill	Director of Governance and Assurance (from 14 July 2014)
Tom Nelson	Director of Forensic Services

Police Scotland Leadership

Name	Status
Sir Stephen House QPM	Chief Constable

The Chief Constable was appointed on 1 October 2012 for a fixed term of four years. At a Board Meeting on 27 August 2015, he announced his intention to step down on 1 December 2015. A recruitment campaign, led by the SPA, launched early October 2015. Suitably qualified applicants for the post will be sought through a public, UK-wide search and an appointment will be made following an appointment procedure that will be led by the new Chair of the SPA, Andrew Flanagan. Appointment of a new Chief Constable by the SPA will, in line with legislation, be subject to approval by Scottish Ministers.

Neil Richardson OBE QPM	Deputy Chief Constable, Designated Deputy to the Chief Constable
Rose Fitzpatrick QPM	Deputy Chief Constable, Local Policing
Iain Livingstone	Deputy Chief Constable, Crime & Operational Support
Stephen Allen	Deputy Chief Constable, Commonwealth Games & Events
Lucy Adamson	Interim Director of Corporate Communications (to 31 Dec 2014)
John Gillies	Director of People & Development
Martin Leven	Director of ICT
Susan Mitchell	Director of Corporate Services
Janet Murray	Director of Financial Services

Overview of the Year

With the second year of the new single police service now concluded we have, again, provided further savings in the 2014/15 financial year of £67.8m and made a considerable contribution to the recurring savings expected to meet the long-term £1.1 billion target expected of reform by 2026.

In addition to reducing the cost of policing, significant capital investment of £46million was made to develop key areas and ultimately improve service delivery. Major strategic investment to bring the IT and digital capabilities of policing into the 21st century continues and in police infrastructure we are progressing long-overdue upgrades to police buildings in a long term estates strategy focused on responding to the needs of a modern police service and the communities it serves.

The SPA's focus on continuous improvement was demonstrated through publication of bespoke scrutiny work on stop and search and armed policing, and included a maturing of understanding between the SPA and Police Scotland through a significant joint agreement on advance policy engagement on issues of significant public interest.

Forensic Services, a statutory responsibility of the SPA, addressed significant increases in demand while also breaking new ground with the introduction of DNA technology that can unlock investigations that would not have been possible just a few years ago, and which rival those anywhere in Europe.

Reforming policing has relied heavily on the continued contribution of our police officers and support staff. We do not underestimate the contribution our people make to deliver policing in Scotland, particularly in what has remained a period of significant organisational change. As a result, we are making significant investment in training and development opportunities, equality and diversity initiatives, and a wide range of initiatives focussed on supporting the health, safety and wellbeing of the workforce.

Organisationally, the SPA is making progress to build on and improve how we deliver our governance and ensure we are in the best possible position to discharge our statutory obligations in a robust, transparent and efficient manner.

Following on from the governance initiatives implemented in 2013/14, the SPA progressed a number of further organisational improvements in 2014/15 with the publication of our first strategic Business Plan covering the period to 2016.

This sets out a clear focus for SPA leaders and staff to build capacity and capability to support, advise, inform and enable the SPA Board to discharge their obligations effectively. This Business Plan sets out the strategic aims and objectives of the organisations and prioritises how we will do business in the foreseeable future. Importantly, it will also capture the next and significant phases in policing, including the Strategic Police Plan, Police Scotland Corporate Strategy and next Scottish Government spending review.

Sustainability

Climate change is one of the most significant challenges facing society. The Climate Change (Scotland) Act 2009 introduced ambitious targets and legislation to reduce CO₂ emissions by 42% by 2020 and 80% by 2050 when compared to 1990 emissions levels.

Police Scotland's first Carbon Management Plan (CMP) to support both SPA and Police Scotland was approved in October 2014. The CMP sets out the ambitions and a roadmap for progress. By 2020, the aim is to reduce carbon emissions by 25%*, by 2030 by 50%* and by 2050 will strive to be a carbon neutral police service (* based on 2013/14 levels).

The SPA and Police Scotland will embed carbon management within their strategic planning processes and operational activities to ensure that it becomes and remains integral to all levels of operations. In order to ensure effective and ongoing ownership of the carbon management programme, a Carbon Management Steering Group has been formed which will meet at least quarterly. This group features senior representatives from

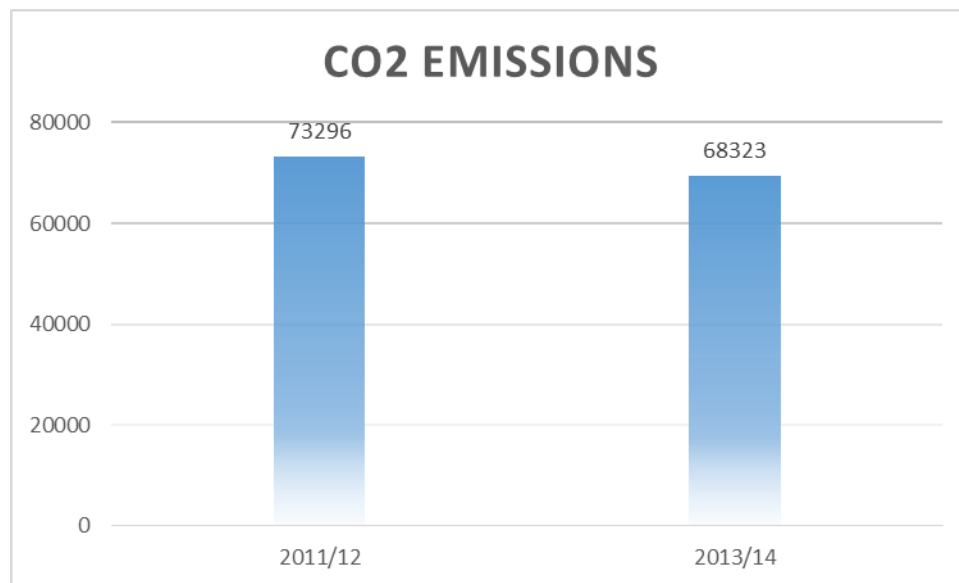
- Estates
- Fleet
- ICT
- Finance
- Uniform
- Procurement
- Communications
- Business Co-ordinators

Reducing carbon emissions is not just about a commitment to the environment. The same processes used to identify carbon emissions reductions will also identify and realise financial savings through improved efficiency in the procurement and operation of buildings and transport.

This approach is in line with a key principal in Police Scotland's Corporate Strategy 2014, which is to deliver Best Value to the public by ensuring that assets are managed in a way that will improve their efficiency and sustainability.

Prior to the implementation of the CMP, numerous energy efficiency projects were carried out throughout the estate and the evidence of the success of these can be seen when the baseline year of the CMP is compared with the previously reported footprint from 2011/12.

Total emissions from all sources (energy for building, waste, business miles, fleet operations and water) amounted to a reduction of 6.8% between 2011/12 to 2013/14.



It can be seen from the detailed table overleaf that the CO₂ emissions has notionally risen over the last year from 68,323 tonnes to 69,856 tonnes.

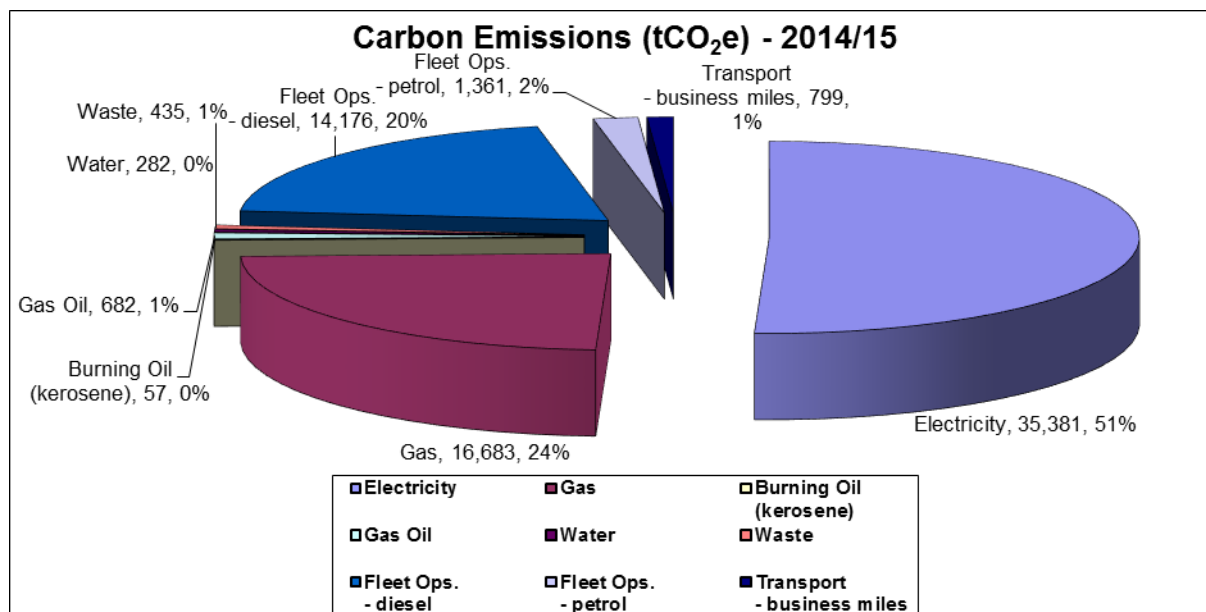
Police Scotland only has control and influence over its consumption of utilities and fuel. The consumption of electricity and gas has reduced by 4% and 7.3% respectively.

The Department of Environment, Food and Rural Affairs (DEFRA) conversion factors that must be applied to convert consumption to CO₂ tonnage use are out-with SPA's and Police Scotland's control. For 2014/15, the conversion factor for UK-generated electricity has increased by some 10% when compared to 2013/14.

In previous years the factor was taken as a five year rolling average. However, from 2013, the decision was taken to switch to an annual, a non-rolling average with the intention of providing an emission factor as close to the actual usage as possible. If the same 2013/14 emission conversion factor had been applied to this year's usage the CO₂ emissions would have been 66,243 tonnes (3.1% reduction).

The CO₂ emissions for the SPA and Police Scotland for 2014/15 have been calculated below:

	Tonnes CO ₂ e (2014/15)	Tonnes CO ₂ e (2013/14)	Tonnes CO ₂ e (2014/15) – using 13/14 conversion factors	Cost (£) 2014/15	Cost (£) 2013/14
Electricity	35,381	33,145	31,832	7,977,797	8,106,232
Gas	16,683	17,899	16,599	3,214,417	3,602,425
Burning Oil	57	20	57	10,068	4,481
Gas Oil	682	514	684	149,645	128,401
Water	282	368	282	1,497,042	1,714,844
Fleet Ops – Diesel	14,176	13,656	14,182	10,795,705	11,199,000
Fleet Ops – Petrol	1,361	1,476	1,370		
Business Travel	799	802	802	375,326	788,705
Waste	435	443	435	683,094	703,659
Totals	69,856	68,323	66,243	24,703,094	26,247,747



Whilst waste to landfill is included within the above calculations, recyclable waste is not. The current waste contracts are fulfilled by different local authorities and private contractors who report to different standards. It is anticipated that a single waste contract will be awarded in the future which will improve the quality of data available.

During 2014/15, results included:

- Waste to landfill 2,250 tonnes at a cost of £698,805, including energy from waste of 124.2 tonnes
- Recycled waste of 218.8 tonnes at a cost of £15,089

Carbon Management projects which were undertaken included:

Replacement of inefficient boilers and heating controls along with the installation of Solar Thermal Panels in the following premises:

- Kilmarnock Police Office
- Stranraer Police Office

Replacement of inefficient boilers and heating controls in the following premises:

- Cambuslang Police Office
- Bellshill Police Office
- Randolphfield Road Policing Office
- Lochgilphead Police Office
- Oban Police Office
- Lockerbie Police Office
- Dunoon Police Office

Replacement of inefficient lighting with LED in the following premises:

- Lochgilphead Police Office
- Oban Police Office
- Meiklewood Road Transport and Logistics

Following approval of the Property Asset Management Plan in October 2013, considerable work was undertaken to develop a Transformational Brief to inform a new Estate Strategy which was released in June 2015. During 2014/15, Divisional Property Asset Management Plans were developed to capture the current use of the estate, assess its condition, and provide initial information to inform future options around each property.

Consultation with senior management and staff across all functions of Police Scotland was undertaken to examine existing and potential operational models. This explored location requirements, functions, co-location opportunities, technological and human resource implications, storage requirements and methods of operation. It is anticipated that the roll-out of the Estates Strategy which was approved by the Board post year-end in June 2015 will be planned and implemented over a 3-5 year period.

The recent relocation of staff to a more energy efficient building in Dalmarnock will enable the building at Pitt Street, Glasgow to be sold along with the adjoining leased property. Several other leased properties including the Vega building in Edinburgh and Castle Street in Aberdeen were terminated during the year.

The fleet replacement programme replaces older inefficient vehicles with more fuel efficient ones and the ICT Blueprint project includes a number of initiatives to reduce energy consumption from IT equipment.

Resource Efficient Scotland has been supporting the development and ongoing progress of the CMP through a number of the ways:

- Working with SPA and Police Scotland to support the internal launch and implementation of the CMP

- Providing “Green Champion” training and Handbook for Business Support Co-ordinators to assist with employee engagement
- Providing a range of specialist technical support/ feasibility studies for specific energy use.

Employee Relations

Corporate information for officers and staff of both organisations is available to all and presented through a suite of corporate internal communications channels including The Beat magazine, divisional bulletins, shift briefings, memos, briefing sites, internal marketing campaigns, the SPA and Police Scotland linked intranet for all staff, video messages, posters, booklets and briefings. Detailed communication strategies are developed for specific, large scale and complex projects to ensure information is distributed accurately and effectively to target audiences. This includes identifying stakeholder groups, ensuring relevant key messages and effective and practical time scales.

The SPA and Police Scotland have delivered an organisation-wide survey to launch and inform a broader programme of engagement, the results of which were published in early October 2015. This survey will be repeated every two years with the subsequent programme of employee engagement developed in response to the survey results. In addition to the biennial survey further methods to measure levels of engagement and capture officer and staff opinions are used including localised surveys, staff polls, senior management roadshows and Q & A sessions.

The Corporate Communications team works closely with People & Development and Organisational Development to ensure the results of surveys and polls and views of officers and staff are incorporated into both corporate internal and change communication programmes. This includes developing detailed FAQs and briefing sheets to accompany major change programmes that are likely to impact upon officers and staff across the organisation. These are supplemented with additional material including dedicated help lines and email contact points to ensure officer and staff views are incorporated into these change programmes with officers and staff being encouraged to participate in the organisations’ improvement.

When improvement and performance statistics are presented for external scrutiny they are also distributed internally and accompanied by communication messages for officers and staff. As information is released to the media it is presented for internal audiences either in advance of or simultaneously to the external information release.

The move to the new organisation has delivered significant financial savings over the first years of operation with the need to meet financial challenges continuing over the coming months and years.

The continuing financial pressure means the intensive programme of change that accompanied the creation of the new organisation will continue to impact on staff and officers over the coming months and years. Communication strategies have been developed to encourage awareness of the financial and economic factors that have contributed to the change programme. Staff association and trade union representatives are encouraged to feed into specific programmes and are consulted during the development of large scale change programmes.

Attendance Management

The absence management figures for both the SPA and Police Scotland combined, shown as a percentage of days available, are as follows:

	2014/15	2013/14
Staff	4.8%	4.5%
Officers	4.4%	4.2%

Equality & Diversity

The SPA and Police Scotland value different communities, foster respect for diversity, challenge prejudice, discrimination and support justice and equality for all.

The SPA and Police Scotland combined workforce profile was base-lined in the 2013/14 Annual Review of Policing based on 530 staff. The management information for this year is based on 546 staff.

The SPA is committed to mainstreaming equality across policing in Scotland, by integrating equality and diversity into all our functions including forward business planning, and ensuring that the equality implications of our day to day decision making are considered and support the overall purpose of 'keeping people safe'.

It is important that our diverse communities across Scotland feel safe and have confidence that Police Scotland can provide a responsive and equitable service.

The SPA Equality Outcomes (2013/2017) paper sets out our commitment and activities to not only comply with the equality legislation but to ensure that the implementation of our equality actions positively contribute to a more equal society through advancing equality and good relations in all that we do.

Stonewall Scotland presented Police Scotland with a special recognition award at their 'Top 100 Employers' award ceremony in February 2015 in acknowledgement of the support, commitment and active promotion of Stonewall Scotland's No Bystanders campaign. The result of the Police Scotland application to Stonewall was described as "brilliant" by Stonewall considering this was the first year that they have entered. Stonewall is an effective way to measure an organisation's effort to tackle discrimination and create an inclusive workplace for lesbian, gay, bisexual and transgender employees (LGBT). This has highlighted a series of good practices, policies and procedures that support LGBT staff as well as examples of community engagement.

Throughout the year, events entitled "Supporting Equality for All" have taken place at the Police College, Tulliallan. These events were primarily designed to give probationary constables an introduction to the work of the diversity staff associations but have become an opportunity for senior students, staff and visitors to personally access a variety of organisations who can provide advice, support and if appropriate, membership.

Around 25 organisations were invited to attend and these included all of Police Scotland's formally recognised diversity staff associations, the Scottish Police Federation, Care of Police Survivors and some of the current diversity partners including 'See Me', Dyslexia Scotland, Young Scot and LGBT Youth (representative of all the protected characteristics defined in the Equality Act).

This event has been very well received and has had positive feedback from attendees and service providers. It is intended that further events will be run to coincide with future cohorts of probationers attending the Police College for their initial training.

The majority of legacy forces in Scotland developed successful community lay adviser schemes to deal with a variety of diversity issues, ranging from critical incidents to planning for events and demonstrations. Their counsel has proved invaluable in assisting the police service to deal with such issues sensitively and effectively. To support this process and allow for scrutiny and counsel to be provided at a strategic level, a National Independent Strategic Advisory Group (NISAG) has been developed. The 16 group members are formed from a range of different protected characteristics (as defined by the Equality Act 2010) and offers both Police Scotland and the SPA with a forum in which to engage, providing a wide range of perceptions which will help to guard against disadvantaging any section of the community, and indeed any section of the workforce, through lack of understanding, ignorance or mistaken belief. The group meets on a bi-monthly basis and the terms of reference for NISAG include:

- Offering strategic advice and scrutiny to Police Scotland and the SPA
- Supporting operational matters from a strategic perspective, including input to planning and development processes
- Supporting critical incidents from identification through to recovery stage
- Supporting key portfolios of work assigned to members of the Police Scotland Executive or the SPA Board Members
- Supporting the SPA in scrutiny, governance and performance of Police Scotland
- Providing input to key policies, strategies and procedures as and when required
- Managing deployment of current community advisers
- Reporting on key policing, community and advisers' issues
- Having a strategic overview of hate crime in Police Scotland.

Following the formation of Police Scotland, DCC Neil Richardson commissioned a review of diversity staff associations namely:

- Christian Police Association (CPA)
- Disability and Carers Association (DACA)
- Gay Police Association (GPA) Scotland
- National Trans Police Association (NTPA) (Scottish Rep)
- Scottish Police Muslim Association (SPMA)
- Supporting Ethnic Minority Police Staff for Equality in Race (SEMPER Scotland)
- Scottish Women's Development Forum (SWDF)

The review is now complete and a memorandum of understanding is shortly to be ratified and signed by all associations. Bi-monthly secretariat meetings have commenced and plans are underway to hold a joint conference in 2015 to mark the start of a programme of collaborative work.

The SPA and Police Scotland have a number of equality and diversity related policies and practices which support staff from the point of recruitment throughout their employment.

Once recruited, either as a Police Officer, Special Constable or a member of Police Scotland or SPA staff, individuals will be supported in the workplace regardless of their, or association with, age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion and belief, sex and/or sexual orientation.

Should a Police Officer wish to apply for promotion, their application will be considered against the Police Officer's Promotion SOP which aims to ensure that:

- the promotion process is transparent, open and clear to potential candidates
- all promotion candidates are treated fairly and consistently
- all promotion selection decisions are based on ability, along with the necessary qualities to perform the rank applied and
- the promotion process complies with other SPA and Police Scotland procedures and the Police Service of Scotland (Promotion) Regulations 2013.

If any disability is known, or made known to the organisation, the applicant will be supported through the process through the use of the SPA and Police Scotland Disability in Employment SOP which aims to:

- support and enable disabled people to enter or remain in employment through the provision of reasonable adjustments

- ensure disabled people are treated fairly, sensitively and not victimised, harassed or discriminated against in any aspect of their employment (e.g. recruitment, training and development, promotion, dismissal or retirement)
- ensure disabled people are able to seek support as required
- provide managers with relevant information to help them support disabled officers and staff
- encourage managers and individuals to promote positive attitudes to disability and challenge stereotypical thinking.

The key equality headlines indicate: Gender - 64% men / 36% women; Black Minority Ethnic (BME) - 2%; Disabled staff - 3% and Lesbian, Gay, Bisexual and Transgender (LGBT) staff - 4%.

Gender

The table below summarises the number of Board Members, and SPA and Police Scotland employees by gender:

	As at 31 March 2015			As at 31 March 2014		
	Male	Female	Total	Male	Female	Total
Board Members	8	4	12	8	4	12
SPA Senior Management Group	4	2	6	5	-	5
Police Scotland Executive Team	6	3	9	6	4	10
Police Scotland Staff	2,199	3,328	5,527	2,368	3,604	5,972
Officers	12,370	4,925	17,295	12,428	4,816	17,244
Special Constables	706	399	1,105	877	497	1,374
Total	15,293	8,661	23,954	15,692	8,925	24,617

Health & Safety

The safety of staff is extremely important to the senior management of Police Scotland and the SPA. Day to day operational Health & Safety is carried out by a dedicated Health, Safety & Wellbeing (HSW) team within Police Scotland, with the SPA having its own Health, Safety & Resilience Specialist providing Governance, Scrutiny and Support oversight.

Significant activities undertaken by HSW over the 12-month period in Police Scotland included ensuring Health, Safety and Wellbeing performance is monitored, identifying what's working well and areas for improvement, ensuring the effective implementation of the Corporate Strategy 'Our People', and maintaining openness and accountability to the SPA.

In April 2014, the SPA Human Resources and Remuneration Committee approved a Health, Safety & Resilience Scrutiny Plan, which consisted of a programme of health and safety inspections of premises across the SPA and Police Scotland estate, and an audit of fire safety across Police Scotland and Forensic Services.

In early 2015, Police Scotland created a Health & Wellbeing Group, chaired by the Director of People & Development. The purpose of the group is to consider ideas and develop proposals in respect of general wellbeing within the SPA and Police Scotland, recognising that organisational change continues at pace and can impact on the ability of officers and staff to perform their roles.

During 2014/15, Police Scotland and the SPA worked closely to develop a Health & Safety Performance Dashboard Report, providing members with information on the number of accidents and injuries sustained.

In 2014/15 we made progress in improving health and safety performance with a number of key performance indicators showing improvement from the previous year including:

- 0.5% increase in total reported accidents and injuries
- 2.3% reduction in number of RIDDORs
- 5.1% reduction in manual handling injuries
- 50.7% reduction in training accidents
- 11.1% reduction in road traffic collision injuries
- 148% increase in near-miss reports

As a result of the scrutiny work by the SPA, Police Scotland received a number of recommendations which are currently being considered alongside those made by HMICS. HSW are working closely with local management teams and the estates department to prioritise areas highlighted as needing improvement. In addition, a programme of Fire Risk Assessments across the Police Estate has been implemented and work commenced to develop a Fire Policy / Strategy for both the SPA and Police Scotland.

Following collation of the statistics from mixed data sources in existing historic systems, we now have a dedicated system in place providing accident/injury data for future benchmarking, and have revisited full comparative data for 2013/14 which is reflected in the table below.

The data held within the prior year's Annual Report & Accounts included some elements of operational policing data which were reported more than once, and so the data set is now more consistent, and is reduced from the 2013/14 Annual Report & Accounts of 3,025 Total Reported Accidents, 1,369 Near-miss reports, and 164 RIDDORs:

	2014/15	2013/14
Injuries During Arrest	550	425
Injuries Due to Assault	784	778
Manual Handling Injuries	56	59
Slips, Trips and Falls	219	186
Road Traffic Collision Injuries	64	72
Training Accidents	71	144
Other Accidents	383	365
Total Reported Accident and Injuries	2,127	2,029
Near-miss Reports	1,247	503
Health & Safety Executive Reports (RIDDOR)	125	129

The rise in near-miss reports is viewed positively as it reflects the significant efforts that have been made to raise awareness of the benefits of near-miss reporting.

Financial Overview

Basis of Accounts

The SPA has been funded by Ministers through the Scottish Government's Justice Portfolio. As stated above, the FReM issued by HM Treasury sets out the format of the SPA's Annual Report & Accounts. A reporting requirement of the FReM is that Grant in Aid (GIA) is included in the General Fund in the Statement of Financial Position rather than included in the Statement of Comprehensive Net Expenditure for the year. All other income and expenditure is included in the Statement of Comprehensive Net Expenditure. The impact of this is that the Statement of Comprehensive Net Expenditure shows a deficit which is transferred to the General Fund and is funded by GIA held there.

Statement of Resource Outturn

The total Resource Budget for the year to 31 March 2015 was £1,171,638,000 (2013/14: £1,228,262,000), a cut of £56,624,000 (4.6%) from the previous year's Grant in Aid levels. Note 26 shows a tabular numerical budget breakdown of the funding. A breakdown and comparison of summary resource outturn against the sources of finance is included overleaf.

The SPA cash outturn report was presented to the Board in June 2015 showing an almost breakeven position. On finalisation of the year-end accounting processes the outturn position on the total allocated budget of £1.172bn was a £7,688,000 overspend (2013/14 £2,489,000 underspend).

The change in outturn position was largely due to adjustments made in respect of fixed asset accounting. A property revaluation exercise was carried out across a significant number of police properties at the year-end. When the full results of this exercise were incorporated, the resulting adjustments had a significant impact on the non-cash outturn position. The SPA are working to strengthen fixed assets accounting procedures.

Summary Statement of Resource Outturn	2014/15	2013/14
	£'000	£'000
Total Cash overspend/(underspend) in year	4,497*	(663)
Total non-Cash overspend/(underspend) in year	4,288	(1,634)
Total AME (underspend) in year	(1,097)	(192)
Total overspend/(underspend) in the year	7,688	(2,489)

Statement of Resource Outturn – Cash

Cash funding is allocated as follows:

- Resource funding from the original Departmental Expenditure Limit (DEL) which consists of two separate budgets controlled through DEL, represented by:
 - net resource spending (resource DEL)
 - net capital expenditure (capital DEL)
- Outside DEL expenditure (ODEL) which represents a sum allocated against loan charges by HM Treasury for borrowings agreed and held by councils prior to 2005

The cash element alone of the funding of DEL and ODEL, including Reform funding for the year to 31 March 2015 was £1,105,465,000 (2013/14: £1,178,426,000), representing a drop in cash resources of £72,961,000 (6.2%) on the 2013/14 financial year.

SPA had an in-year cash overspend of £4.5million, although the June management accounts presented a breakeven cash position. This was due to a one-off interpretation of £4.8million of non-cash funding being treated as cash. SPA found it appropriate to present the funding provided in this manner as consent had been received that the SPA cash funding allocation could be exceeded by £4.8million. After completion of the year-end financial procedures, the end-of-year cash position exceeded budget by the lesser amount of £4.5million.

Due to efficiency measures, there was a reduction in the level of operating expenditure within the Statement of Resource Outturn from £1,289,855,000 in 2013/14 to £1,273,415,000 during the year, an overall reduction of £16,440,000 (1.27%). There was an increase in income of £18,832,000 due mostly to in-year grant income for the increased costs of policing the Commonwealth Games.

The overall net cash expenditure reduced from £1,177,763,000 in 2013/14 to £1,109,962,000 in 2014/15, representing an overall saving of £67,801,000 despite an increase in IAS 19 pension fund charge and interest of £37,587,000.

Statement of Resource Outturn - Cash	2014/15	2013/14
	£'000	£'000
Operating Expenditure	1,273,415	1,289,855
Capital Expenditure	46,297	60,617
Less: depreciation	(43,983)	(36,566)
Less: increase in provisions	(3,700)	-
Less: net book value of disposed asset	(2,778)	(2,177)
	1,269,251	1,311,729
IAS19 Non-cash adjustment (<i>note 23(b) to the accounts</i>)	(634,711)	(590,851)
Capital Financing Expenditure:		
Finance lease capital repayments and interest	1,191	1,061
PFI interest capital repayments and interest	3,015	3,014
Long-term loan and other capital repayments and interest	12,040	12,292
IAS19 charge and interest payable	536,980	499,393
Total expenditure	1,187,766	1,236,638
Income (<i>operating and investment</i>)	(77,804)	(58,875)
Total cash expenditure	1,109,962	1,177,763
Total cash GIA received (<i>note 26 to the accounts</i>)	(1,105,465)	(1,178,426)
Total cash overspend/(underspend) for the year	4,497	(663)

Statement of Resource Outturn – Non-Cash and AME

Non-cash funding is allocated as follows:

- Ring-fenced DEL which comprises non-cash expenditure such as depreciation
- Annual Managed Expenditure (AME) which is a separate budget covering expenditure such as pension adjustments, and some provisions and impairments, which cannot be fully controlled

As stated in note 11 to the Accounts, during the year valuations were carried out on buildings which had transferred over to the SPA and Police Scotland on 1 April 2013.

Valuations were conducted on operational buildings on the basis of Existing Use Value, except in the circumstances of Specialised Properties where Depreciated Replacement Cost Valuation was used. The non-operational properties were valued on the basis of Market Value with vacant possession.

The 2014/15 property valuations conducted resulted in a reduction to the value of Land and Buildings in the organisation's Statement of Financial Position, made up of a charge to the Revaluation Reserve of £6,285,000, and a loss on impairment charge to the Statement of Comprehensive Net Expenditure of £18,903,000.

On valuation, a review of all assets' depreciation rates was conducted in order to bring a more consistent valuation basis to the depreciation of all plant, property and equipment. This resulted in a

rise in depreciation of £7,417,000 from £36,566,000 in 2013/14 to £43,983,000 in 2014/15. This resulted in the organisation exceeding the non-cash allowance of £46,173,000 by £4,288,000 (2013/14: underspend of £1,634,000).

Statement of Resource Outturn – Non-Cash	2014/15	2013/14
	£'000	£'000
Depreciation	43,983	36,566
Release of provisions	3,700	-
Non-cash movement in non-current assets	2,778	5,636
Total non-cash expenditure	50,461	42,202
Total non-cash GIA received (<i>note 26 to the accounts</i>)	46,173	43,836
Total non-cash overspend/(underspend) for the year	4,288	(1,634)

Statement of Resource Outturn - AME	2014/15	2013/14
	£'000	£'000
Impairment Loss	18,903	5,808
Total AME funding received (<i>note 26 to the accounts</i>)	20,000	6,000
Total AME underspend in the year	(1,097)	(192)

Donations

Small donations were made during the year to Poppy Scotland, some volunteering organisations and community safety fund partnerships. Overall these payments amounted to less than £43,000 and included the Scottish Police Memorial Trust £5,000 (2013/14: £5,000), Care of Police Survivors £2,000 (2013/14: £nil), Police Arboretum Memorial Trust £1,000, Local Hero Awards £1,140 (2013/14: £1,140) and Protection of Vulnerable Adults £27,597 (2013/14: £20,792).

Separately, the Choices for Life Programme also received funding of £46,000 (2013/14: £49,000), and payments were made to the Mountain Rescue Team of £63,000 (2013/14: £63,000).

Sources of Income

There was an increase in income from activities mainly due to an additional £17,106,000 of Grant Income received compared to funding in 2013/14. £18,311,000 of the total grant income was attributable to the Commonwealth Games and Major Events held during the year, compared to £3,716,000 received during 2013/14. Therefore this alone accounted for £14,595,000 of the total increase. An additional £500,000 was received from local authorities for officers and staff, and an additional £1,904,000 was received in partnership funding compared to 2013/14.

Reform Funding

The additional Reform Funding of £67,500,000 (2013/14: £73,792,000) as detailed within note 26 to the accounts was applied during the year to meet costs incurred within both revenue and capital budgets as follows:

	2014/15		2013/14	
	Revenue Spend £'000	Capital Spend £'000	Revenue Spend £'000	Capital Spend £'000
VAT	18,709	7,997	17,267	7,785
Voluntary redundancy / early retirement costs	4,224	-	27,830	-
Investment (ICT development programme)	5,578	10,000	1,108	14,117
Additional reform costs	20,992	-	5,685	-
Total reform funding allocation	49,503	17,997	51,890	21,902

Losses, Special Payments and Write-offs

A bad debt review has resulted in a provision for bad debts to be held within trade receivables of £1,176,000 (2013/14: £1,136,773). In line with the SPA Governance and Accountability Framework document, the November SPA F&I Committee agreed to writing off 325 invoices totalling £184,571 during the year, and Scottish Government approved one large debt write off for £51,882.

Legal fees have arisen during the normal course of operations and are taken into account within note 6 of the accounts, with a provision for litigation provided for within note 22 of the accounts. Payments to individuals who have taken voluntary redundancy are disclosed under note 4 of the notes to the accounts.

Supplier Payment Policy

The SPA complies with the Government's Better Payment Practice Code. Unless otherwise stated in the contract, the SPA aims to pay within 10 working days from either the receipt of goods or the presentation of a valid invoice, whichever is the latter.

Under the eFinancials system, a breakdown for 2014/15 indicates that although only 26% (2013/14: 29%) of all invoices were paid within 10 working days of invoice date, 65% (2013/14: 88%) of invoices were paid within 10 working days of the date of receipt of the invoice.

Further analysis indicates that 73% (2013/14: 75%) of invoices were paid within the normal trading terms of 30 days of invoice date, with 87% (2013/14: 93%) being paid within 30 days of receipt of the invoice. The trade creditor level as at 31 March 2015 was 10 days (31 March 2013/14: 18 days) due to timing of payments made close to the year-end.

Disclosure of Audit Information to the Auditors

As far as the Accountable Officer is aware, there is no relevant audit information of which the SPA's auditors are unaware. The Accountable Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the SPA's auditors are aware of that information.

Auditors

Under the Public Finance and Accountability (Scotland) Act 2000, the SPA's auditors are appointed by the Auditor General. Gillian Woolman was appointed as auditor from Audit Scotland for the financial year. The auditors were remunerated the sum of £190,000 (2013/14: £190,000 plus an additional fee of £40,000 in respect of additional audit work) in respect of statutory audit services for the financial year. No additional payments were made for non-audit services.



John Foley

**Chief Executive and Accountable Officer
16 December 2015**

REMUNERATION REPORT

Remuneration Policy

Fees for Non-Executive Board Members were determined in accordance with guidelines prescribed by Scottish Government - Public Sector Pay Policy information applicable to Senior Public Appointments, including Chief Executives, Chairs and Members.

As stated in the SPA Board Standing Orders, the members shall meet in public not less than six times in each year.

Board Members' Interests

During the year, apart from their service contracts which are detailed within the Management Commentary – Directors' Report on page 12, no Board Member or key manager has undertaken any material transactions with the SPA.

Board Members' biographies are held on the SPA website at <http://www.spa.police.uk/about-us/the-board>. A Register of Interests for the Board and Senior Management of the SPA can be accessed via Executive Support, SPA, 1 Pacific Quay, Glasgow G51 1DZ.

Salary and Pension Entitlements (this information is subject to audit)

Remuneration of Board Members

The Non-Executive Board Members received the following remuneration for their services during the year ended 31 March 2015 as follows:

	2014/15 £'000	2013/14 £'000
Vic Emery (resigned 4 September 2015)	71	90
Moi Ali	28	31
Brian Barbour (resigned 9 September 2015)	42	45
Jeane Freeman	38	57
Graham Houston	31	39
David Hume	37	37
Morag McLaughlin	28	34
Paul Rooney	29	36
Ian Ross	28	36
Lisa Tennant	28	33
Iain Whyte	41	48
Robert Wilson (resigned 31 December 2013)	n/a	10
Douglas Yates	30	43
Total	431	539

The new Chair of the SPA, Andrew Flanagan, joined the organisation on 7 September 2015. Three new Board members, George Graham, Nicola Marchant and Elaine Wilkinson were appointed in May 2015. Brian Barbour, Chair of the SPA Audit & Risk Committee, has resigned from the SPA Board with effect from 9 September 2015.

Median Pay

Public sector bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The Median Total Remuneration is the median gross salary of employees and officers on a full year equivalent basis.

	2014/15 £'000	2013/14 £'000
Full-time Equivalent Annual Band of Highest-paid Director or Executive	210-215	210-215
Median Total Remuneration excl Highest-paid Director or Executive	33	33
Ratio	6.3	6.4

Remuneration of Senior Management Group of the SPA and Police Scotland Executive Team

The total remuneration of the SPA Senior Management Group and Police Scotland Executive Team are shown in the tables overleaf, with full details of their appointment within the Leadership section of the Management Commentary in the Directors' Report. Apart from the Chief Constable, the officials covered by this report hold appointments which are open-ended. As stated in the Management Commentary - Directors' Report on page 12, the Chief Constable was appointed on 1 October 2012 for a fixed term of four years. At a Board Meeting on 27 August 2015, he announced his intention to step down on 1 December 2015.

Figures in brackets denote full year equivalent figures where appropriate, and those figures marked as * denote that salary equivalent calculations have been made where the Director/Executive has been paid or partly paid through a contractor.

The Total Pension Benefits is calculated as:

- the real increase in pension as per the above tables multiplied by 20
- plus the real increase in any lump sum
- less the contributions made by the individual.

The SPA and Police Scotland employees and officers are entitled to membership of two types of pension scheme:

- The Police Pension Schemes for Police Officers (both pre 2006 and post 2006)
- The Local Government Pension Scheme for Police Staff Employees

Information on these schemes are held within 1.19 of the notes to the accounts, with full disclosure of the pension accounting liabilities for the SPA and Police Scotland summarised within notes 23-25 of the accounts. The tables overleaf show pension information in respect of the senior members of staff entitled and participating in the Local Government Pension Scheme, the Police Pension Scheme (PPS) or the New Police Pension Scheme (NPPS).

Sir Stephen House has not been an active member of the pension schemes in either the year ended 31 March 2014 or 31 March 2015.

SPA Senior Management Group

	2014/15 Salary £'000	2014/15 Benefits in Kind (to nearest £100)	2014/15 ** Pension Benefits £'000	2014/15 Total Remuneration £'000	2013/14 Salary £'000	2013/14 Benefits in Kind (to nearest £100)	2013/14 ** Pension Benefits £'000	2013/14 Total Remuneration £'000
John Foley	110-115	-	31	140-145	55-60 (105-110)	-	9	65-70(115-120)
Andrea Quinn (to 3 Sept 2013)	n/a	-	n/a	n/a	55-60 (105-110)	-	9	60-70(115-120)
John McCroskie	85-90	-	56	140-145	65-70	-	7	70-75
Amy McDonald (from 26 May 2014)	80-85(95-100)	-	13	90-95(105-110)	n/a	n/a	n/a	n/a
Tom McMahon (from 12 May 2014)	75-80(85-90)	-	14	90-95(100-105)	n/a	n/a	n/a	n/a
Lindsey McNeill (from 16 Jul 2014)	55-60(70-75)	-	16	70-75(85-90)	n/a	n/a	n/a	n/a
Tom Nelson	90-95	3,600	34	130-135	90-95	4,600	4	95-100
Alistair Crerar (to 30 April 2014)	5-10(95-100)*	-	n/a	5-10(95-100)	60-65 (95-100)*	-	-	60-65(95-100)
James Hobson (to 31 March 2014)	n/a	n/a	n/a	n/a	90-95 (100-105)*	-	-	90-95(100-105)
Jim Maguire (to 30 Sept 2013)	n/a	n/a	n/a	n/a	55-60 (105-110)	-	9	65-70(115-120)
Eamon Hegarty (to 26 July 2013)	n/a	n/a	n/a	n/a	30-35 (95-100)	-	14	45-50(110-115)
Gillian Campbell (to 6 Dec 2013)	n/a	n/a	n/a	n/a	60-65 (95-100)	-	9	65-70(105-110)
John Fox-Davies (to 19 July 2013)	n/a	n/a	n/a	n/a	30-35 (100-105)*	-	-	30-35(100-105)
Jo Brigham (to 31 May 2013)	n/a	n/a	n/a	n/a	15-20 (100-105)	-	-3	15-20(100-105)

Police Scotland Executive Team

	2014/15 Salary £'000	2014/15 Benefits in Kind (to nearest £100)	2014/15 ** Pension Benefits £'000	2014/15 Total Remuneration £'000	2013/14 Salary £'000	2013/14 Benefits in Kind (to nearest £100)	2013/14 ** Pension Benefits £'000	2013/14 Total Remuneration £'000
Sir Stephen House	210-215	2,400	-	210-215	210-215	4,800	-	215-220
Neil Richardson	170-175	2,600	54	230-235	175-180	2,500	294	465-470
Rose Fitzpatrick	185-190	1,000	41	230-235	170-175	2,300	38	210-215
Iain Livingstone	175-180	3,800	54	230-235	175-180	4,000	434	610-615
Stephen Allen	175-180	4,300	414	590-595	175-180	3,400	534	710-715
John Gillies	110-115	6,200	72	185-190	105-110	2,900	10	115-120
Janet Murray	100-105	6,600	299	405-410	70-75	-	10	80-85
Allan MacLeod (to 14 March 2014)	n/a	n/a	n/a	n/a	105-110	-	50	155-160
Martin Leven	90-95	-	31	120-125	90-95	-	11	100-105
Susan Mitchell	100-105	4,700	95	200-205	90-95	-	16	110-115
Lucy Adamson (to 31 Dec 2014)	75-80	-	13	90-95	55-60(85-90)**	-	13	70-75(100-105)

** As stated on page 28 above, the calculation of Pension Benefits includes the real increase in pension based on an actuarial calculation, projected and multiplied by 20, and so does not

represent payments to individuals during the financial year.

SPA Senior Management Group

	Accrued Pension/ Lump Sum at 31 March 2015	Real Increase In Pension / Lump Sum	Cash Equivalent Transfer Value at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2015	Real Increase in Cash Equivalent Transfer Value
	(in bands of £5,000)	(in bands of £2,500)	(to the nearest £1,000)	(to the nearest £1,000)	(to the nearest £1,000)
John Foley	5/-	2/-	13	37	14
Andrea Quinn (to 3 Sept 2013)	n/a	n/a	60	n/a	n/a
Jo Brigham (to 31 May 2013)	n/a	n/a	99	n/a	n/a
Gillian Campbell (to 6 Dec 2013)	n/a	n/a	43	n/a	n/a
Eamon Hegarty (to 26 July 2013)	n/a	n/a	12	n/a	n/a
John McCroskie	10/5	3/1	73	113	31
Amy McDonald (from 26 May 2014)	5/-	1/-	-	13	4
Jim Maguire (to 30 Sept 2013)	n/a	n/a	64	n/a	n/a
Tom McMahon (from 12 May 2014)	5/-	1/-	-	12	4
Lindsey McNeill (from 16 Jul 2014)	5/-	1/-	-	8	-
Tom Nelson	45/105	2/1	733	778	37

Police Scotland Executive Team

A Register of Interests and details of hospitality and gifts for Police Scotland Executive Team can be accessed via Executive Support, Police Scotland Headquarters, St Ninian's Road, Stirling, FK8 2HD.

	Accrued Pension/ Lump Sum at 31 March 2015	Real Increase In Pension / Lump Sum	Cash Equivalent Transfer Value at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2015	Real Increase in Cash Equivalent Transfer Value
	(in bands of £5,000)	(in bands of £2,500)	(to the nearest £1,000)	(to the nearest £1,000)	(to the nearest £1,000)
Sir Stephen House**	30/-	-/-	30	30	-
Neil Richardson	110/-	4/-	2,296	2,476	157
Rose Fitzpatrick	10/25	2/23	64	95	10
Iain Livingstone	85/-	4/-	1,143	1,239	71
Stephen Allen	100/-	22/-	1,786	2,314	504
Lucy Adamson (to 31 Dec 2014)	5/-	1/-	9	22	6
John Gillies	20/15	4/2	135	186	40
Martin Leven	5/-	2/-	32	48	7
Allan MacLeod (to 14 March 2014)	n/a	n/a	1,262	n/a	n/a
Susan Mitchell	20/25	5/5	158	220	52
Janet Murray	35/75	14/28	269	475	197



John Foley
Chief Executive and Accountable Officer

16 December 2015

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under the Police and Fire Reform (Scotland) Act 2012, Scottish Ministers have directed the SPA to prepare, for each financial year, a statement of accounts in the form and on the basis set out in their Accounts Direction on the final page of this report. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SPA and Police Scotland incorporating income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

The responsibilities of an Accountable Officer are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by Scottish Government and published as part of the Scottish Public Finance Manual (SPFM). These include:

- responsibility for the propriety and regularity for the public finances for which the Accountable Officer is answerable
- for keeping proper records and for safeguarding the SPA's assets.



John Foley

**Chief Executive and Accountable Officer
16 December 2015**

GOVERNANCE STATEMENT

1. Scope of Responsibility

As Accountable Officer for the SPA, I have overall responsibility for maintaining sound systems of internal control which support the achievement of the organisation's policies, aims and objectives. This responsibility was assigned to me by Scottish Ministers. These systems of internal control provide reasonable assurance regarding the reliability of financial information used by the business, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me. As Accountable Officer I have been granted delegated powers to approve routine operational property transactions.

2.1 Governance Framework of the Organisation

The Scottish Public Finance Manual (SPFM) is issued by Scottish Ministers to provide guidance to Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness and promotes good practice and high standards of propriety.

The SPA and Police Scotland's organisational structures have clear lines of delegated responsibility for both financial and operational management.

There is a budgeting and reporting system in place, with monthly management accounts being reported to the Board. Significant variances from budget are investigated, and financial forecasts are revised throughout the year in order to meet the requirements of the SPFM and to report cashflow requirements to Scottish Ministers.

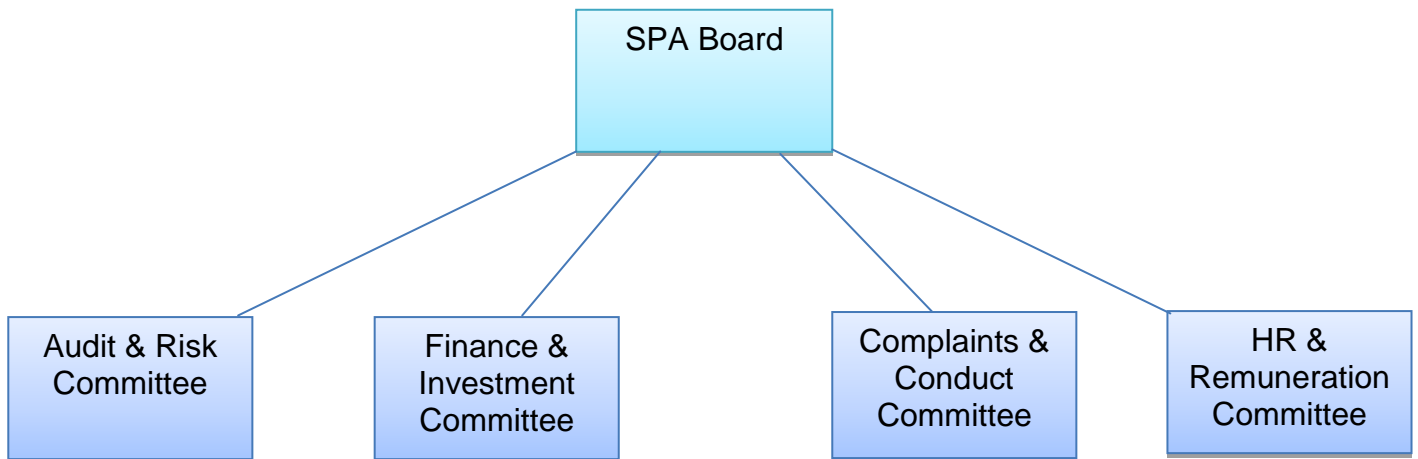
2.2 SPA Governance

Members of the SPA were appointed by Scottish Ministers under the 2012 Act. The SPA's main functions are to maintain the police service, promote the policing principles, promote and support continuous improvement in the policing of Scotland, to keep under review the policing of Scotland, to hold the Chief Constable to account for the policing of Scotland and the Chief Executive of the SPA to account for its role as employer of staff and the delivery of services to the Board and policing.

The SPA Board has responsibility for the governance of the SPA. Section 43 of the Act also states that the SPA must prepare a Strategic Police Plan which sets out the main objectives for the SPA and for the policing of Scotland. The SPA published its Strategic Police Plan and laid it before Parliament in March 2013.

The Chief Constable retains operational independence and cannot be directed by the SPA Board in respect of either operational matters, or the investigation of criminal enquiries. There is a policy of early engagement with the SPA on matters of policy and public interest and Police Scotland reports to the SPA Board and Committees both informally and formally through the SPA's governance structure.

The governance structure supporting the SPA Board is detailed overleaf, with meetings being held in public. Provisions also exist for Board and Committees to meet in private as required as set out in the SPA Standing Orders.



SPA Board

The SPA Board was appointed in October 2012 and met nine times during 2014/15, including one extraordinary meeting. The SPA Board minutes and papers are published on the SPA website at <http://www.spa.police.uk/meetings-events/board-meetings/>.

The Board has a robust governance approach focused on ensuring public accountability of both the SPA and Police Scotland, assures integrity, allocates resources, monitors performance, reviews and assists in managing risk.

The Board is accountable to Scottish Ministers and the Scottish Parliament for the delivery of policing and will ensure that policing contributes to the Scottish Government's National Purpose of creating a more successful country with opportunities for all to flourish through sustainable economic growth.

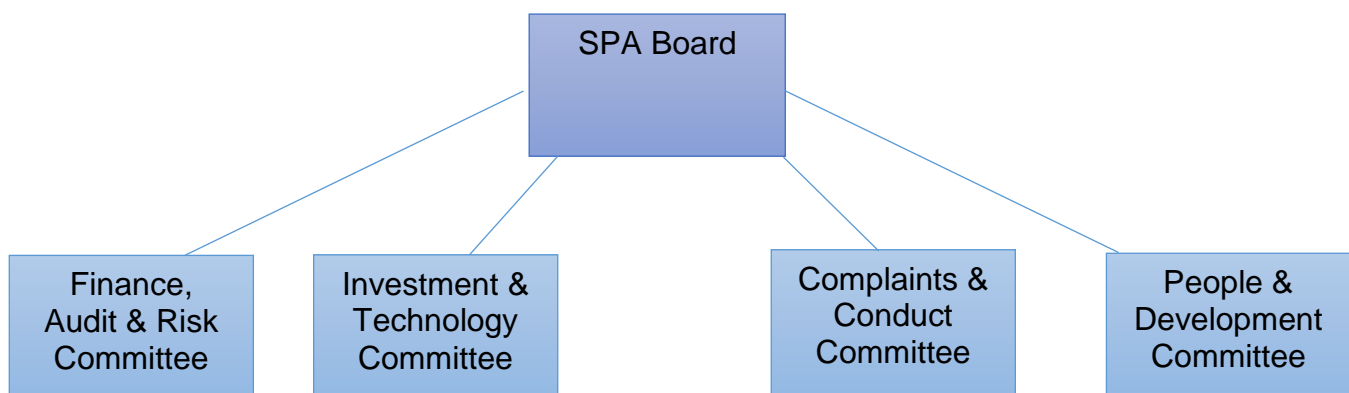


The Scottish Government determines Strategic Police Priorities for the SPA Board to determine how best to support the delivery of policing and to drive the SPA and policing in Scotland forward. These objectives in turn inform the Annual Police Plan and the SPA Annual Plan.

The Board meetings held during 2014/15 reviewed and scrutinised the financial position of the SPA, approved the 2013/14 Annual Report and Accounts and approved the SPA 2015/16 budget for the SPA and Police Scotland. The Board also oversaw the work of the supporting Committees of the SPA.

The SPA Board carried out a scrutiny enquiry on the use of the stop and search policy and the standing firearms policy. Also under review during the year were reviews of the Strategic Police Plan, Human Resources, Health, Safety & Well Being, Finance and Forensics. The Board also reviewed appropriate items brought forward in the normal course of business.

At the Board meeting held on 24 June 2015 approval was given for a restructuring of the SPA Committees such that the current committees and their Terms of Reference will be replaced with a revised committee structure which will be implemented during the 2015/16 year. The revised governance structure supporting the SPA Board is:



As stated in the Directors' Report, it was announced in the Government's Programme for Scotland 2015/16 that the new Chair of the SPA will undertake a review of Police Governance at national level.

The remit of this review will be:

1. Ensure that local interests are effectively represented in national scrutiny processes, that decision making on national priorities, policies and programmes takes account of local needs, and that there is appropriate discretion and flexibility within national policies to reflect local circumstances. The recommendations should take account of the outcome of the local scrutiny summit on 23 September.
2. Ensure that the SPA has the appropriate structures and skills to undertake effective scrutiny, and identify any skills gaps and development requirements and consider any external expertise that needs to be brought to bear to support scrutiny of major change programmes.
3. Review the information flows and communication between Police Scotland and the SPA to ensure the SPA has all of the material and data required timeously to fulfil its scrutiny function. Also to review the information made available to HMICS, the Scottish Government and the Scottish Parliament to fulfil their respective roles.
4. Review the way the SPA works with other stakeholders to ensure its approach is rooted in partnership and contributes effectively to wider policy objectives across the public sector. Propose measures to strengthen communication with partners and communities about the work of the SPA and policing more generally.

The Cabinet Secretary has asked that the Chair establish a reference group for the review so that it can be taken forward together with a range of partners with an interest in policing. It is anticipated this review will take 6 months, the outcome of which will then be reported to Parliament.

Committees of Board

The Board of the SPA established committees of the Board as follows:

1. Audit & Risk Committee
2. Complaints & Conduct Committee
3. Finance & Investment Committee
4. Human Resources & Remuneration Committee

Audit & Risk Committee

In line with the standards of the Chartered Institute of Internal Auditors, Public Sector Internal Audit Standards, and the Internal Audit and Audit Committee sections of the SPFM, the Audit & Risk Committee was established to support the SPA's responsibilities in respect of providing scrutiny, oversight and assurance in respect of risk, control and governance.

Members appointed were:

Name	Status
Brian Barbour	Independent Member (Chair)
Moi Ali	Independent Member
David Hume	Independent Member
Morag McLaughlin	Independent Member
Iain Whyte	Independent Member

The Committee met five times during the year, and five times in the prior year. Its main responsibilities are:

- Reviewing the organisational structures and processes designed to ensure a sound system of internal control, including oversight of the Internal Audit function
- Providing an overview of internal and external audit findings and monitoring implementation
- Reviewing the internal audit plan and scope of work
- Reviewing the effectiveness of the overall risk strategy
- Recommending the statutory accounts for Board approval.

During 2014/15 the committee provided oversight on the effectiveness of assurance in relation to the strategic process of risk management across Police Scotland and the SPA, and oversaw the production of the SPA Annual Report & Accounts.

Audit activity included the approval of the internal audit plan and oversight of action to address weaknesses identified. The committee also discharged its responsibilities by way of in depth reviews of matters such as budget setting, procurement, whistleblowing and crime recording.

The SPA assurance map has facilitated a single view of risk and assurance across Scottish policing enabling the committee to assess if the scale of scrutiny and audit is targeted appropriately in line with risk.

Independent scrutiny of both the SPA and policing is provided by organisations such as HMICS, Audit Scotland and PIRC. They support the SPA and Police Scotland throughout the year by undertaking a number of planned reviews, inspections and audits to ensure a continually improving and effective delivery of service.

Complaints & Conduct Committee

During the year, members appointed were:

Name	Status
Ian Ross	Independent Member (Chair)
Moi Ali	Independent Member
Brian Barbour	Independent Member
Morag Mclaughlin	Independent Member
Paul Rooney	Independent Member
Douglas Yates	Independent Member

The SPA requires that a Committee be established to oversee matters relating to complaints and misconduct in order to carry out, on behalf of the SPA, the functions outlined below and set out in Section 60 of the 2012 Act.

In doing so the SPA requires that the Committee take into account and comply with any other relevant rules and legislation – including, for example, The Police Service of Scotland (Senior Officers) (Conduct) Regulations 2013 and The Police Service of Scotland (Performance) Regulations 2013, Part 6. The Committee met four times during the year, and four times in the prior year. Its main responsibilities are:

- Approving the strategies for Complaints and Conduct
- Approving civil claims for litigation in line with delegated authority limits
- Reviewing and scrutinising complaints and conduct within the organisation.

During 2014/15 the committee dealt with and closed out a significant amount of legacy issues and complaints, oversaw the implementation of a robust and effective complaints handling procedure through the independent audit by Police Investigations & Review Commissioner (PIRC) and has received positive public feedback as a result.

Finance & Investment Committee

The SPA has established a Finance & Investment Committee to provide an objective overview of the SPA's financial position and to take decisions concerning financial matters delegated to it by the SPA. The Committee is distinct and separate from the Audit & Risk Committee.

During the year, members appointed were:

Name	Status
Paul Rooney	Independent Member (Chair)
Jeane Freeman	Independent Member
Graham Houston	Independent Member
David Hume	Independent Member
Lisa Tennant	Independent Member
Iain Whyte	Independent Member

The Committee met nine times during the year and nine times in the prior year. Its main responsibilities are:

- Recommending the revenue and capital budgets to the Board
- Monitoring and scrutinising financial performance against budget
- Approving contract awards, competitive actions within delegated authority limits
- Approving budget virement and civil litigation with delegated authority limits
- Approving finance and finance related policy and noting the financial strategy.

During 2014/15 the committee initiated and fostered the necessary shift in mind set in the approach to expenditure of capital budget which has led to significant improvement in project management of capital projects in year 2, maintained a scrutiny role over the i6 project, supported the rationalisation of surplus estates and oversaw the reinvestment of receipts into an investment programme, ensuring value for money on procurement and investment proposals.

Human Resources & Remuneration Committee

The SPA has established a Human Resources & Remuneration Committee to provide an objective overview of the SPA's strategic human resources position and to take decisions concerning people and remuneration matters delegated to it by the SPA.

During the year, members appointed were:

Name	Status
Jeane Freeman	Independent Member (Chair)
Graham Houston	Independent Member
Morag McLaughlin	Independent Member
Paul Rooney	Independent Member
Ian Ross	Independent Member
Douglas Yates	Independent Member

The Committee met eight times during the year and eight times in the prior year. Its main responsibilities are:

- Approving HR & Remuneration related strategies
- Approving organisational change within delegated limits
- Approving early retirement and voluntary redundancy schemes.

During 2014/15 the committee has been in a position to approve a significant number of policies, prioritising those most critical to enabling Police Scotland to progress their People & Development Strategy.

The committee has initiated, advised and championed the design and launch of the employee survey, reviewed and scrutinised a significant number of strategic organisational change proposals which have enabled Police Scotland to reform its service following the merger, provided strategic direction and guidance to Police Scotland in scoping and developing an effective job harmonisation and modernisation project for civilian employees. It has initiated and championed significant human resource reform within the People & Development function of Police Scotland and jointly with the Finance & Investment Committee advised, scrutinised and progressed the voluntary redundancy/early retirement programme.

The formal committee structure above is supported by member and executive-led working groups and senior management meetings. The Senior Management Group of the SPA has been in place for most of the financial year, meeting regularly to support the organisation's objectives.

The SPA may also establish additional Committees and Sub-Committees as deemed necessary to meet the needs of the organisation. Membership of such committees will vary depending on the Terms of Reference agreed at Board level, and may comprise Board members, SPA members of staff, Police Scotland officers, members of police staff and other individuals outside the organisation.

The Board and Committees are further supported by an ICT Scrutiny Forum and a Forensic Governance & Partnership Forum which both report to Board. Summary Reports of the ICT Scrutiny Forum are presented to the Finance & Investment Committee, and the reports from the Forensic Governance & Partnership Forum are presented to the Audit & Risk Committee to provide additional assurance.

3 Risk and Control Framework

The Board, Senior Management Group of the SPA and Executive Team of Police Scotland are committed to ensuring effective risk management and reporting for both the SPA and Police Scotland from an operational level up to Executive and Board.

The system of internal control has been designed to address the principal risks of the organisation. These are contained within the Risk Registers which are monitored by the Board and the Audit & Risk Committee.

The Risk Register looks to assist in the achievement of the organisation's policies, aims and objectives to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Police reform has necessitated a full review of risk management, and the organisation has developed an Assurance Map in order to further develop and improve the process during the year 2014/15. A standard matrix with red, amber, green (RAG) status has been developed and is utilised organisation-wide.

Separate risk registers for the SPA and Police Scotland are held and are based on an established standard matrix and consistent scoring criteria on a red, amber, green basis. Each risk has a designated risk owner determined by the severity of the risk and seniority of staff member. All high and significant risks of the SPA and Police Scotland are reported to the Audit & Risk Committee and Board. All financial risks are reported to the Finance & Investment Committee, and all HR Risks are reported to the HR & Remuneration Committee.

Significant risks highlighted and managed throughout the year included:

- Target savings will not be achieved
- Insufficient investment funds will result in failing to deliver organisational efficiencies
- Change programme will not deliver the Strategic Police Plan and be effectively managed
- On-going engagement of staff and officers being affected during this time of change
- Ineffective management of data
- Resource management planning.

The risk management process within the organisation has followed guidance from the Scottish Ministers provided in the SPFM and has been in place during the entire financial year.

4. Review of Effectiveness and Significant Issues

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- The managers within the organisation who have responsibility for the development and maintenance of the internal control framework
- Comments made by the external auditors, Audit Scotland, in their management letters and other reports
- Internal audit reviews and reports conducted throughout the year by HMICS and PwC.

No areas of critical risk or significant weakness were raised during Internal Audit reviews by PwC within the following areas - Budget-setting, Procurement, Duplicate Payments, Treasury Management, Warrants, Complaints, Productions, Benefits Realisation and Corporate Strategy.

Three High ranking findings found related to:

- The governance over the Whistleblowing processes and procedures of the organisation
- Control over data transfer with regards to data loss
- System functionality issues regarding a database.

The actions from the Section 22 report issued to the SPA were reviewed by Internal Audit during the year and the progress made against each of these issues was noted. This review covered:

- Fixed asset accounting and valuations
- Bank reconciliations
- Specific accrual balances.

These areas have now been fully audited by Audit Scotland and comments reflected in their Independent Auditor's Report on pages 41-42 of this report.

During the year a new fixed asset ledger was introduced. Work to establish the new ledger took longer than anticipated which resulted in the audit work being carried out after the main audit had concluded. Capital accounting procedures will now be revised due to the external audit results in order to ensure appropriate control and reconciliations are exercised across the new asset ledger going forward.

The valuation of fixed assets during the course of the financial year highlighted the requirement to ensure the correct basis of valuation is consistently applied across the fixed asset estate of the SPA.

Other areas with additional recommendations included the accuracy and integrity of the personnel system. The system had ongoing improvement programmes during the financial year so limited reliance could be placed on it during the financial year. Internal Audit reviewed the outputs of the system at the end of the financial year and found the system much improved.

Whilst external audit found a number of key controls to be incomplete during their interim audit work, they reported that with the exception of Property, Plant & Equipment, significant improvement was evident by the year-end audit. This in itself will increase the assurance that can be placed on the systems and procedures within the organisation.

Audit Scotland conducted an audit on the governance of ICT within the organisation. Their findings included the progress which has been made in the organisation over the past two years, however also reflected that an increased element of risk remained while there were still separate applications being used by Police Scotland across the country in a number of areas. Consolidated procedures and harmonised information recording systems and management processes will reduce this risk over the coming months.

There were 9 reported instances of data loss during 2014/15 which posed an information risk to the organisation. There have been 2 reported incidents of theft during the financial year with appropriate remedial action having been taken.

5. Follow up on prior year significant issues

The 2013/14 accounts were not qualified but contained a report stating that aspects of our accounting records were of poor quality. This statement was also reflected in the Section 22 Report from the Auditor General which was received in December 2014.

The input of Audit Scotland has assisted in these areas through developing a stronger control framework within the organisation. It is recognised through both the work of Internal and External Audit, there is still work ongoing in order to improve record-keeping in particular within the area of Property, Plant & Equipment.

6. Good Practice

In accordance with the principles of best value, the Board and supporting Committees of the SPA adopt a culture of continuous improvement. This also follows as part of the management approach followed by the Directors and Chief Constable of the organisation who are encouraged to review the use of resources and deliver efficiencies in their areas of responsibility. This work is carried out against the background of the Scottish Government priorities for policing.

Arrangements have been made to secure Best Value for the organisation as set out in the SPFM. This is demonstrated through:

- The scrutiny applied to investment and expenditure decisions through the Finance & Investment Committee
- Procurement contracts being awarded through the process of competition
- Staff structures reviewed and appraised by the Human Resources & Remuneration Committee
- A policy of voluntary redundancy and voluntary early retirement in place for Police Staff.

There is a continual challenge on the budget and expenditure of policing to deliver best value and as such all Directors and Officers under the command and control of the Chief Constable are fully engaged in this activity. The SPA carries out all of its duties in a way that is proportionate, accountable, transparent and consistent with the principles of good governance. Decision-making and the means by which the SPA will implement policy is built on a participatory and consensus orientated approach.

The SPA is committed to forging effective partnerships with key organisations across the public, private and third sectors to maximise outcomes and minimise public sector costs. The SPA has, therefore, taken the lead in creating a number of initiatives which have made a positive contribution across the Justice System and beyond. Many of these are ongoing and a summary of activity is given below:

Reform Collaboration Group - involving senior executives of SPA, Police Scotland, Scottish Fire and Rescue Service and Scottish Ambulance Service. This group is chaired by the SPA CEO. Its primary purpose is to identify new collaboration initiatives.

Performance Steering Group (PSG) - with participants from the SPA, Police Scotland, HMICS, and Scottish Government and chaired by the SPA CEO to provide improved performance reporting from the organisation.

Data Assurance Group - involving the SPA, Police Scotland and SG sponsor division and chaired by the SPA CEO. This forum is effectively a subsidiary of the PSG established to oversee data integrity matters.

Community Safety Glasgow (CSG) - a partnership arrangement with Police Scotland that ensures service delivery is driven by an intelligence-led approach, allowing us to deliver targeted services to the citizens of Glasgow and enabling us to measure the impact of our services. The SPA is a member in the organisation together with Glasgow City Council and also has representation on the Community Safety Glasgow Board.

Forensic Services Strategic Partnership Forum - involving the SPA (Member and Officers), Police Scotland and the Crown Office and chaired by the SPA CEO. This forum is charged with identifying and delivering Forensic Services improvements and supporting forward strategy. Potential for improvements are now emerging which will support forward strategy.

ICT Scrutiny Forum - involving the SPA (Members and Officers), Police Scotland and chaired by the SPA CEO. This forum reviews all aspects of ICT including major projects such as i6 and C3. This forum will continue to meet until the new Technology and Investment Committee is operational later in 2015/16.

These initiatives contribute significantly towards best value and improved service delivery of the organisation.



John Foley
Chief Executive and Accountable Officer
16 December 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH POLICE AUTHORITY, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

I have audited the financial statements of the Scottish Police Authority for the year ended 31 March 2015 under the Police and Fire Reform (Scotland) Act 2012. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable in law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2014/15 Government Financial Reporting Manual (the 2014/15 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition I read all the financial and non-financial information in the Annual Report and Accounts, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2015 and of its total comprehensive expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 FReM; and

- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

Without qualifying my opinion on the financial statements, I have the following to report in respect of these matters. Aspects of the accounting records and access to information and explanations in the area of property, plant and equipment were of poor quality. In my opinion, therefore, adequate accounting records have not been kept in respect of these areas for the 2014/15 financial year.

I have nothing further to report in respect of the other matters.



Gillian Woolman, MA FCA
Assistant Director
Audit Scotland
102 Westport
Edinburgh
EH3 9DN

16 December 2015

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Note	2014/15 £'000	2013/14 '000
Expenditure			
Staff costs	3	1,044,549	1,068,207
Other expenditure	6	184,883	185,082
		1,229,432	1,253,289
Depreciation & amortisation	11&12	43,983	36,566
Operating expenditure	2	1,273,415	1,289,855
Income			
Income from activities	5	77,804	58,708
Investment income		-	167
		77,804	58,875
Net Expenditure before interest		1,195,611	1,230,980
Loss on impairment of assets	11,12, 16	18,903	5,808
Interest payable			
Pension fund interest	23(b)	536,980	499,393
PFI interest		2,459	2,522
Finance lease interest		475	482
Loan and other Interest		5,513	5,931
		545,427	508,328
Net Expenditure after interest	2	1,759,941	1,745,116
Total Comprehensive Expenditure		1,759,941	1,745,116

	Note	2014/15 £'000	2013/14 £'000
Other Comprehensive Expenditure*			
Net (gain)/loss on revaluations		11,880	2,684
IAS19 actuarial loss	23(b)	1,951,652	794,522
Total Other Comprehensive Expenditure		1,963,532	797,206

* These items will not be reclassified to net expenditure

The notes on pages 47 to 110 form part of these accounts.

Statement of Financial Position as at 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
Non-current assets			
Property, plant and equipment	11	543,123	574,792
Investment properties	11	4,391	3,950
Intangible assets	12	4,574	4,082
Total non-current assets		552,088	582,824
Current assets			
Cash and cash equivalents	13	92,916	82,898
Inventories	14	4,361	3,441
Trade and other receivables	15	16,086	32,481
Assets held for sale	16	6,739	1,655
Total current assets		120,102	120,475
Total assets		672,190	703,299
Current liabilities			
Trade and other payables	17	121,476	123,135
Total current liabilities		121,476	123,135
Total assets less net current liabilities		550,714	580,164
Non-current liabilities			
Finance lease liabilities		6,786	7,545
PFI liabilities		18,502	19,130
Long-term loan liabilities		99,045	105,621
Provisions	22	12,483	7,323
Pension liabilities	23(b)	15,039,426	12,453,063
Total non-current liabilities		15,176,242	12,592,682
Assets Less Liabilities		(14,625,528)	(12,012,518)
Taxpayers' equity			
General fund		320,977	335,744
Pension reserve		(15,039,426)	(12,453,063)
Revaluation reserve		92,921	104,801
Total Taxpayers' Equity		(14,625,528)	(12,012,518)



John Foley
Chief Executive and Accountable Officer
16 December 2015 and Authorised for issue on 16 December 2015

The notes on pages 47 to 110 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
Cash flows from operating activities			
Net deficit		(1,759,941)	(1,745,116)
Non-cash adjustments	8	701,584	642,735
Decrease/(increase) in inventories	14	(920)	(3,441)
Decrease/(increase) in trade and other receivables	15	16,395	(31,403)
Decrease/(increase) in assets held for sale	16	-	(1,655)
Increase/(decrease) in trade and other payables	17	(1,823)	114,575
Increase/(decrease) in provisions	22	5,160	1,866
Working capital balance transfer	8	-	60,711
Net cash outflow from operating activities		(1,039,545)	(961,728)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(44,065)	(117,898)
Purchase of intangible assets	12	(2,232)	(1,912)
Proceeds of disposal of property, plant, equipment	5	4,233	2,377
Net cash outflow from investing activities		(42,064)	(117,433)
Cash flows from financing activities			
Grant from Scottish Government's Justice Portfolio	26	1,105,465	1,178,426
Payments to repay finance leases	19	(1,191)	(1,061)
Payments to repay PFI agreements	20	(3,015)	(3,014)
Payments to repay long-term loans and other charges		(9,632)	(12,292)
Net financing		1,091,627	1,162,059
Net increase in cash and cash equivalents		10,018	82,898
Cash/cash equivalents at the beginning of the year		82,898	-
Cash/cash equivalents at the end of the year	13	92,916	82,898

The notes on pages 47 to 110 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	Note	General Fund £'000	Pension £'000	Revaluation Reserve £'000	Total £'000
Balance as at 31 March 2014		335,744	(12,453,063)	104,801	(12,012,518)
Revaluations during the year*	11	-	-	(6,285)	(6,285)
Revaluation reserve on disposals		332	-	(332)	-
Amortisation of revaluation reserve		4,666	-	(4,666)	-
Other revaluation movement		-	-	(597)	(597)
Net expenditure for the year		(1,125,230)	(634,711)	-	(1,759,941)
IAS19 actuarial loss	23(b)	-	(1,951,652)	-	(1,951,652)
Cash Grant in Aid	26	1,105,465	-	-	1,105,465
Balance as at 31 March 2015		320,977	(15,039,426)	92,921	(14,625,528)

	Note	General Fund £'000	Pension £'000	Revaluation Reserve £'000	Total £'000
Balance as at 31 March 2013		316	(12,350)	-	(12,034)
Reserves transferred as at 1 April 2013		270,961	(11,170,654)	88,598	(10,811,095)
Properties from Scottish Government		40,306	-	18,887	59,193
Revaluation of Dundee Lab		-	-	(2,093)	(2,093)
Other revaluation movement	11	-	-	(591)	(591)
Net expenditure for the year		(1,154,265)	(590,851)	-	(1,745,116)
IAS19 actuarial loss	23(b)	-	(794,522)	-	(794,522)
Actuarial adjustment to pension reserve	23(b)	-	115,314	-	115,314
Cash Grant in Aid	26	1,178,426	-	-	1,178,426
Balance as at 31 March 2014		335,744	(12,453,063)	104,801	(12,012,518)

Revaluations of Property, Plant & Equipment per note 11 to the accounts resulted in a reduction in the revaluation reserve of £6,492,000, and revaluations of Assets Held for Sale per note 16 to the accounts resulted in an increased revaluation reserve of £207,000 – a total net movement in revaluation reserve of £6,285,000.

The notes on pages 47 to 110 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

In pursuance of the Police and Fire Reform (Scotland) Act 2012, and as approved by Scottish Ministers, these financial statements have been prepared in accordance with the 2014/15 Government Financial Reporting Manual (FReM) issued by HM Treasury, in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Standards Interpretation Committee (IFRSIC).

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SPA for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the SPA in the preparation of these financial statements are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment to fair value as determined by the relevant accounting standard.

1.2 Accounting Period

The accounting period commenced on 1 April 2014 and ended on 31 March 2015.

1.3 Going Concern

The accounts continue to be prepared on a going concern basis as an Other Significant Public Body charged with the responsibility to provide policing services to the people of Scotland.

The accounts have been prepared incorporating the requirements of international accounting standards and include an actuarial valuation of the various pension schemes' liabilities as explained in notes 23, 24 and 25 to the accounts. These valuations reflect liabilities falling due in future years in respect of pension liabilities arising from the application of IAS19. The actuaries have calculated the liability as at 31 March 2015.

The actuary conducts a review every four years of the funding basis of the Police Pension Scheme, and in the intervening years rolls forward the scheme's liabilities in a desk top review. The roll-forward allows for:

- changes in financial assumptions
- additional benefit accrual
- actual cash flows over the year and estimated where necessary
- updated membership information.

The last formal valuation of the Police Pension Scheme was conducted as at 31 March 2012 and the next formal valuation is due on the scheme as at 31 March 2016. The other main assumptions are set out in the note to the accounts.

The pension deficit will not be met from the SPA's sources of income, but will be met as it falls due by future Grant in Aid from the SPA's sponsoring department, Scottish Government's

Justice Portfolio. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

1.4 Segmental Reporting

The primary format used for segmental reporting since 1 April 2013 is by division, as this reflects the SPA and Police Scotland's internal management structure and reporting. Assets are shared across the operating segments and segmental information on assets and liabilities is not reported internally. As a result, segmental disclosure of these is not necessary, and costs such as depreciation and amortisation have been allocated to DCC Designate.

SPA Corporate Services
Forensic Services
DCC Local Policing
DCC Crime and Operation Support
DCC Designate

DCC Designate encompasses the entire Police Scotland Corporate Services including Analysis & Performance, Corporate Communications, Corporate Governance, Organisational Development, Physical Resources, Procurement, Finance and Resources, ICT and People & Development.

An analysis of Net Expenditure by Segment is provided in note two to the accounts.

1.5 Revenue Recognition

Revenue is recognised net of VAT to the extent that it is probable that the economic benefits will flow to the SPA and the revenue can be reliably measured.

Grant in Aid

The SPA is funded by Scottish Government. Grant in Aid is received throughout the year and is intended to meet the SPA's estimated expenditure. Scottish Government does not allow funding to be available in advance of need nor does it allow unused funding to be carried forward into future financial years. Grant in Aid is accounted for as financing on a cash basis, not income and is therefore credited to the SPA's Reserves and not incorporated within the organisation's Statement of Comprehensive Net Expenditure.

Revenue Grants

All revenue grants are matched with the expenditure to which they relate. Specific grants are accounted for on an accruals basis where conditions for receipt have been met. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Statement of Financial Position as creditors.

Capital Grants

Capital grants are accounted for in accordance with IAS20 'Accounting for Government Grants & Disclosure of Government Assistance' and recognised in the Statement of Comprehensive Net Expenditure once conditions have been met. Where carry forward of capital grant is permitted and any conditions attached have not been met, the grant is treated as a capital grant receipt in advance.

Provision of Services

Revenue from the provision of services is recognised when the SPA can reliably measure the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the organisation.

Rental Income

Rental income from operating leases is recognised on a straight-line basis over the terms of

the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

1.6 Property, plant and equipment (PPE)

Recognition

Property, plant and equipment are tangible items held for use by the SPA in the provision of services and are expected to be in use for more than one financial year.

All PPE assets will be accounted for as non-current assets provided that the future economic benefits or service potential associated with the item has been transferred to the SPA, unless they are deemed to be held-for-sale.

Capitalisation

Expenditure is capitalised provided that the PPE yields a benefit to the SPA for a period of more than one year and is subject to the application of a de-minimis level of £5,000 (inclusive of VAT).

IT Development Costs

IT projects such as significant capital upgrades and items in development will be included. Costs of such items will include not only purchase price of equipment and direct construction costs, but also other costs 'directly attributable' in bringing an asset to a condition ready to use. Such costs will include such items as professional fees and salary costs where directly attributable to an asset.

Valuation - Properties

Assets are carried in the Statement of Financial Position at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Revaluation Reserve

Assets included in the Statement of Financial Position at fair value are revalued regularly at a minimum of every 5 years by appropriately qualified RICS surveyors to ensure the carrying value is not materially different from the fair value. Any subsequent increase in valuation is taken to a Revaluation Reserve.

Any decreases in value of assets will be set against any credit balance held in the revaluation reserve until this credit is exhausted and thereafter to net operating cost as an impairment charge in the Statement of Comprehensive Net Expenditure.

Valuation – Plant & Equipment

Non-property assets are carried at valuation in existing use. Depreciated historical cost is used as a proxy for current value for the following classes of assets as they have short useful economic lives and/or low values: ICT systems, plant and machinery, fixtures and fittings and motor vehicles.

Donated Assets

Assets classified as donated are measured at fair value on receipt. The funding element is recognised as income and taken to the Statement of Comprehensive Net Expenditure. Any subsequent revaluations are taken to a Revaluation Reserve.

Componentisation of Assets

In accordance with IAS16 a componentisation policy has been adopted where appropriate. The SPA has separated the valuation of land and buildings and implemented a policy of component accounting for material assets. These are considered to be assets with a carrying value of £1

million or higher, with components accounted for separately if their cost or value is in excess of 20% of the carrying value.

This is subject to phased introduction with material assets componentised upon acquisition, scheduled revaluation or significant enhancement expenditure.

Impairments

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

Any decreases in value of assets will be set against any credit balance held in the revaluation reserve until this credit is exhausted and thereafter to net operating cost as an impairment charge in the Statement of Comprehensive Net Expenditure.

Where an impairment loss is reversed subsequently, the reversal is credited to the Statement of Comprehensive Net Expenditure, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Statement of Financial Position is written off to the Statement of Comprehensive Net Expenditure as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the Statement of Comprehensive Net Expenditure as part of the gain or loss on disposal.

Capital receipts from the sale of long-term assets are recorded for each type of asset and are returned to Scottish Government for distribution.

1.7 Depreciation

Depreciation is provided on property, plant and equipment at rates calculated to write off the valuation, less estimated residual values, of each asset evenly over its expected useful life. Asset lives are as follows:

Buildings	over 15 to 50 years
Plant and equipment	over 3 to 20 years
Vehicles	over 3 to 10 years
Fixtures and fittings	over 3 to 10 years
IT Systems	over 3 to 10 years
Radio Masts	over 15 years

1.8 Investment Properties

Investment properties are properties that are used solely for the purpose of generating income either by rentals or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services.

The investment properties are mainly radio stations and masts, which are no longer required for operational radio communications, and are leased by telecommunication providers.

Measurement and Depreciation

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment Properties are revalued annually at the Statement of Financial Position date. Any gains or losses arising from a change in the fair value of investment properties are recognised in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. Investment properties held at fair value are not depreciated.

De-recognition

Investment properties are de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. The gain or loss arising from the disposal is recognised in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

1.9 Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

The asset is immediately valued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any impairment is recognised per note 1.5 above. There is no depreciation on assets held for sale.

Any subsequent increases in fair value are then recognised up to the amount of any previously recognised losses within the Statement of Comprehensive Net Expenditure.

Assets which are to be abandoned or scrapped are not classified as Assets Held for Sale.

1.10 Assets Under Construction

Assets classified as under construction are recognised in the Statement of Financial Position at cost on an accruals basis. The asset is not depreciated until commissioned until the asset has been brought into full operational use, and is re-categorised within the classifications in note 1.6 above.

1.11 Finance Leases

Lessor

Where a finance lease is granted over a property or an item of plant or equipment, the relevant asset is written out of Non-Current Assets as a disposal and transferred to create a Lease Debtor within the Statement of Financial Position.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest of the property – applied to write down the lease debtor
- Finance income – credited to the Comprehensive Statement of Net Expenditure.

Lessee

Where substantially all the risks and rewards of ownership of a leased property are borne by the SPA, it is recorded as a non-current asset and a corresponding creditor recorded in respect of the debt due to the lessor, with the interest element of the finance lease payment charged to the Statement of Comprehensive Net Expenditure.

Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the SPA and the cost of the item can be measured reliably. The carrying amount of any replaced parts is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial year in which they are incurred.

1.12 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the SPA is deemed to control the services that are provided under its PFI schemes in accordance with IFRIC 12 Service Concession Arrangements, the assets used are carried under the contracts on its Statement of Financial Position as part of property, plant and equipment.

PFI assets are recognised on the Statement of Financial Position and revalued and depreciated in the same way as property, plant and equipment owned by the SPA.

The amounts payable to the PFI operators each year are analysed into three elements:

- fair value of the services received during the year – debited to the relevant service in the Statement of Comprehensive Net Expenditure
- finance cost – an interest charge on the outstanding Statement of Financial Position liability, debited to the Financing and Investment Income and Expenditure line in the Statement of Comprehensive Net Expenditure
- payment towards liability – applied to write down the Statement of Financial Position liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a Finance Lease).

1.13 Intangible Assets

Intangible assets are separately identifiable and owned by the SPA, mainly in relation to software licences and elements of IT systems. They are recognised where a future economic benefit or service potential can be identified as receivable by the SPA.

Intangible assets are valued on a historic cost basis. Amortisation is applied at rates calculated to write off the cost by equal instalments over the shorter of the term of the licence where appropriate and their estimated useful life.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS38 where assets do not generate income. IAS38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.' The estimated useful life for intangible assets is 3 to 5 years.

1.14 Financial Instruments**Classification**

The SPA's financial assets are classified as either trade receivables or cash and cash equivalents.

Financial Assets

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the SPA provides services directly to a customer with no intention of trading the receivable.

Cash and cash equivalents are amounts held with the Government Banking Service and UK commercial bank current accounts, or cash in hand.

The SPA relies primarily on Grant in Aid from the Scottish Government's Justice Portfolio for its cash requirements and is therefore not exposed to liquidity risks. There is no difference between book value and fair value for the cash and cash equivalents shown in the Statement of Financial Position, and there are no balances held in foreign currencies within the cash and bank balance apart from within confiscation accounts held on behalf of third parties per note 1.16.

Financial Liabilities

The SPA's financial liabilities are classified as trade payables. Trade payables are typically non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the SPA receives goods or services directly from a supplier with no intention of trading the liability.

Measurement Basis

Financial assets and liabilities are recognised on the date on which the SPA becomes a party to the contractual provisions of the instrument giving rise to the asset or liability.

Financial assets are initially recognised at cost. Any impairment of a financial asset is charged to the Statement of Comprehensive Net Expenditure when incurred. Financial assets are derecognised when the SPA's rights to cash inflows from the asset expire.

Trade and other receivables are recognised initially at fair value and subsequently restated for any impairment. A provision for impairment of trade receivables is established when there is objective evidence that the SPA will not be able to collect all amounts due according to the original terms of the receivables.

Financial liabilities are initially recognised at fair value, and carried at their amortised cost, and will be derecognised when the contractual obligations are discharged, cancelled or expire.

Annual charges for interest payable are recognised in the Statement of Comprehensive Net Expenditure and are based on the carrying value of the liability, multiplied by the effective rate of interest for the instrument.

The long term loans recognised represent those from the Public Works Loans Board and the debt is managed by the local Councils' Consolidated Loans Funds. Full disclosure is provided within the notes to the accounts.

1.15 Inventories

Inventories are assets in the form of material or supplies which are consumed or distributed in the ordinary course of the SPA's operations.

Operational consumables, vehicle parts, fuel and equipment are stated at cost using either the latest invoice price or an average cost price.

1.16 Cash and Cash Equivalents

The SPA operates as part of Scottish Government banking contract with Government Banking Service (GBS). GBS is a shared banking service for government departments. The SPA's transactional services are provided by Citi Bank with corporate banking arrangements held with The Royal Bank of Scotland.

Cash and cash equivalents include cash in hand and deposits held at call with banks repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments maturing in three months or less of the date of the Statement of Financial Position and that are readily convertible to known amounts of cash with insignificant risk of change in value. The SPA holds no such investments.

Warrant accounts represent cash received for fines which are repaid to the relevant organisations.

Confiscation bank accounts represent monies seized under the Proceeds of Crime Act 2002. Monies are held on behalf of COPFS until the outcome of the relevant court cases are known. Monies are then returned either to COPFS or to the individual from whom the monies were originally seized.

Balances on confiscation and warrant accounts are shown as a balance within cash and bank on the Statement of Financial Position, with a corresponding creditor shown within trade payables.

Where the SPA has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

1.17 Provisions

Provisions for legal claims are recognised when the SPA has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

1.18 Contingent Liabilities

A contingent liability arises if there is a possible obligation arising from a past event at the date of signature of the Statement of Financial Position, and the amount of the obligation cannot be reliably measured.

1.19 Pensions

The SPA and Police Scotland officers and employees are members of two distinct types of pension scheme.

- **The Police Pension Schemes for Police Officers (both pre 2006 and post 2006).**

These are unfunded defined benefit final salary schemes. There are no investment assets built up to meet the pension liabilities, and funding has to be received to meet actual pension payments as they eventually fall due.

- **The Local Government Pension Schemes for Police Staff Employees.**

These are defined benefit pension schemes providing benefits based on final pensionable pay, which are contracted out of the State Second Pension. Assets and liabilities of the schemes are held separately from those of the SPA. The schemes' assets are measured using market values and the schemes' liabilities are measured using a projected unit method and discounted at the current rate of return.

Contributions to the schemes are calculated so as to spread the cost of pensions over employees' working lives in the SPA and Police Scotland. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the schemes in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the schemes is recognised in the Statement of Comprehensive Net Expenditure on a systematic basis over the expected average remaining lives of members of the funds in accordance with IAS19 'Employee Benefits' and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

The liabilities of the pension fund attributable to the SPA and Police Scotland are included in the Statement of Financial Position on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current officers and employees.

The change in the net pension liability is analysed into the following components:

- **Current service cost**

This is the increase in liabilities as a result of service earned this year and is allocated to cost of services in the Statement of Comprehensive Net Expenditure.

- **Past service cost**

This is the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Statement of Comprehensive Net Expenditure.

- **Interest cost**

This is the expected increase in the present value of liabilities during the year as they move one year closer to being paid.

- **Expected return on assets**

This is the annual investment return on the fund assets attributable to the SPA, based on an average of the expected long-term return.

- **Gains or losses on settlements and curtailments.**

This is the result of actions to relieve the SPA of liabilities or events that reduce the expected future service or accrual of benefits of employees and is debited or credited to the Surplus or Deficit on the Provision of Services in the Statement of Comprehensive Net Expenditure.

- **Actuarial gains and losses**

This represents changes in the net pension liability arising due to events after the last actuarial valuation.

- **Contributions paid to the pension fund**

Amounts paid as employer's contributions to the pension fund.

1.20 Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Net Expenditure over the term of the lease. Incentive payments receivable in respect of operating leases are allocated to match the effect of increased rentals payable in future periods.

Rental income from operating sub-leases is recognised in the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

1.21 Taxation

VAT

Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure or the cost of assets in the period in which it is incurred.

Corporation Tax

The income from Grant in Aid and charging schemes is not chargeable to tax. However, HMRC have declared that profit generated from commercial contract work undertaken by SPA and Police Scotland will be chargeable to Corporation Tax.

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities.

Current tax and movements in deferred tax assets and liabilities are recognised in the statement of comprehensive net expenditure.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

Deferred Tax

Deferred income tax is provided, using the liability method, on all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. It is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

1.22 Insurance

Expenditure included in the Statement of Comprehensive Net Expenditure relates to premiums paid, policy excesses and settlement of claims. In addition, a provision is made for the self-funded elements of property, liability and motor claims which remain unsettled at the year-end.

1.23 Events after the Reporting Period

Events after the Reporting Period represent those events which occur between the end of the reporting year and the date when the Annual Report & Accounts is authorised for issue.

Adjusting events are those providing evidence of conditions existing at the end of the reporting year, whereas non-adjusting events are indicative of conditions arising after the reporting year (the latter being disclosed where material).

Events which occur after the date of authorisation for issue are not reflected in these Accounts.

1.24 Accounting Policies Issued but not yet Effective

The following is a list of changes to IFRS that have been issued but which were not effective in the reporting year. The SPA is currently assessing the impact of these improvements but, based on preliminary analysis, it is not expected to be material. The following is expected to apply from 2015/16;

- IFRS 13 Fair Value Measurement – this update provides consistent guidance on fair value measurement
- IAS 36 – Impairment of assets on recoverable amount disclosures (amendment) – this update modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets

The following is a list of changes to IFRS that will be effective in future periods. The following is expected to apply from 2017/18 and 2018/19 respectively;

- IFRS 15 Revenue from contracts with customers– this update establishes application principles for reporting on the uncertainty of revenue and cashflows from contracts with customers
- IFRS 9 – Financial instruments – this update applies a single classification and measurement approach to all financial assets.

2. Analysis of Net Expenditure by Segment

2014/15	SPA	Forensic Services	DCC Local Policing	DCC Crime & Operation Support	DCC Designate (incl ICT and Training)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs*	3,399	21,098	631,252	163,130	225,670	1,044,549
Other expenditure	2,382	5,583	26,878	22,585	127,455	184,883
Depreciation & amortisation**	-	-	-	-	43,983	43,983
Operating Expenditure	5,781	26,681	658,130	185,715	397,108	1,273,415
Impairment loss**	-	-	-	-	18,903	18,903
Income from activities	(1,124)	(188)	(12,861)	(15,315)	(48,316)	(77,804)
Investment income	-	-	-	-	-	-
Interest payable	545,164	-	-	-	263	545,427
Total Comprehensive Expenditure	549,821	26,493	645,269	170,400	367,958	1,759,941

2013/14	SPA	Forensic Services	DCC Local Policing	DCC Crime & Operation Support	DCC Designate (incl ICT and Training)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs*	3,768	20,424	649,118	164,665	230,232	1,068,207
Other expenditure	1,190	5,532	37,010	17,511	123,839	185,082
Depreciation & amortisation**	-	-	-	-	36,566	36,566
Operating Expenditure	4,958	25,956	686,128	182,176	390,637	1,289,855
Impairment loss**	-	-	-	-	5,808	5,808
Income from activities	-	(147)	(14,599)	(14,028)	(29,934)	(58,708)
Investment income	(167)	-	-	-	-	(167)
Interest payable	507,846	-	-	-	482	508,328
Total Comprehensive Expenditure	512,637	25,809	671,529	168,148	366,993	1,745,116

* Included within DCC Designate staff costs is the full IAS19 adjustment of £97,731 (2013/14: £91,458) as disclosed within the staff costs analysis at note 3 overleaf.

** Furthermore, the full depreciation, amortisation charges, finance lease interest and impairment losses have been allocated to DCC Designate in line with the reporting of Capital and Estates costs, which is a change from the Annual Report & Accounts for the year ended 31 March 2014.

As a result, 2013/14 figures have been restated in line with current reporting in order to provide consistency in comparative figures.

3. Staff Numbers and Related Costs

The number of full-time equivalent persons employed, excluding those on career breaks:

	2014/15				2013/14
	*Board Members	Staff	Officers & Special Constables	Total	Total
Permanent	12	5,378	17,295	22,685	23,009
Special Constables	-	-	1,105	1,105	1,374
Agency / Temporary Staff	-	164	-	164	235
As at 31 March 2015	12	5,542	18,400	23,954	24,618
As at 31 March 2014	13	5,987	18,618	24,618	

*No calculation in terms of Full-time equivalent has been performed for Board Members.

There were 10 officers (2013/14: 9), 5 staff members (2013/14: 10), and one special constable (2013/14: nil) who died in service during the year. There were also 91 officers (2013/14: 74), and 10 members of staff (2013/14: 15) who retired through ill health.

Staff costs comprise:

2014/15	Board Members £'000	Staff £'000	Officers £'000	Agency Staff £'000	Total £'000
Wages and salaries	431	156,658	670,935	3,293	831,317
Social security costs	52	11,339	56,080	-	67,471
Pension costs	-	31,925	16,105*	-	48,030
IAS19 pension adjustment	483	199,922	743,120	3,293	946,818
	-	15,031	82,700	-	97,731
	483	214,953	825,820	3,293	1,044,549

2013/14	Board Members £'000	Staff £'000	Officers £'000	Agency Staff £'000	Total £'000
Wages and salaries	539	162,525	704,467	2,339	869,870
Social security costs	78	12,515	56,591	-	69,184
Pension costs	-	37,395	300	-	37,695
IAS19 pension adjustment	617	212,435	761,358	2,339	976,749
	-	15,058	76,400	-	91,458
	617	227,493	837,758	2,339	1,068,207

* This includes ill health and injury pensions for the year ended 31 March 2015.

** Officers' wages and salaries include annual allowances paid to Special Constables of £611,000 (2013/14: £1,301,000) during the year.

4. Exit Packages

The values of the individual packages accrued during the year, including pension payments, were as follows:

	2014/15 Total Employees	2013/14 Total Employees
£0 - £25,000	162	340
£25,000 - £50,000	104	212
£50,000 - £75,000	22	53
£75,000 - £100,000	10	21
£100,000 - £125,000	3	4
£125,000 - £150,000	6	4
£150,000 - £175,000	1	2
£175,000 - £200,000	-	1
£200,000 - £250,000	2	-
£250,000 - £300,000	1	-
Total number of exit packages	311	637

	£'000	£'000
Total Costs of Agreed Departures during the year	11,628	20,310

5. Income from Activities

	2014/15 £'000	2013/14 £'000
Fees and Charges	32,410	30,215
Grant income received - external to GIA (per note 26)	40,972	23,865
Seconded officers and staff	1,706	2,955
Insurance	98	160
Donations and Sponsorship	191	324
Profit on Disposal of Assets*	1,455	200
Other Income	972	989
	77,804	58,708

*The net book value of disposals during the year per note 11 was £2,778,000 (2013/14: £2,177,000), which, together with the profit on disposal of assets of £1,455,000 (2013/14: £200,000) per above results in a total cash proceeds on disposal of property, plant and equipment of £4,233,000 (2013/14: £2,377,000).

6. Other Expenditure

	2014/15 £'000	2013/14 £'000
Other staff costs	4,803	2,811
Premises costs	62,782	59,312
Equipment costs	29,468	23,878
Catering costs	2,962	1,436
Supplies and services	4,032	7,268
Promotional costs	162	242
National Crime Agency	5,423	5,484
Recruitment costs	295	231
Transport costs	28,230	27,637
Animal costs	572	606
Securing premises	621	580
Public protection unit	161	227
Other fees & charges	5,183	13,250
Bad debts	263	787
Printing, stationery & postage	3,536	4,432
Clothing & uniform	3,269	2,880
Prison charges	1,008	1,183
Telecom and Airwave costs	18,976	19,081
Conference / meeting expenses	359	430
Subscriptions	219	161
Third party payments	8,069	6,925
IT Development / consultants	1,145	1,106
Professional fees	354	498
Legal fees	2,991	4,637
	184,883	185,082

7. Corporation Tax

	2014/15 £'000	2013/14 £'000
Current tax:		
Current tax on profits for the year	-	-
Total current tax	-	-
Tax per the income statement	-	-

No deferred tax asset has been recognised in respect of the tax losses carried forward, as it cannot be stated with certainty that the losses will be utilised in the foreseeable future.

8. Adjustments to Cash Flows

	Note	2014/15 £'000	2013/14 £'000
Depreciation and amortisation	11&12	43,983	36,566
Interest payable – PFI interest		2,459	2,522
Interest payable – finance lease		475	482
Interest payable – loan and other interest		3,105	5,931
IAS19 pension adjustment to staff costs	23(b)	97,731	91,458
IAS19 interest on pension scheme obligations	23(b)	536,980	499,393
Asset impairment and reclassification review	11	18,903	5,808
Asset revaluation review		(597)	775
Profit on sale of property, plant & equipment	5	(1,455)	(200)
Adjustments to non-cash costs		701,584	642,735
Transfers of property, plant and equipment	11	-	(507,926)
Transfers of intangible assets	12	-	(3,098)
Provisions transfer	22	-	5,457
PFI Liabilities transfer	20	-	20,178
Long-term loan liabilities transfer	21	-	118,509
Pension liabilities transfer	23(b)	-	11,170,654
Finance lease liabilities transfer	19	-	8,839
General fund		-	270,961
Pension reserve transfer	23(b)	-	(11,170,654)
Revaluation reserve transfer		-	88,598
Scottish Government property transfer	11	-	40,306
Scottish Government revaluation reserve transfer	11	-	18,887
Working capital transfer from legacy organisations		-	60,711

9. Commitments under Operating Leases

Total future minimum lease payments under operating leases are given in the table below:

2014/15	Land £'000	Buildings £'000	Other £'000	Total £'000
Not later than one year	472	1,548	91	2,111
Later than one year and not later than five years	192	2,680	41	2,913
Later than five years	1,377	3,382	5	4,764
	2,041	7,610	137	9,788

2013/14	Land £'000	Buildings £'000	Other £'000	Total £'000
Not later than one year	39	2,157*	560	2,756
Later than one year and not later than five years	122	3,543	109	3,774
Later than five years	813	3,740	14	4,567
	974	9,440	683	11,097

*This prior year figure includes an additional £123,000 from what had previously been reported. This is due to 4 Building Operating Leases which had been omitted from the 2013/14 final accounts.

Operating lease payments made during the year were as follows:

	2014/15 £'000	2013/14 £'000
Minimum lease payments	2,639	4,426*
Contingent rents	46	142
Sublease payments	(18)	(30)
	2,667	4,538

*This prior year figure includes an additional £146,000 from what had previously been reported. This is due to 4 Building Operating Leases which had been omitted from the 2013/14 final accounts.

Contingent rents relate to payments over and above the minimum lease payment in respect of income generated through use by the lessee or in respect of rent reviews.

10. Operating Lease Income

Total future minimum lease payments under operating leases are given in the table below:

2014/15	Buildings £'000	Other £'000	Total £'000
Not later than one year	143	512	655
Later than one year and not later than five years	250	-	250
Later than five years	61	-	61
	454	512	966

2013/14	Buildings £'000	Other £'000	Total £'000
Not later than one year	531	91	622
Later than one year and not later than five years	-	292	292
Later than five years	-	134	134
	531	517	1,048

Payments received during the year were as follows:

	2014/15 £'000	2013/14 £'000
Minimum lease payments	660	659
Contingent rents	-	-
	660	659

11. Property, Plant & Equipment

2014/15	Investment Properties £'000	*Land & Buildings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation:								
As at 1 April 2014	3,950	560,618	58,363	73,203	10,979	65,029	42,082	814,224
Additions	-	6,377	10,636	1,144	1,894	8,008	16,006	44,065
Disposals	-	-	-	(90)	-	(7,923)	-	(8,013)
Revaluation	(56)	(50,958)	-	(200)	-	(5)	-	(51,219)
Impairment	523	(31,708)	-	-	-	-	-	(31,185)
Reclassification	(26)	18,806	38,010	(19,987)	(1,316)	(7,052)	(27,112)	1,323
As at 31 March 2015	4,391	503,135	107,009	54,070	11,557	58,057	30,976	769,195
Depreciation:								
As at 1 April 2014	-	81,106	39,959	63,730	6,977	43,710	-	235,482
Charged in year	-	17,826	8,792	3,383	947	11,243	-	42,191
Depreciation on disposals	-	-	-	(90)	-	(7,438)	-	(7,528)
Depreciation on revaluation	(156)	(44,451)	-	(117)	-	(3)	-	(44,727)
Impairment	(3)	(11,816)	-	-	-	-	-	(11,819)
Reclassification	159	1,015	37,262	(22,568)	(542)	(7,244)	-	8,082
As at 31 March 2015	-	43,680	86,013	44,338	7,382	40,268	-	221,681
Net Book Value As at 31 March 2015	4,391	459,455	20,996	9,732	4,175	17,789	30,976	547,514

* Net Book Value of Land and Buildings held under Finance Lease and PFI Contract as at 31 March 2015 is £20,061,000 (2013/14: £22,069,000), with a total cost of £32,311,000, and aggregate depreciation of £12,250,000 (2013/14: £10,242,000).

Investment properties represent radio masts held nationwide. Rental income is received from these properties.

Valuations during the year resulted in a decrease in cost of Property, Plant & Equipment of £51,219,000 and a decrease in aggregate depreciation charged of £44,727,000. Together with a reduction in Assets Held for Sale of £207,000 per note 16, this resulted in a net reduction in the Revaluation Reserve of £6,285,000.

Impairments and Reclassifications during the year resulted in a decrease in cost of Property, Plant & Equipment of £29,862,000 and a decrease in aggregate depreciation charged of £3,737,000. Together with a net increase in Assets Held for Sale of £7,170,000 per note 16 and a net increase in intangible assets in note of £52,000, this resulted in a net Impairment Charge to the Statement of Comprehensive Net Expenditure of £18,903,000.

2013/14	Investment Properties £'000	Land & Buildings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation:								
As at 1 April 2013	-	-	-	-	-	-	-	-
Transferred from legacy organisations	3,950	496,600	48,804	70,004	8,469	61,257	14,669	703,753
Additions	-	10,147	9,559	3,199	2,510	5,877	27,413	58,705
Transferred from Scottish Government	-	59,193	-	-	-	-	-	59,193
Disposals	-	(1,863)	-	-	-	(2,105)	-	(3,968)
Revaluation	-	(3,459)	-	-	-	-	-	(3,459)
As at 31 March 2014	3,950	560,618	58,363	73,203	10,979	65,029	42,082	814,224
Depreciation:								
As at 1 April 2013	-	-	-	-	-	-	-	-
Transferred from legacy organisations	-	56,241	35,060	60,457	6,381	37,688	-	195,827
Charged in year	-	19,119	4,899	3,273	596	7,751	-	35,638
Depreciation on disposals	-	(62)	-	-	-	(1,729)	-	(1,791)
Depreciation on revaluation	-	-	-	-	-	-	-	-
Impairment	-	5,808	-	-	-	-	-	5,808
As at 31 March 2014	-	81,106	39,959	63,730	6,977	43,710	-	235,482
Net Book Value As at 31 March 2014	3,950	479,512	18,404	9,473	4,002	21,319	42,082	578,742
Net Book Value As at 31 March 2013	-	-	-	-	-	-	-	-

The charge in the Statement of comprehensive Net Expenditure includes depreciation and amortisation charged for the year, and an impairment loss for the year. During the year, revaluation of buildings was carried out in seven of the fourteen local policing areas throughout Scotland.

Valuations were conducted in the Aberdeen City and Aberdeenshire & Moray areas by Rydens Surveyors on 31 March 2014. However the valuation has been taken into account during this financial year. Valuations were conducted on operational buildings on the basis of Existing Use Value, except in the circumstances of Specialised Properties where Depreciated Replacement Cost Valuation was used. The non-operational properties were valued on the basis of Market Value with vacant possession.

This resulted in a substantial reduction to the value of Land and Buildings which had been transferred over to SPA and Police Scotland at 1 April 2013 under the Scottish Government Transfer Orders associated with the 2012 Act.

During the year, additions to Fixed Assets included the purchase of premises at French Street, Dalmarnock. A payment of £5.620m was made on 2 December 2014 for the purchase of the building, including VAT and stamp duty land tax. A sum of £5m was held within 2013/14 accrued expenditure with the remainder covered from the Police Reform Budget.

A total of 18 properties and a number of police boxes & cabins have been sold during the year, with net profit on disposal of £1,455,000 (2013/14: £200,000).

12. Intangible Non-current Assets

Intangible Assets comprises software and licences

2014/15	31 March 2015 £'000	31 March 2014 £'000
Cost or Valuation:		
As at 1 April	12,966	-
Transferred from legacy organisations	-	11,054
Additions	2,232	1,912
Reclassification	1,637	-
Cost or Valuation as at 31 March	16,835	12,966
Amortisation:		
As at 1 April 2014	8,884	-
Transferred from legacy organisations	-	7,956
Charged in year	1,792	928
Reclassification	1,585	-
Amortisation as at 31 March	12,261	8,884
Net Book Value As at 31 March	4,574	4,082

Intangible non-current assets represent purchased software, licences and assets developed inhouse with a life of more than one year.

13. Cash and Cash Equivalents

	31 March 2015 £'000	31 March 2014 £'000
Balance as at 1 April	82,898	-
Net change in cash and cash equivalent balance	10,018	82,898
Balance as at 31 March	92,916	82,898

The balances held as at 31 March 2015 were held as follows:

	31 March 2015 £'000	31 March 2014 £'000
Balance within the Government Banking Service	89,135	72,751
Cash at commercial banks and cash in hand	3,781	10,147
	92,916	82,898

£1,247,000 (31 March 2014: £2,051,000) of the balances held as at 31 March 2015 represent confiscation and warrant accounts held on behalf of third parties.

14. Inventories

	31 March 2015 £'000	31 March 2014 £'000
Balance as at 1 April	3,441	-
Increase in inventories and stock during year	920	3,441
Balance as at 31 March	4,361	3,441

Inventories include equipment, uniforms, other operational consumables and vehicle parts, and are included in the Statement of Financial Positions at the lower of cost or net realisable value.

15. Trade and Other Receivables

(a) Analysis by type of receivable is as follows:

	31 March 2015 £'000	31 March 2014 £'000
Amounts falling due within one year:		
Trade receivables	7,460	13,128
Other receivables	730	5,360
Prepayments and accrued income	7,896	13,993
Total amounts falling due within one year	16,086	32,481

(b) Analysis by category of supplier is as follows:

	31 March 2015 £'000	31 March 2014 £'000
Amounts falling due within one year:		
Balances with other central government bodies	2,194	6,801
Balances with local authorities	2,618	6,813
Balances with NHS bodies	93	95
Intra-governmental balances	4,905	13,709
Balances with bodies external to government	11,181	18,772
Total amounts falling due within one year	16,086	32,481

All trade and other receivables are due within one year.

16. Assets held for Sale

	31 March 2015 £'000	31 March 2014 £'000
Balance outstanding as at 1 April	1,655	-
Assets transferred from legacy organisations	-	2,566
Reclassifications from Property, plant and equipment	7,303	-
Revalued during the year	207	-
Impaired during the year	(133)	-
Assets sold	(2,293)	(911)
Balance as at 31 March	6,739	1,655

17. Trade and Other Payables

(a) Analysis by type of payable is as follows:

	31 March 2015 £'000	31 March 2014 £'000
Amounts falling due within one year:		
VAT	617	1,353
Other taxation and social security	20,715	763
Trade payables	9,524	17,549
Other payables	2,018	4,068
Pension creditor	15,416	4,892
Accruals and Deferred Income	65,224	86,712
Sub-total amounts falling due within one year	113,514	115,337
Current part of finance leases	758	715
Current part of PFI agreements	628	556
Current part of long-term loans	6,576	6,527
Total amounts falling due within one year	121,476	123,135

	31 March 2015 £'000	31 March 2014 £'000
Amounts falling due after more than one year:		
Finance leases	6,786	7,545
PFI agreements	18,502	19,130
Long-term loans	99,045	105,621
Total amounts falling due after more than one year	124,333	132,296

(b) Analysis by category of supplier is as follows:

	31 March 2015 £'000	31 March 2014 £'000
Amounts falling due within one year:		
Balances with other central government bodies	53,414	35,833
Balances with local authorities	12,478	15,261
Balances with NHS bodies	284	1,219
Intra-governmental balances	66,176	52,313
Balances with bodies external to government	55,300	70,822
Total amounts falling due within one year	121,476	123,135

	31 March 2015 £'000	31 March 2014 £'000*
Amounts falling due after more than one year:		
Balances with other central government bodies	5,828	6,805
Balances with local authorities	93,313	98,961
Balances with NHS bodies	-	-
Intra-governmental balances	99,141	105,766
Balances with bodies external to government	25,192	26,530
Total amounts falling due after more than one year	124,333	132,296

* The amounts falling due after more than one year categorised by supplier to 31 March 2014 in 17(b) above have been re-analysed for presentational purposes for comparative purposes and to better reflect the current disclosure requirements.

18. Pension Account

Scottish Government requires the SPA to maintain a Police Pension Account in respect of its police pension schemes. During the transfer of legacy force pension arrangements, Scottish Government has effected guidance to SPA to follow the requirements specified in the previously required Police Pension Account (Scotland) Regulations 2010 and the 2013 update to the 2010 Guidance. The regulations specify that a Police Pension Account must be maintained to record the payments made and income received in respect of police pensions.

The funding for police pension payments is made through a Police Specific Grant paid to the SPA that takes into account the funding to meet the cost of the employer contributions.

	31 March 2015 £'000	31 March 2014 £'000
Receivable:		
Employer Contributions	152,701	153,685
Officers' Contributions	82,971	79,577
Other receivables	7,054	6,185
Transfer values received	1,585	1,508
Total Receivable	244,311	240,955
Payable:		
Pensions	282,517	283,222
Refund & Transfer values paid	4,830	3,414
Scheme Sanction Charges	-	262
Lump sum payments	91,598	69,949
Total Payable	378,945	356,847
Deficit before funding	134,634	115,892
Funding Received from Scottish Government:		
Transferred in from legacy organisations	-	(14,829)
Police Pension Grant	(150,050)	(105,955)
Carried forward surplus funding received in advance from Scottish Government	(15,416)	(4,892)

19. Commitments under Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods:

	31 March 2015		31 March 2014	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Within 12 months	1,191	-	1,191	-
2-5 years	4,586	-	4,635	-
6-10 years	3,946	-	5,087	-
	9,723	-	10,913	-
Less: Interest element	(2,178)	-	(2,653)	-
Present Value of Obligations	7,545	-	8,260	-

Present value of obligations under finance leases for the following periods comprise:

	31 March 2015		31 March 2014	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Within 12 months	758	-	715	-
2-5 years	3,329	-	3,184	-
6-10 years	3,457	-	4,361	-
	7,544	-	8,260	-

20. Assets Recognised under a PFI Arrangement

A 25-year PFI contract was established in 2002 for the construction, maintenance and operation of the Training & Recruitment Centre at Jackton.

The estimated future payments in respect of the PFI contract are as follows:

	31 March 2015				31 March 2014
	Capital Repayment £'000	Interest £'000	Service Charge £'000	Total £'000	Total £'000
Within 12 months	628	2,387	1,453	4,468	4,426*
2-5 years	3,438	8,619	6,263	18,320	18,137
6-10 years	7,482	7,590	8,945	24,017	23,756
11-15 years	7,582	1,232	3,029	11,843	16,754
16-20 years	-	-	-	-	-
As at 31 March 2015	19,130	19,828	19,690	58,648	63,073
As at 31 March 2014	19,686	22,287	21,100	63,073	

* The £4,426,000 repayable as at 31 March 2014 comprised capital repayment of £556,000, interest repayment of £2,459,000 representing a total repayment of £3,015,000, together with a service charge of £1,411,000.

The asset is recognised on the Statement of Financial Position and included within the Land and Buildings as follows:

	31 March 2015 £'000	31 March 2014 £'000
Net Book Value Transferred as at 1 April 2014	15,181	15,904
Revaluation	-	-
Depreciation during year	(723)	(723)
Net Book Value as at 31 March 2015	14,458	15,181

21. Long-term Loans

The loans which were transferred as at 1 April 2013 represent loans from the Public Works Loans Board and the debt is managed by the local Councils' Consolidated Loans Funds.

	31 March 2015			31 March 2014
	Capital Repayment £'000	Interest £'000	Total £'000	Total £'000
Within 12 months	6,576	5,599	12,175	12,420*
2-5 years	22,543	18,744	41,287	45,476
6-15 years	37,841	29,968	67,809	70,259
16-25 years	28,067	13,234	41,301	44,761
26-35 years	5,182	4,325	9,507	10,889
36-45 years	5,411	1,844	7,255	7,437
46-55 years	1	-	1	513
As at 31 March 2015	105,621	73,714	179,335	191,755
As at 31 March 2014	112,148	79,607	191,755	

* The £12,420,000 repayable as at 31 March 2014 comprised capital repayment of £6,527,000, interest repayment of £5,893,000 representing a total repayment of £12,420,000.

22. Provisions

	31 March 2015			31 March 2014
	Legal Provision £'000	Provision for Voluntary redundancy £'000	Total £'000	Total £'000
Opening Balance as at 1 April	7,323	-	7,323	-
Transferred from legacy organisations	-	-	-	5,457
Provision During Year	3,700	4,597	8,297	1,866
Release of Prior Year Provision	(3,137)	-	(3,137)	-
	7,886	4,597	12,483	7,323

Provisions are made up of an insurance provision of £2,973,000 (£2,663,000) in SPA, an actuarial valuation of £5,316,000 (£4,660,000) for Police Scotland's Employers' Liability, Public Liability and Third Party Motor Liability, and an additional £4,597,000 for 140 posts which were approved for release under a voluntary redundancy scheme by 31 March 2015, and were fully funded within the year by cash Grant in Aid Reform funding of £4,597,000. The SPA and Police Scotland is self-insured under the Scottish Government SPFM.

23. IAS19 Pension Liability – Reconciliation of Schemes

(a) Actuarial Methods and Assumptions

In order to comply with IAS19, pension calculations were made in respect of the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS), and a number of Scottish Local Government Pension Schemes (LGPS). LGPS is a defined benefit statutory scheme and provides benefits based on final pensionable salary. It is contracted out of the State Second Pension.

The latest formal valuation of the Scottish LGPS funds was at 31 March 2014. In order to assess the value of the SPA's assets and liabilities in the funds as at 31 March 2015 for the purposes of IAS19, the value of the SPA's liabilities has been rolled forward, allowing for different financial assumptions required under IAS19, the investment returns obtained and contributions paid into and estimated benefits paid from the Fund. In calculating the service cost, allowance has been made for changes in the pensionable payroll as estimated from contribution information provided.

Calculations have been carried out in accordance with the Pensions Technical Actuarial Standard (TAS) adopted by the Financial Reporting Council, which came into effect on 1 January 2013, and other TASs. The valuations were conducted by Hymans Robertson for all except Tayside Pension Fund (note 25H) and North East Scotland Pension Fund (note 25I) which were carried out by Barnett Waddingham and Mercer respectively.

(b) Reconciliation of Pension Reserve

	Ref	2014/15 Income and Expenditure Analysis			2014/15 Statement of Financial Position	2013/14 Statement of Financial Position
		Actuarial Loss £'000	Interest on Pension Scheme Obligations £'000	*Staff Costs £'000	Total £'000	Total £'000
As at 1 April Pension reserve transfer		- -	- -	- -	(12,453,063) -	(12,350) (11,170,654)
Opening position					(12,453,063)	(11,183,004)
Actuarial adjustment to transferred reserves balance					-	115,314
Adjusted opening position	A	-	-	-	(12,453,063)	(11,067,690)
Actuarial loss in year	B	(1,951,652)	-	-	(1,951,652)	(794,522)
Interest on obligation	C	-	(577,902)	-	(577,902)	(538,180)
Expected return on assets	D	-	40,922	-	40,922	38,787
Contributions by employer	E	-	-	321,957	321,957	298,544
Current service cost	F	-	-	(417,117)	(417,117)	(385,946)
Past service loss (incl curtailments)	G	-	-	(13,238)	(13,238)	(13,558)
Contributions re unfunded benefits	H	-	-	10,667	10,667	9,502
As at 31 March 2015		(1,951,652)	(536,980)	(97,731)	(15,039,426)	(12,453,063)
As at 31 March 2014		(794,522)	(499,393)	(91,458)	(12,053,063)	

*Staff costs are made up of total service cost of £430,355,000 (2013/14: £399,504,000) less other movements of £332,624,000 (2013/14: £308,046,000) per 23(c) overleaf.

The full non-cash adjustment for IAS19 disclosed within the Summary of Resource Outturn for the year ended 31 March 2015 is made of the following:

	2014/15 £'000	2013/14 £'000
Interest on pension scheme obligations	(577,902)	(538,180)
Expected return on assets	40,922	38,787
Interest on Pension Scheme Obligations	(536,980)	(499,393)
Contributions by employer	321,957	298,544
Current service cost	(417,117)	(385,946)
Past service loss (incl curtailments)	(13,238)	(13,558)
Contributions re unfunded benefits	10,667	9,502
Staff Costs	(97,731)	(91,458)
Total non-cash adjustment	(634,711)	(590,851)

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

Below shows the change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for the year for the PPS, the NPPS, and all of the LGPS schemes combined:

		2014/15			2013/14		
	Ref	Assets £'000	Obligations £'000	Net (liability)/asset £'000	Assets £'000	Obligations £'000	Net (liability)/asset £'000
Fair value of employer assets		938,506	-	938,506	851,959	-	851,959
Present value of unfunded liabilities		-	11,730,628	(11,730,628)	-	10,572,495	(10,572,495)
Present value of funded liabilities		-	1,160,941	(1,160,941)	-	1,018,170	(1,018,170)
Present value of injury liabilities		-	500,000	(500,000)	-	444,298	(444,298)
Opening position		938,506	13,391,569	(12,453,063)	851,959	12,034,963	(11,183,004)
Actuarial adjustment to transferred liability		-	-	-	-	(115,314)	115,314
Adjusted opening position as at 1 April	A	938,506	13,391,569	(12,453,063)	851,959	11,919,649	(11,067,690)
Current service cost	F	(59)	417,058	(417,117)	(76)	385,870	(385,946)
Past service cost (including curtailments)	G	-	13,238	(13,238)	-	13,558	(13,558)
Effect of settlements		-	-	-	-	-	-
Total service cost*		(59)	430,296	(430,355)	(76)	399,428	(399,504)
Interest income on plan assets	D	40,922	-	40,922	38,787	-	38,787
Interest cost on defined benefit obligation	C	-	577,902	(577,902)	-	538,180	(538,180)
Impact of asset ceiling on net interest		-	-	-	-	-	-
Total net interest		40,922	577,902	(536,980)	38,787	538,180	(499,393)
Total defined benefit cost		40,863	1,008,198	(967,335)	38,711	937,608	(898,897)

		2014/15			2013/14		
	Ref	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
		£'000	£'000	£'000	£'000	£'000	£'000
Plan participants' contributions		91,754	91,754	-	88,165	88,165	-
Employer contributions	E	321,957	-	321,957	298,544	-	298,544
Transfers in from other authorities		1,600	1,600	-	1,100	1,100	-
Transfers out to other authorities		(3,400)	(3,400)	-	(1,600)	(1,600)	-
Contributions in respect of unfunded benefits	H	1,467	-	1,467	1,202	-	1,202
Contributions in respect of injury benefits	H	9,200	-	9,200	8,300	-	8,300
Pensions and lump sum expenditure		(371,800)	(371,800)	-	(341,400)	(341,400)	-
Injury award expenditure		(9,200)	(9,200)	-	(8,300)	(8,300)	-
Benefits paid		(23,293)	(23,187)	(106)	(18,689)	(18,567)	(122)
Unfunded benefits paid		(1,560)	(1,666)	106	(1,202)	(1,324)	122
Other movements*		16,725	(315,899)	332,624	26,120	(281,926)	308,046
Expected closing position		996,094	14,083,868	(13,087,774)	916,790	12,575,331	(11,658,541)
Change in demographic assumptions		-	25,267	(25,267)	-	270,153	(270,153)
Change in financial assumptions		-	2,041,153	(2,041,153)	-	541,049	(541,049)
Other experience		(373)	(35,380)	35,007	-	5,036	(5,036)
Return on assets excl amounts included in net interest		79,761	-	79,761	21,716	-	21,716
Total remeasurements	B	79,388	2,031,040	(1,951,652)	21,716	816,238	(794,522)
Fair value of employer assets		1,075,482	-	1,075,482	938,506	-	938,506
Present value of unfunded liabilities		-	14,115,795	(14,115,795)	-	11,729,349	(11,729,349)
Present value of funded liabilities		-	1,375,313	(1,375,313)	-	1,162,220	(1,162,220)
Present value of injury liabilities		-	623,800	(623,800)	-	500,000	(500,000)
Closing position as at 31 March		1,075,482	16,114,908	(15,039,426)	938,506	13,391,569	(12,453,063)

Calculations were carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council, which came into effect on 1 January 2013, and adopting paragraphs **94 of IAS19** which recognises actuarial gains and losses in the period in which they occur.

24. Police Pension Scheme (PPS) and New Police Pension Schemes (NPPS)

(a) Financial and Demographic Assumptions in the Valuation

The valuation of the combined schemes have been based on membership data submitted and amended to reflect the data as at 31 December 2011 for the purpose of the full valuation as at 31 March 2012, together with the latest numbers of serving officers, deferred pensioners and pensioners, and employee contributions, benefits and retirements up to the latest available date.

Promotional salary scales have been set in accordance with the published police pay scales. The post-retirement mortality assumptions recommended were the S1NFA and S1NMA 'year of birth' tables with future improvements based on the CMI 2010 model with a long term rate of improvement of 1.25% per annum.

It has been assumed that serving officers in the PPS retire at the earlier of attaining 30 years' service, (subject to a minimum age of 50) or at age 55. It has also been assumed that serving officers in the NPPS will retire at age 55, with some additional allowances for some premature retirements on the grounds of ill-health.

From 1 April 2015 a new benefit structure will come into effect for the Police and Firefighters Pension Schemes. These changes have not affected the Financial Statements as at 31 March 2015, but will affect the projected pension expense for the year ending 31 March 2016 per note (d) below. In particular it will affect projected current service cost for that year.

The new regulations state that all current active members will move into the new Career Average Revalued Earnings (CARE) scheme from 1 April 2015 unless they qualify for protections that allow them to remain in their current scheme. As some members will be able to stay in their current scheme and others will transfer to the new scheme, the calculation of the projected current service cost is more complicated compared to previous years.

The methodology we have agreed with the Audit Commission to allow for the change in benefits accrued from 1 April 2015 for this year only is described below:

- 1) Calculate the projected current service cost for the final salary benefits that will be accrued in the 1992 and 2006 schemes;
- 2) Calculate the projected current service cost for the career average revalued earnings benefits that will be accrued in the 2015 scheme; and
- 3) Use 1) and 2) to calculate a weighted average projected current service cost allowing for the proportion of members expected to qualify for protection and stay in the 1992 and 2006 schemes and those expected to transfer to the 2015 scheme. A standard proportion will be used for each scheme and is set following high level analysis of membership data from several large authorities.

Financial assumptions are summarised below and overleaf:

	31 March 2015		31 March 2014	
	New Scheme	Old Scheme	New Scheme	Old Scheme
Market derived RPI	3.4	3.3	3.7	3.6
Pension increase rate*	2.5	2.4	2.9	2.8
Salary increase rate	3.8	3.4	3.9	3.8
Discount rate	3.3	3.2	4.3	4.3

* Pension increase rates are assumed to be 0.9% p.a. less than Market derived RPI

Average future life expectancies at aged 60 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	29.5 years	31.7 years	29.3 years	31.5 years
Future pensioners	31.1 years	33.2 years	30.9 years	33.0 years

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
Pension Increase Rate	2.1%	2.4%	2.5%	2.9%
Salary Increase Rate	3.1%	3.4%	3.5%	3.9%
Discount Rate	3.1%	3.2%	3.3%	4.3%
CARE Revaluation Rate	3.4%	3.7%	3.8%	-

Period Ended	Weighted Average Duration			1 April 2013 % pa
	Short (< 17 years) 31 March 2014 % pa	Medium (17<23 years) 31 March 2014 %pa	Long (> 23 years) 31 March 2014 % pa	
Pension Increase Rate	2.6%	2.8%	2.9%	2.8%
Salary Increase Rate	3.6%	3.8%	3.9%	3.8%
Discount Rate	4.1%	4.3%	4.3%	4.5%

The Retail Price Inflation (RPI) assumption is derived by considering the difference in yields available on fixed interest and index linked Government bonds and derived from the Bank of England implied inflation curve and set equal to the average rate appropriate for the cashflows of a typical Authority.

The salary increase assumption is CPI plus 1%. The pension increase assumption is in line with the Consumer Prices Index (CPI) at RPI less 0.9%.

An allowance has been made for future injury pensions of 5% of the relevant active liability, both for past service and current service contingent liabilities.

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	2014/15		2013/14	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.1% decrease in real discount rate	2	310,000	2	246,300
1 year increase in member life expectancy	3	441,200	3	366,300
0.5% increase in salary increase rate	2	346,600	2	250,100
0.5% increase in the pensions increase rate (CPI)	8	1,244,500	8	1,013,600

The sensitivities regarding the principal assumptions used to measure the projected current service cost are set out below:

	2014/15		2013/14	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.1% decrease in real discount rate	4	12,580	5	19,510
1 year increase in member life expectancy	3	10,000	3	11,550
0.5% increase in salary increase rate	3	9,250	8	32,570
0.5% increase in the pensions increase rate (CPI)	17	56,760	13	51,200

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

The tables below show the change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for both the PPS and NPPS combined:

	2014/15			2013/14		
	Assets £'000	Obligations £'000	Net (liability)/asset £'000	Assets £'000	Obligations £'000	Net (liability)/asset £'000
Fair value of employer assets	-	-	-	-	-	-
Present value of unfunded liabilities	-	11,709,000	(11,709,000)	-	10,557,616	(10,557,616)
Present value of injury liabilities	-	500,000	(500,000)	-	444,298	(444,298)
Opening position	-	12,209,000	(12,209,000)	-	11,001,914	(11,001,914)
Actuarial adjustment to transferred liability	-	-	-	-	(115,314)	115,314
Adjusted opening position as at 1 April	-	12,209,000	(12,209,000)	-	10,886,600	(10,886,600)
Current service cost*	-	377,200	(377,200)	-	346,900	(346,900)
Past service cost (including curtailments)	-	5,400	(5,400)	-	1,300	(1,300)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	382,600	(382,600)	-	348,200	(348,200)
Interest income on plan assets	-	-	-	-	-	-
Interest cost on defined benefit obligation**	-	526,200	(526,200)	-	491,200	(491,200)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	-	526,200	(526,200)	-	491,200	(491,200)
Total defined benefit cost	-	908,800	(908,800)	-	839,400	(839,400)
Plan participants' contributions	82,900	82,900	-	78,400	78,400	-
Employer contributions (excluding injuries)	290,700	-	290,700	263,500	-	263,500
Transfers in from other authorities	1,600	1,600	-	1,100	1,100	-
Transfers out to other authorities	(3,400)	(3,400)	-	(1,600)	(1,600)	-
Contributions in respect of injury benefits	9,200	-	9,200	8,300	-	8,300
Pensions and lump sum expenditure	(371,800)	(371,800)	-	(341,400)	(341,400)	-
Injury award expenditure	(9,200)	(9,200)	-	(8,300)	(8,300)	-
Other movements	-	(299,900)	299,900	-	(271,800)	271,800
Expected closing position	-	12,817,900	(12,817,900)	-	11,454,200	(11,454,200)

Change in demographic assumptions	-	-	-	-	268,100	(268,100)
Change in financial assumptions	-	1,889,500	(1,889,500)	-	483,700	(483,700)
Other experience	-	1,600	(1,600)	-	3,000	(3,000)
Total remeasurements	-	1,891,100	(1,891,100)	-	754,800	(754,800)

Fair value of employer assets	-	-	-	-	-	-
Present value of unfunded liabilities	-	14,085,200	(14,085,200)	-	11,709,000	(11,709,000)
Present value of injury liabilities	-	623,800	(623,800)	-	500,000	(500,000)
Closing position as at 31 March	-	14,709,000	(14,709,000)	-	12,209,000	(12,209,000)

* The current service cost does not include an allowance for administration expenses, but includes the cost for both the non-injury and injury benefits. This is split £355.2million for the non-injury benefits and £21.9million for the injury benefits.

** The interest cost on defined benefit obligation shown in the table above includes the cost for both the non-injury benefits and injury benefits. This is split £505million for the non-injury benefits and £21.3million for the injury benefits.

*** As in previous years, the employer contribution is calculated as the difference between benefits paid and employee contributions. This may not be equal to the amount paid by the employer.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000	% of pay	Assets £'000	Obligations £'000	Net (liability) / asset £'000	% of pay
Current service cost	-	333,500	(333,500)	(55.7%)	-	384,900	(384,900)	(61.8%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	333,500	(333,500)	(55.7%)	-	384,900	(384,900)	(61.8%)
Interest income on plan assets	-	-	-	-	-	-	-	-
Interest cost on defined benefit obligation	-	472,100	(472,100)	(78.8%)	-	526,700	(526,700)	(84.6%)
Total net interest cost	-	472,100	(472,100)	(78.8%)	-	526,700	(526,700)	(84.6%)
Total included in net expenditure	-	805,600	(805,600)	(134.5%)	-	911,600	(911,600)	(146.4%)

25A. Local Government Pension Schemes – Falkirk Council Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.4	2.8
Salary increase rate	3.8	5.1
Discount rate	3.2	4.3

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.1 years	23.8 years	23.0 years	25.8 years
Future pensioners	24.3 years	26.3 years	24.9 years	27.7 years

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
Pension increase rate	2.1	2.4	2.5	2.8
Salary increase rate	3.5	3.8	3.9	5.1
Discount rate	3.1	3.2	3.3	4.3

Period Ended	Weighted Average Duration			1 April 2013 % pa
	Short (< 17 years) 31 March 2014 % pa	Medium (17<23 years) 31 March 2014 %pa	Long (> 23 years) 31 March 2014 % pa	
Pension increase rate	2.6%	2.8%	2.9%	2.8%
Salary increase rate	4.9%	5.1%	5.2%	5.1%
Discount rate	4.1%	4.3%	4.3%	4.5%

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015		31 March 2014	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.1% decrease in real discount rate	12	6,713	12	5,558
1 year increase in member life expectancy	3	1,718	3	1,444
0.5% increase in salary increase rate	4	2,433	4	1,846
0.5% increase in the pensions increase rate (CPI)	7	4,125	7	3,598

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	36,272	-	36,272	32,833	-	32,833
Present value of unfunded liabilities	-	753	(753)	-	255	(255)
Present value of funded liabilities	-	47,389	(47,389)	-	41,970	(41,970)
Opening position as at 1 April	36,272	48,142	(11,870)	32,833	42,225	(9,392)
Current service cost*	-	1,453	(1,453)	-	1,684	(1,684)
Past service cost (including curtailments)	-	350	(350)	-	737	(737)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	1,803	(1,803)	-	2,421	(2,421)
Interest income on plan assets	1,565	-	1,565	1,503	-	1,503
Interest cost on defined benefit obligation	-	2,090	(2,090)	-	1,941	(1,941)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	1,565	2,090	(525)	1,503	1,941	(438)
Total defined benefit cost	1,565	3,893	(2,328)	1,503	4,362	(2,859)
Plan participants' contributions	298	298	-	389	389	-
Employer contributions	1,000	-	1,000	1,640	-	1,640
Contributions in respect of unfunded benefits	74	-	74	99	-	99
Benefits paid	(1,004)	(1,004)	-	(877)	(877)	-
Unfunded benefits paid	(74)	(74)	-	(99)	(99)	-
Other movements	294	(780)	1,074	1,152	(587)	1,739
Expected closing position	38,131	51,255	(13,124)	35,488	46,000	(10,512)
Change in demographic assumptions	-	(469)	469	-	-	-
Change in financial assumptions	-	4,330	(4,330)	-	2,054	(2,054)
Other experience	-	2,142	(2,142)	-	88	(88)
Return on assets excl amounts in net interest	1,242	-	1,242	784	-	784
Total remeasurements	1,242	6,003	(4,761)	784	2,142	(1,358)
Fair value of employer assets	39,373	-	39,373	36,272	-	36,272
Present value of unfunded liabilities	-	1,283	(1,283)	-	753	(753)
Present value of funded liabilities	-	55,975	(55,975)	-	47,389	(47,389)
Closing position as at 31 March	39,373	57,258	(17,885)	36,272	48,142	(11,870)

* The current service cost includes an allowance for administration expenses of 0.2% of payroll.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year Ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay		Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay	
Current service cost	-	1,418	(1,418)	(31.6%)	-	1,796	(1,796)	(29.8%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	1,418	(1,418)	(31.6%)	-	1,796	(1,796)	(29.8%)
Interest income on plan assets	1,262	-	1,262	28.1%	1,575	-	1,575	26.1%
Interest cost on defined benefit obligation	-	1,840	(1,840)	(41.0%)	-	2,095	(2,095)	(34.7%)
Total net interest cost	1,262	1,840	(578)	(12.9%)	1,575	2,095	(520)	(8.6%)
Total included in net expenditure	1,262	3,258	(1,996)	(44.5%)	1,575	3,891	(2,316)	(38.4%)

25B. Local Government Pension Schemes – Fife Council Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.4	2.9
Salary increase rate	3.5	5.2
Discount rate	3.2	4.3

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.0 years	23.7 years	23.0 years	25.8 years
Future pensioners	24.1 years	26.4 years	24.9 years	27.7 years

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
Pension increase rate	2.1%	2.4%	2.5%	2.9%
Salary increase rate	3.2%	3.5%	3.6%	5.2%
Discount rate	3.1%	3.2%	3.3%	4.3%

Period Ended	Weighted Average Duration			1 April 2013 % pa
	Short (< 17 years) 31 March 2014 % pa	Medium (17<23 years) 31 March 2014 %pa	Long (> 23 years) 31 March 2014 % pa	
Pension increase rate	2.6%	2.8%	2.9%	2.8%
Salary increase rate	4.9%	5.1%	5.2%	5.1%
Discount rate	4.1%	4.3%	4.3%	4.5%

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015		31 March 2014	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	13	8,879	15	5,829
1 year increase in member life expectancy	3	2,069	3	1,171
0.5% increase in salary increase rate	6	3,853	8	3,053
0.5% increase in the pensions increase rate (CPI)	7	4,789	7	2,559

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	21,057	-	21,057	17,299	-	17,299
Present value of funded liabilities	-	39,028	(39,028)	-	31,525	(31,525)
Opening position as at 1 April	21,057	39,028	(17,971)	17,299	31,525	(14,226)
Current service cost*	-	2,105	(2,105)	-	2,133	(2,133)
Past service cost (including curtailments)	-	1,037	(1,037)	-	812	(812)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	3,142	(3,142)	-	2,945	(2,945)
Interest income on plan assets	936	-	936	831	-	831
Interest cost on defined benefit obligation	-	1,731	(1,731)	-	1,488	(1,488)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	936	1,731	(795)	831	1,488	(657)
Total defined benefit cost	936	4,873	(3,937)	831	4,433	(3,602)
Plan participants' contributions	446	446	-	513	513	-
Employer contributions	2,017	-	2,017	1,997	-	1,997
Contributions in respect of unfunded benefits	97	-	97	89	-	89
Benefits paid	(976)	(976)	-	-	-	-
Unfunded benefits paid	(97)	(97)	-	(89)	(89)	-
Other movements	1,487	(627)	2,114	2,510	424	2,086
Expected closing position	23,480	43,274	(19,794)	20,640	36,382	(15,742)
Change in demographic assumptions	-	(209)	209	-	-	-
Change in financial assumptions	-	2,596	(2,596)	-	3,101	(3,101)
Other experience	-	23,289	(23,289)	-	(455)	455
Return on assets excl amounts in net interest	19,484	-	19,484	417	-	417
Total remeasurements	19,484	25,676	(6,192)	417	2,646	(2,229)
Fair value of employer assets	42,964	-	42,964	21,057	-	21,057
Present value of unfunded liabilities	-	1,096	(1,096)	-	-	-
Present value of funded liabilities	-	67,854	(67,854)	-	39,028	(39,028)
Closing position as at 31 March	42,964	68,950	(25,986)	21,057	39,028	(17,971)

* The current service cost includes an allowance for administration expenses of 0.4% of payroll.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year Ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay		Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay	
Current service cost	-	2,097	(2,097)	(32.2%)	-	2,472	(2,472)	(29.6%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	2,097	(2,097)	(32.2%)	-	2,472	(2,472)	(29.6%)
Interest income on plan assets	1,387	-	1,387	21.3%	952	-	952	11.4%
Interest cost on defined benefit obligation	-	2,227	(2,227)	(34.2%)	-	1,738	(1,738)	(20.8%)
Total net interest cost	1,387	2,227	(840)	(12.9%)	952	1,738	(786)	(9.4%)
Total included in net expenditure	1,387	4,324	(2,937)	(45.1%)	952	4,210	(3,258)	(39.0%)

25C. Local Government Pension Schemes – Dumfries & Galloway Council Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.5	2.9
Salary increase rate	4.4	5.2
Discount rate	3.3	4.3

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.7 years	24.0 years	23.0 years	25.6 years
Future pensioners	24.5 years	26.7 years	24.9 years	27.7 years

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
Pension increase rate	2.1%	2.4%	2.5%	2.9%
Salary increase rate	4.0%	4.3%	4.4%	5.2%
Discount rate	3.1%	3.2%	3.3%	4.3%

Period Ended	Weighted Average Duration			1 April 2013 % pa
	Short (< 17 years) 31 March 2014 % pa	Medium (17<23 years) 31 March 2014 %pa	Long (> 23 years) 31 March 2014 % pa	
Pension increase rate	2.6%	2.8%	2.9%	2.8%
Salary increase rate	4.9%	5.1%	5.2%	5.1%
Discount rate	4.1%	4.3%	4.3%	4.5%

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015		31 March 2014	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	14	3,656	14	2,872
1 year increase in member life expectancy	3	764	3	599
0.5% increase in salary increase rate	8	1,928	7	1,442
0.5% increase in the pensions increase rate (CPI)	6	1,588	7	1,329

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	11,217	-	11,217	9,237	-	9,237
Present value of unfunded liabilities	-	-	-	-	-	-
Present value of funded liabilities	-	19,980	(19,980)	-	16,150	(16,150)
Opening position as at 1 April	11,217	19,980	(8,763)	9,237	16,150	(6,913)
Current service cost*	-	959	(959)	-	1,090	(1,090)
Past service cost (including curtailments)	-	312	(312)	-	620	(620)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	1,271	(1,271)	-	1,710	(1,710)
Interest income on plan assets	497	-	497	440	-	440
Interest cost on defined benefit obligation	-	884	(884)	-	768	(768)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	497	884	(387)	440	768	(328)
Total defined benefit cost	497	2,155	(1,658)	440	2,478	(2,038)
Plan participants' contributions	182	182	-	238	238	-
Employer contributions	698	-	698	876	-	876
Contributions in respect of unfunded benefits	69	-	69	80	-	80
Benefits paid	(189)	(189)	-	-	-	-
Unfunded benefits paid	(69)	(69)	-	(80)	(80)	-
Other movements	691	(76)	767	1,114	158	956
Expected closing position	12,405	22,059	(9,654)	10,791	18,786	(7,995)
Change in demographic assumptions	-	232	(232)	-	-	-
Change in financial assumptions	-	3,231	(3,231)	-	1,524	(1,524)
Other experience	-	(41)	41	-	(330)	330
Return on assets excl amounts in net interest	1,306	-	1,306	426	-	426
Total remeasurements	1,306	3,422	(2,116)	426	1,194	(768)
Fair value of employer assets	13,711	-	13,711	11,217	-	11,217
Present value of unfunded liabilities	-	679	(679)	-	-	-
Present value of funded liabilities	-	24,802	(24,802)	-	19,980	(19,980)
Closing position as at 31 March	13,711	25,481	(11,770)	11,217	19,980	(8,763)

* The current service cost includes an allowance for administration expenses of 0.4% of payroll.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year Ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay		Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay	
Current service cost	-	903	(903)	(32.3%)	-	1,181	(1,181)	(30.9%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	903	(903)	(32.3%)	-	1,181	(1,181)	(30.9%)
Interest income on plan assets	464	-	464	16.6%	505	-	505	13.2%
Interest cost on defined benefit obligation	-	854	(854)	(30.5%)	-	887	(887)	(23.2%)
Total net interest cost	464	854	(390)	(13.9%)	505	887	(382)	(10.0%)
Total included in net expenditure	464	1,757	(1,293)	(46.2%)	505	2,068	(1,563)	(40.9%)

25D. Local Government Pension Schemes – Lothian Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.4	2.8
Salary increase rate	4.3	5.1
Discount rate	3.2	4.3

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.1 years	23.7 years	20.4 years	22.8 years
Future pensioners	24.2 years	26.3 years	22.6 years	25.4 years

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
Pension increase rate	2.1%	2.4%	2.5%	2.8%
Salary increase rate	4.0%	4.3%	4.4%	5.1%
Discount rate	3.1%	3.2%	3.3%	4.3%

Period Ended	Weighted Average Duration			1 April 2013 % pa
	Short (< 17 years) 31 March 2014 % pa	Medium (17<23 years) 31 March 2014 %pa	Long (> 23 years) 31 March 2014 % pa	
Pension increase rate	2.6%	2.8%	2.9%	2.8%
Salary increase rate	4.9%	5.1%	5.2%	5.1%
Discount rate	4.1%	4.3%	4.3%	4.5%

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015		31 March 2014	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	12	28,800	12	23,677
1 year increase in member life expectancy	3	7,347	3	6,086
0.5% increase in salary increase rate	4	10,503	4	8,389
0.5% increase in the pensions increase rate (CPI)	7	17,562	7	14,751

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	166,772	-	166,772	154,611	-	154,611
Present value of unfunded liabilities	-	2,754	(2,754)	-	1,313	(1,313)
Present value of funded liabilities	-	200,116	(200,116)	-	178,774	(178,774)
Opening position as at 1 April	166,772	202,870	(36,098)	154,611	180,087	(25,476)
Current service cost*	-	5,404	(5,404)	-	5,796	(5,796)
Past service cost (including curtailments)	-	820	(820)	-	1,706	(1,706)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	6,224	(6,224)	-	7,502	(7,502)
Interest income on plan assets	7,179	-	7,179	7,021	-	7,021
Interest cost on defined benefit obligation	-	8,775	(8,775)	-	8,223	(8,223)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	7,179	8,775	(1,596)	7,021	8,223	(1,202)
Total defined benefit cost	7,179	14,999	(7,820)	7,021	15,725	(8,704)
Plan participants' contributions	1,211	1,211	-	1,474	1,474	-
Employer contributions	3,879	-	3,879	4,703	-	4,703
Contributions in respect of unfunded benefits	242	-	242	309	-	309
Benefits paid	(4,465)	(4,465)	-	(3,335)	(3,335)	-
Unfunded benefits paid	(242)	(242)	-	(309)	(309)	-
Other movements	625	(3,496)	4,121	2,842	(2,170)	5,012
Expected closing position	174,576	214,373	(39,797)	164,474	193,642	(29,168)
Change in demographic assumptions	-	8,816	(8,816)	-	-	-
Change in financial assumptions	-	27,742	(27,742)	-	8,751	(8,751)
Other experience	-	(6,039)	6,039	-	477	(477)
Return on assets excl amounts in net interest	16,762	-	16,762	2,298	-	2,298
Total remeasurements	16,762	30,519	(13,757)	2,298	9,228	(6,930)
Fair value of employer assets	191,338	-	191,338	166,772	-	166,772
Present value of unfunded liabilities	-	4,181	(4,181)	-	2,754	(2,754)
Present value of funded liabilities	-	240,711	(240,711)	-	200,116	(200,116)
Closing position as at 31 March	191,338	244,892	(53,554)	166,772	202,870	(36,098)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year Ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay		Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay	
Current service cost	-	6,027	(6,027)	(32.1%)	-	6,132	(6,132)	(27.7%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	6,027	(6,027)	(32.1%)	-	6,132	(6,132)	(27.7%)
Interest income on plan assets	6,120	-	6,120	32.6%	7,206	-	7,206	32.5%
Interest cost on defined benefit obligation	-	7,871	(7,871)	(42.0%)	-	8,805	(8,805)	(39.7%)
Total net interest cost	6,120	7,871	(1,751)	(9.4%)	7,206	8,805	(1,599)	(7.2%)
Total included in net expenditure	6,120	13,898	(7,778)	(41.5%)	7,206	14,937	(7,731)	(34.9%)

25E. Local Government Pension Schemes – The Highland Council Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.4	2.8
Salary increase rate	4.3	5.1
Discount rate	3.2	4.3

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.5 years	24.1 years	21.3 years	23.6 years
Future pensioners	24.7 years	26.8 years	22.6 years	25.1 years

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
Pension increase rate	2.1%	2.4%	2.5%	2.8%
Salary increase rate	4.0%	4.3%	4.4%	5.1%
Discount rate	3.1%	3.2%	3.3%	4.3%

Period Ended	Weighted Average Duration			1 April 2013 % pa
	Short (< 17 years) 31 March 2014 % pa	Medium (17<23 years) 31 March 2014 %pa	Long (> 23 years) 31 March 2014 % pa	
Pension increase rate	2.6%	2.8%	2.9%	2.6%
Salary increase rate	4.9%	5.1%	5.2%	4.8%
Discount rate	4.1%	4.3%	4.3%	4.5%

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015		31 March 2014	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	12	7,872	11	6,960
1 year increase in member life expectancy	3	1,992	3	1,857
0.5% increase in salary increase rate	3	2,284	4	2,198
0.5% increase in the pensions increase rate (CPI)	8	5,425	8	4,648

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	42,702	-	42,702	39,512	-	39,512
Present value of unfunded liabilities	-	2,981	(2,981)	-	2,704	(2,704)
Present value of funded liabilities	-	58,909	(58,909)	-	51,389	(51,389)
Opening position as at 1 April	42,702	61,890	(19,188)	39,512	54,093	(14,581)
Current service cost*	-	1,416	(1,416)	-	1,542	(1,542)
Past service cost (including curtailments)	-	188	(188)	-	238	(238)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	1,604	(1,604)	-	1,780	(1,780)
Interest income on plan assets	1,834	-	1,834	1,787	-	1,787
Interest cost on defined benefit obligation	-	2,669	(2,669)	-	2,450	(2,450)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	1,834	2,669	(835)	1,787	2,450	(663)
Total defined benefit cost	1,834	4,273	(2,439)	1,787	4,230	(2,443)
Plan participants' contributions	239	239	-	305	305	-
Employer contributions	1,009	-	1,009	1,311	-	1,311
Contributions in respect of unfunded benefits	128	-	128	125	-	125
Benefits paid	(1,268)	(1,268)	-	(1,229)	(1,229)	-
Unfunded benefits paid	(128)	(128)	-	(125)	(125)	-
Other movements	(20)	(1,157)	1,137	387	(1,049)	1,436
Expected closing position	44,516	65,006	(20,490)	41,686	57,274	(15,588)
Change in demographic assumptions	-	771	(771)	-	-	-
Change in financial assumptions	-	7,936	(7,936)	-	4,528	(4,528)
Other experience	-	(7,309)	7,309	-	88	(88)
Return on assets excl amounts in net interest	641	-	641	1,016	-	1,016
Total remeasurements	641	1,398	(757)	1,016	4,616	(3,600)
Fair value of employer assets	45,157	-	45,157	42,702	-	42,702
Present value of unfunded liabilities	-	3,530	(3,530)	-	2,981	(2,981)
Present value of funded liabilities	-	62,874	(62,874)	-	58,909	(58,909)
Closing position as at 31 March	45,157	66,404	(21,247)	42,702	61,890	(19,188)

* The current service cost includes an allowance for administration expenses of 0.4% of payroll. This is a change in approach from previous accounting periods.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year Ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay		Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay	
Current service cost	-	1,226	(1,226)	(31.4%)	-	1,674	(1,674)	(33.9%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	1,226	(1,226)	(31.4%)	-	1,674	(1,674)	(33.9%)
Interest income on plan assets	1,436	-	1,436	36.8%	1,835	-	1,835	37.2%
Interest cost on defined benefit obligation	-	2,122	(2,122)	(54.3%)	-	2,674	(2,674)	(54.2%)
Total net interest cost	1,436	2,122	(686)	(17.5%)	1,835	2,674	(839)	(17.0%)
Total included in net expenditure	1,436	3,348	(1,912)	(48.9%)	1,835	4,348	(2,513)	(50.9%)

25F. Local Government Pension Schemes – Various Scottish Local Government Funds – SPSA and SCDEA

(a) Financial and Demographic Assumptions in the Valuation

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.5	2.9
Salary increase rate	4.4	5.2
Discount rate	3.3	4.3

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.1 years	23.6 years	21.0 years	23.4 years
Future pensioners	24.8 years	26.2 years	23.3 years	25.3 years

The following table shows the indicative financial assumptions based on market conditions as at 31 January 2015.

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
RPI rate	2.8%	3.1%	3.2%	3.6%
CPI rate	1.9%	2.2%	2.3%	2.8%
Discount rate	2.9%	3.0%	3.1%	4.4%

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015		31 March 2014	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	14	38,651	14	32,873
1 year increase in member life expectancy	3	8,576	3	6,907
0.5% increase in salary increase rate	6	15,845	7	15,278
0.5% increase in the pensions increase rate (CPI)	8	21,524	8	16,470

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	185,314	-	185,314	164,860	-	164,860
Present value of unfunded liabilities	-	501	(501)	-	60	(60)
Present value of funded liabilities	-	229,725	(229,725)	-	192,568	(192,568)
Opening position as at 1 April	185,314	230,226	(44,912)	164,860	192,628	(27,768)
Current service cost*	-	11,948	(11,948)	-	9,357	(9,357)
Past service cost (including curtailments)	-	1,121	(1,121)	-	541	(541)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	13,069	(13,069)	-	9,898	(9,898)
Interest income on plan assets	8,158	-	8,158	7,609	-	7,609
Interest cost on defined benefit obligation	-	10,177	(10,177)	-	8,907	(8,907)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	8,158	10,177	(2,019)	7,609	8,907	(1,298)
Total defined benefit cost	8,158	23,246	(15,088)	7,609	18,805	(11,196)
Plan participants' contributions	2,784	2,784	-	2,582	2,582	-
Employer contributions	8,703	-	8,703	7,710	-	7,710
Contributions in respect of unfunded benefits	153	-	153	19	-	19
Benefits paid	(2,339)	(2,339)	-	(1,745)	(1,745)	-
Unfunded benefits paid	(153)	(153)	-	(19)	(19)	-
Other movements	9,148	292	8,856	8,547	818	7,729
Expected closing position	202,620	253,764	(51,144)	181,016	212,251	(31,235)
Change in demographic assumptions	-	9,209	(9,209)	-	-	-
Change in financial assumptions	-	29,235	(29,235)	-	17,567	(17,567)
Other experience	-	(6,338)	6,338	-	408	(408)
Return on assets excl amounts in net interest	15,306	-	15,306	4,298	-	4,298
Total remeasurements	15,306	32,106	(16,800)	4,298	17,975	(13,677)
Fair value of employer assets	217,926	-	217,926	185,314	-	185,314
Present value of unfunded liabilities	-	1,563	(1,563)	-	501	(501)
Present value of funded liabilities	-	284,307	(284,307)	-	229,725	(229,725)
Closing position as at 31 March	217,926	285,870	(67,944)	185,314	230,226	(44,912)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year Ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay		Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay	
Current service cost	-	12,732	(12,732)	(29.7%)	-	10,997	(10,997)	(28.9%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	12,732	(12,732)	(29.7%)	-	10,997	(10,997)	(28.9%)
Interest income on plan assets	7,330	-	7,330	17.1%	8,148	-	8,148	21.4%
Interest cost on defined benefit obligation	-	9,641	(9,641)	(22.5%)	-	10,151	(10,151)	(26.7%)
Total net interest cost	7,330	9,641	(2,311)	(5.4%)	8,148	10,151	(2,003)	(5.3%)
Total included in net expenditure	7,330	22,373	(15,043)	(35.1%)	8,148	21,148	(13,000)	(34.2%)

25G. Local Government Pension Schemes – Strathclyde Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.4	2.8
Salary increase rate	4.3	5.1
Discount rate	3.2	4.3

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.1 years	23.6 years	21.0 years	23.4 years
Future pensioners	24.8 years	26.2 years	23.3 years	25.3 years

Period Ended	Weighted Average Duration			1 April 2014 % pa
	Short (< 17 years) 31 March 2015 % pa	Medium (17<23 years) 31 March 2015 %pa	Long (> 23 years) 31 March 2015 % pa	
Pension increase rate	2.1%	2.4%	2.5%	2.8%
Salary increase rate	4.0%	4.3%	4.4%	5.1%
Discount rate	3.1%	3.2%	3.3%	4.3%

Period Ended	Weighted Average Duration			1 April 2013 % pa
	Short (< 17 years) 31 March 2014 % pa	Medium (17<23 years) 31 March 2014 %pa	Long (> 23 years) 31 March 2014 % pa	
Pension increase rate	2.6%	2.8%	2.9%	2.8%
Salary increase rate	4.9%	5.1%	5.2%	5.1%
Discount rate	4.1%	4.3%	4.3%	4.5%

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015		31 March 2014	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	12	56,021	12	47,568
1 year increase in member life expectancy	3	13,992	3	12,060
0.5% increase in salary increase rate	5	21,833	4	17,181
0.5% increase in the pensions increase rate (CPI)	7	33,101	7	29,748

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	351,517	-	351,517	322,007	-	322,007
Present value of unfunded liabilities	-	11,240	(11,240)	-	9,342	(9,342)
Present value of funded liabilities	-	391,179	(391,179)	-	346,880	(346,880)
Opening position as at 1 April	351,517	402,419	(50,902)	322,007	356,222	(34,215)
Current service cost*	-	12,022	(12,022)	-	12,007	(12,007)
Past service cost (including curtailments)	-	1,744	(1,744)	-	2,629	(2,629)
Effect of settlements	-	-	-	-	-	-
Total service cost	-	13,766	(13,766)	-	14,636	(14,636)
Interest income on plan assets	15,193	-	15,193	14,659	-	14,659
Interest cost on defined benefit obligation	-	17,457	(17,457)	-	16,274	(16,274)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	15,193	17,457	(2,264)	14,659	16,274	(1,615)
Total defined benefit cost	15,193	31,223	(16,030)	14,659	30,910	(16,251)
Plan participants' contributions	2,642	2,642	-	2,986	2,986	-
Employer contributions	9,447	-	9,447	10,763	-	10,763
Contributions in respect of unfunded benefits	704	-	704	481	-	481
Benefits paid	(7,927)	(7,927)	-	(6,178)	(6,178)	-
Unfunded benefits paid	(704)	(704)	-	(481)	(481)	-
Other movements	4,162	(5,989)	10,151	7,571	(3,673)	11,244
Expected closing position	370,872	427,653	(56,781)	344,237	383,459	(39,222)
Change in demographic assumptions	-	12,134	(12,134)	-	-	-
Change in financial assumptions	-	52,739	(52,739)	-	17,381	(17,381)
Other experience	-	(25,672)	25,672	-	1,579	(1,579)
Return on assets excl amounts in net interest	15,318	-	15,318	7,280	-	7,280
Total remeasurements	15,318	39,201	(23,883)	7,280	18,960	(11,680)
Fair value of employer assets	386,190	-	386,190	351,517	-	351,517
Present value of unfunded liabilities	-	13,920	(13,920)	-	11,240	(11,240)
Present value of funded liabilities	-	452,934	(452,934)	-	391,179	(391,179)
Closing position as at 31 March	386,190	466,854	(80,664)	351,517	402,419	(50,902)

* The current service cost includes an allowance for administration expenses of 0.2% of payroll.

(d) Projected Pension Expense

	Year Ended 31 March 2016				Year Ended 31 March 2015			
	Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay		Assets £'000	Obligations £'000	Net (liability) / asset £'000 % of pay	
Current service cost	-	12,989	(12,989)	(31.0%)	-	12,873	(12,873)	(27.5%)
Past service cost including curtailments	-	-	-	-	-	-	-	-
Effect of settlements	-	-	-	-	-	-	-	-
Total service cost	-	12,989	(12,989)	(31.0%)	-	12,873	(12,873)	(27.5%)
Interest income on plan assets	12,391	-	12,391	29.6%	15,237	-	15,237	32.6%
Interest cost on defined benefit obligation	-	15,039	(15,039)	(35.9%)	-	17,497	(17,497)	(37.4%)
Total net interest cost	12,391	15,039	(2,648)	(6.3%)	15,237	17,497	(2,260)	(4.8%)
Total included in net expenditure	12,391	28,028	(15,637)	(37.3%)	15,237	30,370	(15,133)	(32.3%)

25H. Local Government Pension Schemes – Tayside Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.5	2.9
Salary increase rate	4.3	5.1
Discount rate	3.4	4.6
CPI increases	2.5	2.9
RPI increases	3.3	3.7

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	21.2 years	23.2 years	21.0 years	23.3 years
Future pensioners	23.4 years	25.5 years	23.2 years	25.6 years

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are:

2014/15	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	+0.0%	-0.1%
Present value of total obligation	81,995	83,661	85,363
Projected service cost	2,202	2,255	2,309
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present Value of total obligation	83,986	83,661	83,339
Projected service cost	2,255	2,255	2,255
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present Value of total obligation	85,052	83,661	82,301
Projected service cost	2,310	2,255	2,202
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	80,565	83,661	86,781
Projected service cost	2,173	2,255	2,337
2013/14	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	+0.0%	-0.1%
Present value of total obligation	80,933	82,811	84,734
Projected service cost	2,690	2,772	2,857
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present Value of total obligation	83,863	82,811	81,777
Projected service cost	2,823	2,772	2,722
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present Value of total obligation	83,712	82,811	81,935
Projected service cost	2,807	2,772	2,739
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	79,784	82,822	85,867
Projected service cost	2,672	2,772	2,873

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	55,989	-	55,989	51,442	-	51,442
Present value of unfunded liabilities	-	1,279	(1,279)	-	-	-
Present value of funded liabilities	-	81,532	(81,532)	-	69,077	(69,077)
Opening position as at 1 April	55,989	82,811	(26,822)	51,442	69,077	(17,635)
Current service cost*	(21)	2,360	(2,381)	(28)	2,479	(2,507)
Past service cost (including curtailments)	-	742	(742)	-	1,222	(1,222)
Effect of settlements	-	-	-	-	-	-
Total service cost	(21)	3,102	(3,123)	(28)	3,701	(3,729)
Interest income on plan assets	2,575	-	2,575	2,383	-	2,383
Interest cost on defined benefit obligation	-	3,782	(3,782)	-	3,162	(3,162)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	2,575	3,782	(1,207)	2,383	3,162	(779)
Total defined benefit cost	2,554	6,884	(4,330)	2,355	6,863	(4,508)
Plan participants' contributions	478	478	-	552	552	-
Employer contributions	1,854	-	1,854	2,336	-	2,336
Contributions in respect of unfunded benefits	-	-	-	-	-	-
Benefits paid	(2,346)	(2,240)	(106)	(2,176)	(2,054)	(122)
Unfunded benefits paid	-	(106)	106	-	(122)	122
Other movements	(14)	(1,868)	1,854	712	(1,624)	2,336
Expected closing position	58,529	87,827	(29,298)	54,509	74,316	(19,807)
Change in demographic assumptions	-	(3,735)	3,735	-	2,053	(2,053)
Change in financial assumptions	-	10,470	(10,470)	-	6,261	(6,261)
Other experience	(373)	(10,901)	10,528	-	181	(181)
Return on assets excl amounts in net interest	5,367	-	5,367	1,480	-	1,480
Total remeasurements	4,994	(4,166)	9,160	1,480	8,495	(7,015)
Fair value of employer assets	63,523	-	63,523	55,989	-	55,989
Present value of unfunded liabilities	-	1,769	(1,769)	-	-	-
Present value of funded liabilities	-	81,892	(81,892)	-	82,811	(82,811)
Closing position as at 31 March	63,523	83,661	(20,138)	55,989	82,811	(26,822)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll which, in accordance with the actuarial valuation, has been shown within the asset section of the analysis.

(d) Projected Pension Expense

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Administration expenses	23	(30)
Service cost	2,255	2,772
Net interest on the defined liability (asset)	663	-
Total loss (profit)	2,941	2,742
Employer contribution	1,322	1,644

25I. Local Government Pension Schemes – North East Scotland Pension Fund**(a) Financial and Demographic Assumptions in the Valuation**

Financial assumptions are summarised below:

	31 March 2015	31 March 2014
Pension increase rate	2.0	2.4
Salary increase rate	3.5	4.15
Discount rate	3.3	4.3
CPI inflation rate	2.0	2.4

Average future life expectancies at 65 are summarised as follows:

	2014/15		2013/14	
	Males	Females	Males	Females
Current pensioners	22.1 years	24.7 years	22.4 years	25.4 years
Future pensioners	24.3 years	27.5 years	22.5 years	25.5 years

(b) Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2015 Increase to Employer Liability £'000	31 March 2014 Increase to Employer Liability £'000
0.1% increase in real discount rate	(2,051)	(1,825)
1 year increase in member life expectancy	2,044	1,758
0.1% increase in salary increase rate	461	532
0.1% increase in the pensions increase rate (CPI)	2,092	1,866

(c) Change in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability

	2014/15			2013/14		
	Assets	Obligations	Net (liability)/asset	Assets	Obligations	Net (liability)/asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	67,666	-	67,666	60,158	-	60,158
Present value of unfunded liabilities	-	2,120	(2,120)	-	1,205	(1,205)
Present value of funded liabilities	-	93,083	(93,083)	-	89,837	(89,837)
Opening position as at 1 April	67,666	95,203	(27,537)	60,158	91,042	(30,884)
Current service cost*	(38)	2,191	(2,229)	(48)	2,882	(2,930)
Past service cost (including curtailments)	-	1,524	(1,524)	-	3,753	(3,753)
Effect of settlements	-	-	-	-	-	-
Total service cost	(38)	3,715	(3,753)	(48)	6,635	(6,683)
Interest income on plan assets	2,985	-	2,985	2,554	-	2,554
Interest cost on defined benefit obligation	-	4,137	(4,137)	-	3,767	(3,767)
Impact of asset ceiling on net interest	-	-	-	-	-	-
Total net interest	2,985	4,137	(1,152)	2,554	3,767	(1,213)
Total defined benefit cost	2,947	7,852	(4,905)	2,506	10,402	(7,896)
Plan participants' contributions	574	574	-	726	726	-
Employer contributions	2,650	-	2,650	3,708	-	3,708
Contributions in respect of unfunded benefits	-	-	-	-	-	-
Benefits paid	(2,779)	(2,779)	-	(3,149)	(3,149)	-
Unfunded benefits paid	(93)	(93)	-	-	-	-
Other movements	352	(2,298)	2,650	1,285	(2,423)	3,708
Expected closing position	70,965	100,757	(29,792)	63,949	99,021	(35,072)
Change in demographic assumptions	-	(1,482)	1,482	-	-	-
Change in financial assumptions	-	13,374	(13,374)	-	(3,818)	3,818
Other experience	-	(6,111)	6,111	-	-	-
Return on assets excl amounts in net interest	4,335	-	4,335	3,717	-	3,717
Total remeasurements	4,335	5,781	(1,446)	3,717	(3,818)	7,535
Fair value of employer assets	75,300	-	75,300	67,666	-	67,666
Present value of unfunded liabilities	-	2,574	(2,574)	-	2,120	(2,120)
Present value of funded liabilities	-	103,964	(103,964)	-	93,083	(93,083)
Closing position as at 31 March	75,300	106,538	(31,238)	67,666	95,203	(27,537)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll which, in accordance with the actuarial valuation, has been shown within the asset section of the analysis.

(d) Projected Pension Expense

	Year Ended 31 March 2016 £'000	Year Ended 31 March 2015 £'000
Administration expenses	38	48
Implied service cost including interest	2,387	2,693
Net interest cost	914	1,066
Total pension cost recognised in I&E	3,339	3,807
Normal contributions	1,813	2,311
£ for £ recharge	124	72
Total employer contributions next year	1,937	2,383

26. Scottish Government Grant in Aid Funding

	2014/15 £'000	2013/14 £'000
Grant in Aid	1,007,346	1,080,535
Reform funding - revenue*	49,503	59,680
Resource Grant in Aid	1,056,849	1,140,215
Capital Grant funding	25,215	18,287
Reform funding – capital*	17,997	14,112
	1,100,061	1,172,614
Additional grant in aid to cover loan charges interest**	5,404	5,812
Total cash received	1,105,465	1,178,426
Non-cash GIA received	46,173	43,836
AME funding***	20,000	6,000
Total non-cash received	66,173	49,836
Total Grant in Aid	1,171,638	1,228,262

* Reform Funding received during the year from Scottish Government amounted to £67,500,000 (2013/14: £73,792,000).

** This is cash Grant in Aid received which covers outside DEL expenditure (ODEL) for HM Treasury for borrowings agreed and held by councils prior to 2005.

*** Annual Managed Expenditure (AME) covers expenditure for items such as pension adjustments, some provisions and impairments which cannot be fully controlled.

27. Financial Commitments

The SPA had capital commitments as at 31 March 2015 of £12,843,131 (31 March 2013/14: £2,590,642), and commitments under operating leases are detailed in note 9 to the Accounts of £9,788,000 (31 March 2013/14: £11,097,000)

28. Contingent Liabilities

Pension Liability

5% of the relevant active liability, both for past service and current service pensioners has been incorporated within the actuarial report for injury pensions.

A recent determination made by the Pensions Ombudsman concerns historic commutation factors in the Fire Scheme and applies similarly to the Police Pension Scheme 1987.

Revision of commutation factors to calculate pension benefits was due on 1 December 2001 and 1 December 2004 and was not conducted. The Pension Ombudsman expects Scottish Government to make arrangements for payments to be made to those police officers affected, reflecting more beneficial terms being applied to commutation factors by the Government Actuary Department (GAD). This is likely to result in a liability for police officers who retired before the review took place on 1 December 2006.

Scottish Government holds a provision for this pension liability within their own Annual Report & Accounts 2014/15 which incorporates a provision for any sums falling due under both the Police and Fire Pension Schemes.

Holiday Pay

Under the current law anyone who believes that their holiday pay has not included all elements of pay they would normally receive when they are working - such as commission or overtime payments, can make a claim to tribunal. If the amount the worker receives varies depending on the amount of work he does, or when he does it, a week's pay is averaged over the previous 12 weeks.

Guaranteed contractual overtime payments and some commission payments have always been included if they fall within the 12 week period. However, overtime and commission payments that do not fall within these categories have been excluded and a number of cases have been brought which challenge this. This may result in additional holiday pay liability for the organisation.

29. Related Party Transactions

The SPA is an Other Significant Public Body sponsored by Scottish Government. Scottish Government is regarded as a related party. During the year, the SPA has had various material transactions with Scottish Government and with other entities for which Scottish Government is regarded as a parent body. In addition, the SPA has had a small number of material transactions with other government departments, central government bodies, local government, non-departmental public bodies and similar organisations.

During the year, apart from their service contracts no Board Members or members of senior management or related parties have undertaken any material transactions with SPA. Board Members' interests are detailed within the Remuneration Report. Transactions with bodies in which they hold interests have been examined.

The SPA is a member of Community Safety Glasgow (CSG), a company limited by guarantee and not having share capital, and during the course of the financial year received funding from CSG of £233,680.22 and also provided goods and services to CSG of £69,846.74. The SPA Board member Paul Rooney and ACC Wayne Mawson are members of the CSG Board.

Payments to the pension fund are detailed within notes 23 to 25 of the accounts, and although these are significant, they are not considered to be a related party transaction.

30. Financial Instruments

As detailed in note 26 to the Accounts, the SPA and Police Scotland is funded through Grant in Aid which is set by Scottish Ministers in advance of the following year. Cash Grant in Aid is released throughout the year in order that the organisation can meet its financial responsibilities as they fall due throughout the year and maintain an adequate level of working capital.

	31 March 2015 £'000	31 March 2014 £'000
Working Capital Analysis		
Cash and cash equivalents	92,916	82,898
Inventories	4,361	3,441
Trade and other receivables within one year	16,086	32,481
Assets held for sale	6,739	1,655
Trade and other payables within one year excluding long-term liabilities*	(113,514)	(115,337)
Balance as at 31 March	6,588	5,138

* On 1 April 2013, assets and liabilities were transferred in to the organisation at net book value. Liabilities included finance lease agreements detailed in note 19 to the accounts, the PFI contract for the Training & Recruitment Centre at Jackton detailed in note 20, and long-term loans detailed in note 21.

The SPA and Police Scotland have no power to borrow funds and all surplus funds are held in non-interest-bearing accounts and therefore exposure to interest rate is low. Bank balances are not held in foreign currency, although the organisation transacts in foreign currency with some creditors. Therefore any shortfall or surplus in currency transactions is minimal.

Financial assets and liabilities are generated through day-to-day operational activities and there are no additional financial instruments held. Because of the nature of its activities and the way in which the SPA and Police Scotland are financed, there is little exposure to the degree of financial risk faced by business entities.

31. Events After the Reporting Year

During the year, Police Scotland took full ownership of a new property at French Street, Dalmarnock, which was fully occupied from April 2015 onwards. As a result, Pitt Street Office became a surplus asset after the year-end. The value of the property has been revised to its market value of £3,750,000, and Estate Agents have been appointed.

A5082616



THE SCOTTISH POLICE AUTHORITY
DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 5 (1) of chapter 1 of the Police and Fire Reform (Scotland) Act 2012 hereby give the following direction.
2. The statement of accounts for the financial period ended 31 March 2013, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses and cash flows for the financial period and of the state of affairs at the end of the Financial period.
4. This direction shall be reproduced as an appendix to the statement of accounts.



Gillian Russell
Head of Police Division
Signed by the authority of the Scottish Ministers

Dated: 1st March 2013