



**2014/15**

# **STATEMENT OF ACCOUNTS**

**FOR THE CHIEF CONSTABLE OF  
STAFFORDSHIRE POLICE**

# **CHIEF CONSTABLE OF STAFFORDSHIRE POLICE**

## **STATEMENT OF ACCOUNTS 2014/15**

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# ***Independent auditors' report to The Chief Constable of Staffordshire (the "Chief Constable")***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, the Chief Constable of Staffordshire's financial statements (the "financial statements"):

- give a true and fair view of the state of the Chief Constable's affairs as at 31 March 2015 and of the income and expenditure and cash flows for the year then ended; and
  - have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.
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### **What we have audited**

The financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

In applying the financial reporting framework, the Chief Financial Officer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, she has made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Code of Audit Practice**

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In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **Other matters on which we are required to report by exception**

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We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
  - we issue a report in the public interest under section 8 of the Audit Commission Act 1998 ; or
  - we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response; or
  - we exercise any other special powers of the auditor under the Audit Commission Act 1998. Responsibilities for the financial statements and the audit
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### **Our responsibilities and those of the Responsible Chief Financial Officer**

As explained more fully in the Statement of Responsibilities set out on page (iii) the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Chief Constable in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Chief Constable's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Financial Officer ; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Chief Financial Officer's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Statement of 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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## **Report on the pension fund accounts**

### **Our opinion**

In our opinion, the pension fund accounts contained within the Statement of Accounts of the Chief Constable of Staffordshire (the "pension fund accounts"):

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2015, and the amount and disposition of the fund's assets and liabilities as at 31 March 2015; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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### **What we have audited**

The pension fund accounts comprise:

- the Net Assets Statement as at 31 March 2015;
- the Fund Account for the year then ended; and
- the notes to the financial statements, which include explanatory information.

The financial reporting framework that has been applied in the preparation of the pension fund accounts is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

In applying the financial reporting framework, the Chief Financial Officer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, she has made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Code of Audit Practice**

In our opinion, the information given in the explanatory foreword for the financial year for which the pension fund accounts are prepared is consistent with the pension fund accounts.

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## **Responsibilities for the pension fund accounts and the audit**

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### **Our responsibilities and those of the Responsible Chief Financial Officer**

As explained more fully in the Statement of Responsibilities set out on page (iii) the Chief Financial Officer is responsible for the preparation of the pensions fund accounts and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Our responsibility is to audit and express an opinion on the pension fund accounts in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of pension fund accounts involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the pension fund accounts sufficient to give reasonable assurance that the pension fund accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Pension Fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Financial Officer; and
- the overall presentation of the pension fund accounts.

We primarily focus our work in these areas by assessing the Chief Financial Officer judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited pension fund accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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## **Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources**

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### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 13 October 2014, we are satisfied that, in all significant respects, the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

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### **What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves**

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 13 October 2014, as to whether the Chief Constable has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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### Our responsibilities and those of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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## Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable of Staffordshire in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.



Richard Bacon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

30 September 2015

- (a) The maintenance and integrity of the Chief Constable for Staffordshire website is the responsibility of the Chief Constable; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Explanatory Foreword and Introduction

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### Explanatory Foreword and Introduction

#### Introduction

Staffordshire Police provides policing services across the County of Staffordshire and the City of Stoke-on-Trent. Our purpose is keeping our communities safe and reassured through preventing crime, protecting the public and bringing offenders to justice.

The policing area covers more than 2,600 square kilometres (1,000 square miles) reaching from the Peak District National Park in the north to the West Midlands conurbation border in the south serving a community of approximately 1,107,000 people living in the county in more than 463,000 households in a rich tapestry of communities, all with their own specific policing needs.

Staffordshire's geography is varied, ranging from the sparsely populated area of the Moorlands to urban and densely populated areas such as the city of Stoke-on-Trent and Newcastle-under-Lyme in the north, the county town of Stafford at the heart of the county, Tamworth and Burton-upon-Trent in the east, and Cannock and Lichfield in the south. The force area includes the unitary authority of the City of Stoke-on-Trent, as well as the county and district authorities of Staffordshire.

Staffordshire Police employs around 3,155 full time equivalent staff, consisting of 1,708 police officers, more than 221 police community support officers (PCSO's) and 1,226 police staff. The force is also supported by 336 volunteer Special Constables who give up their own time to provide a fantastic service to Staffordshire communities.

Local policing teams (LPTs) are the bedrock of service across the county and each has its own commander of Chief Inspector or Inspector rank. Local police officers and PCSO's work together within these teams and are available at the times when communities need them the most.

LPTs are supported by specialist central departments consisting of police officers and police staff that are based strategically across the force area.

With reference to the Statement of Accounts for the Chief Constable (CC), under The Police Reform and Social Responsibility Act 2011 that came into effect on 22 November 2012, the Police and Crime Commissioner (PCC) is now responsible for the finances of the whole group in that he receives all external funding (from central government in particular) and sets the annual budget and precept. The Chief Constable is allocated an annual budget by the PCC and she is responsible for operational policing within a scheme of consent and local arrangements. The Comprehensive Income and Expenditure Statement reflects the fact that resources are consumed by the Chief Constable on behalf of the PCC to deliver the Police and Crime Plan, however this expenditure is funded by an intra-group transfer back to the Comprehensive Income and Expenditure Statement of the PCC to demonstrate that all funding is provided by the PCC.

The future vision for Staffordshire Police and the Office of the Police and Crime Commissioner is explained in the "Our Vision for transforming policing in Staffordshire by 2020" document.

#### How we performed operationally in 2014/15

Key performance data for 2014/15 shows that all recorded crime was 60,861 crimes for the year, a 2% increase on last year or 1,477 more offences. This is 55 crimes per 1000 population and lower than the national average of 61 crimes per 1000 population.<sup>1</sup> Staffordshire Police are in the top 4 in England and Wales for ethical standards.<sup>2</sup>

90% of victims of crime are satisfied with the service they receive. We have the highest satisfaction levels when compared with our peers and nationally we have amongst the highest levels of satisfaction and are ranked 6th highest out of the 43 forces in England and Wales.<sup>1</sup>

<sup>1</sup> Source Home Office

<sup>2</sup> Source HMIC (Her Majesty's Inspectorate of Constabulary)

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Explanatory Foreword and Introduction

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### **Financial Performance in 2014/15**

#### **The Revenue Outturn**

In February 2014 the OPCC approved a budget of £181.341m for the group for 2014/15. This was funded by government grants of £112.798m which is a reduction on the previous year of 3.9%. There was no increase in council tax with the Band D equivalent average remaining at £177.61 per household generating council tax income of £56.795m.

A budget of £172.084m was delegated to the Chief Constable for operational policing and pensions. Net expenditure against the Chief Constable's budget was £167.843m resulting in a saving of £4.241m (2.46%). This saving was achieved mainly through savings in staffing, contractual savings, slippage, income and proactive budget management.

The underspend of will be utilised to support the 2015-16 budget (£1.6m) for carry forwards as a consequence of slippage for operational policing (£0.5m) and the balance being utilised for future innovation and transformation.

There are two pension schemes operated within the Chief Constable's accounts. The Local Government Pension Scheme (Staffordshire County Council pension scheme) for police staff is a funded defined benefits scheme paid for by contributions from both staff and the employer and investment assets. The police officer scheme is an unfunded defined benefits scheme where police officers pay a contribution and the cash balance is met on an annual basis by the Home Office, therefore the statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy. In assessing the pension liabilities the actuaries use a set of assumptions including a discount rate linked to long term gilt yields (the assumptions are detailed in the notes to the CC accounts). The assumptions used by the actuary in 2014/15 together with the revision to commutation factors for lump sum payments for retired police officers result in a total net pensions liability of £2,052m . (see supplementary note 2 on page 34 for further details)

This has a substantial effect on the net assets of the CC as recorded in the balance sheet.

#### **Reserves**

The Chief Constable does not hold any usable reserves as these are managed by the PCC. Further details of the group reserves are included within the statement of accounts for the OPCC.

### **Financial outlook for the future**

The financial future is still forecast to be challenging. Following the elections the austerity agenda continues with an emergency budget due in July 2015 and the next comprehensive spending review (CSR) due in the autumn. Policing is not a protected budget area. The revised medium term strategy will be developed in the summer but will need adjusting when the CSR is announced.

An organisational transformation programme is being undertaken to reshape the way in which services are provided within the anticipated future funding.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Statement of Responsibilities

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### Statement of Responsibilities

#### Responsibilities of the Chief Constable of Staffordshire Police

The Chief Constable is required to:

- make arrangements for the proper administration of the financial affairs of Staffordshire Police Force and to ensure that one of its officers (Chief Financial Officer) has responsibility for the administration of those affairs. In this organisation the Head of Business Services is the Chief Financial Officer;
- manage Staffordshire Police's affairs to secure the economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

I accept the above responsibilities and approve these Statement of Accounts for 2014/15.



**Jane Sawyers**  
**Chief Constable**  
**Staffordshire Police**

**Date: 22nd September 2015**

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Statement of Responsibilities

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#### Responsibilities of the Chief Financial Officer to the Chief Constable (Chief Financial Officer)

The Chief Financial Officer is required to:

- Ensure that the financial affairs of the force are properly administered and that financial regulations are observed and kept up to date;
- Report to the Chief Constable, the PCC and the external auditor, any unlawful, or potentially unlawful expenditure by the Chief Constable or officers of the Chief Constable;
- Provide information to the CFO to the PCC as required to enable production of group accounts.

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts for the Chief Constable in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom (the Code)*.

In preparing these Statement of Accounts the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### **CHIEF FINANCIAL OFFICER'S CERTIFICATE**

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Corporation Sole of the Chief Constable of Staffordshire Police as at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.



**Suzanne Birchall CPFA  
Chief Financial Officer  
Staffordshire Police**

**Date: 22nd September 2015**

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Financial Statements

### Comprehensive Income and Expenditure Statement

This Statement reflects the resource of the Office of the Police and Crime Commissioner Staffordshire that is consumed at the request of the Chief Constable. Government funding and other grant income belongs to the PCC, therefore all expenditure is funded by the PCC through an intra-group adjustment.

2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure / (Income) £000		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure / (Income) £000
82,151	(796)	81,355	Local Policing	74,972	(913)	74,059
17,350	(73)	17,277	Dealing with the Public	15,282	(96)	15,186
14,901	(670)	14,231	Criminal Justice Arrangements	14,150	(1,065)	13,085
6,888	(521)	6,367	Road Policing	6,416	(367)	6,049
10,252	(1,232)	9,020	Specialist Operations	10,135	(1,239)	8,896
7,241	(45)	7,196	Intelligence	6,531	(31)	6,500
33,432	(548)	32,884	Specialist Investigation	31,841	(510)	31,331
7,264	(24)	7,240	Investigative Support	7,458	(27)	7,431
3,507	(1,208)	2,299	National Policing	3,544	(1,287)	2,257
0	0	0	Corporate and Democratic Core	0	0	0
617	0	617	Non Distributed Costs	343	0	343
<b>183,603</b>	<b>(5,117)</b>	<b>178,486</b>	<b>Cost of Services Before Intra-group Funding</b>	<b>170,672</b>	<b>(5,535)</b>	<b>165,137</b>
(191,980)	5,117	(186,863)	Intra-group Funding	(189,216)	5,535	(183,681)
<b>(8,377)</b>	<b>0</b>	<b>(8,377)</b>	<b>Total Cost of Services</b>	<b>(18,544)</b>	<b>0</b>	<b>(18,544)</b>
		0	(Gains) / Losses on the Disposal of Non-Current Assets			0
		82,209	Financing and Investment Net Expenditure (Note 7)			83,772
		(25,679)	Taxation and Non-Specific Grant Income (Note 6)			(29,838)
		<b>48,153</b>	<b>Deficit on Provision of Services (Note 6)</b>			<b>35,390</b>
		0	Deficit on Revaluation of Non Current Assets			0
		(74,418)	Re-measurements of the net defined benefit (Assets) /Liabilities (Note 21)			<b>220,105</b>
		<b>(74,418)</b>	<b>Other Comprehensive Net Expenditure / (Income)</b>			<b>220,105</b>
		<b>(26,265)</b>	<b>Total Comprehensive Net Expenditure / (Income)</b>			<b>255,495</b>

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Financial Statements

### Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The statement does not show any usable reserves as these are managed by the PCC.

	<u>General Fund</u>	<u>Earmarked General Fund Reserves</u>	<u>Capital Receipts Reserve</u>	<u>Capital Grants Unapplied</u>	<u>Total Usable Reserves</u>	<u>Unusable Reserves Restated</u>	<u>Total CC Reserves Restated</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Balance as at 1 April 2013</b>	0	0	0	0	0	(1,826,969)*	(1,826,969)*
<i>Movement in Reserves During 2013/14:</i>							
Deficit on the Provision of Services (Note 6)	(48,153)	0	0	0	(48,153)	0	(48,153)
Other Comprehensive Income and (Expenditure) (Note 21)	0	0	0	0	0	74,418	74,418
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(48,153)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(48,153)</b>	<b>74,418</b>	<b>26,265</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	48,153	0	0	0	48,153	(48,153)	0
<b>Net Increase before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,265</b>	<b>26,265</b>
Transfers To/From Earmarked Reserves	0	0	0	0	0	0	0
<b>Increase in 2013/14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,265</b>	<b>26,265</b>
<b>Balance at 31 March 2014 Carried Forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,800,704)*</b>	<b>(1,800,704)*</b>
<i>Movement in Reserves During 2014/15:</i>							
Deficit on the Provision of Services (Note 6)	(35,390)	0	0	0	(35,390)	0	(35,390)
Other Comprehensive Income and (Expenditure) (Note 21)	0	0	0	0	0	(220,105)	(220,105)
<b>Total Comprehensive Income and (Expenditure)</b>	<b>(35,390)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(35,390)</b>	<b>(220,105)</b>	<b>(255,495)</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	35,390	0	0	0	35,390	(35,390)	0
<b>Net Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(255,495)</b>	<b>(255,495)</b>
Transfers To/From Earmarked Reserves	0	0	0	0	0	0	0
<b>(Decrease) in 2014/15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(255,495)</b>	<b>(255,495)</b>
<b>Balance at 31 March 2015 Carried Forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,056,199)*</b>	<b>(2,056,199)*</b>

\*See note 24 page 29.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Financial Statements

### Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The net assets of the CC (assets less liabilities) are matched by the reserves held by the CC. The CC only holds unusable reserves, i.e. reserves that the CC is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statements line 'Adjustments between accounting basis and funding basis under regulations'.

Restated 31 March 2014 £000		31 March 2015 £000
0	Land and Buildings	0
0	Vehicles, Plant and Equipment	0
0	Intangible Assets	0
<b>0</b>	<b>Long Term Assets</b>	<b>0</b>
0	Assets Held for Sale	0
0	Short Term Investments	0
4,675	Short Term Debtors <i>Note 17</i>	3,996
0	Cash and Cash Equivalents	0
<b>4,675</b>	<b>Current Assets</b>	<b>3,996</b>
0	Bank Overdrafts	0
0	Short Term Borrowing	0
(6,373)	Short Term Creditors <i>Note 18</i>	(6,093)
(802)	Provisions <i>Note 19</i>	0
<b>(7,175)</b>	<b>Current Liabilities</b>	<b>(6,093)</b>
(1,336)	Provisions <i>Note 19</i>	(1,459)
0	Long Term Borrowing	0
0	Other Long Term Liabilities	0
(1,796,868)*	Liability Related to Defined Benefit Pension Schemes <i>Note 21</i>	(2,052,643)*
<b>(1,798,204)</b>	<b>Long Term Liabilities</b>	<b>(2,054,102)</b>
<b>(1,800,704)</b>	<b>Net Liabilities</b>	<b>(2,056,199)</b>
	<b>Financed by:</b>	
	Usable Reserves:	
0	General Fund	0
0	Earmarked General Fund Reserves	0
(1,800,704)*	Unusable Reserves <i>Note 4</i>	(2,056,199)*
<b>(1,800,704)</b>	<b>Total Reserves</b>	<b>(2,056,199)</b>

The notes on pages 5 to 35 form part of the financial statements.

\*See note 24 page 29.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Financial Statements

### Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting year. The Chief Constable did not have a bank account nor hold any cash balances or make any banking transactions during 2013/14. However, as the Cost of Services in the CC's CIES is funded by an Intra-Group transfer there is clearly a notional transfer of cash being made between the two Single Entities and the Cash Flow Statement reflects this.

2013/14		2014/15	
£000	£000	£000	£000
		<b>Cash Flows from Operating Activities:</b>	
		<b>Cash Outflows</b>	
142,333		Cash Paid To and On Behalf of Employees	139,957
66,282		Other Operating Cash Payments	69,613
0		Interest Paid	0
	208,615		209,570
		<b>Cash Inflows</b>	
0		Precepts Received	0
0		National Non-Domestic Rate Receipts	0
0		Revenue Support Grant	0
(23,302)		Other Government Grants and Reimbursements (Note 20)	(31,528)
(180,560)		Intra-Group Funding	(175,643)
(4,753)		Cash Received For Goods and Services	(2,399)
0		Interest Received	0
	(208,615)		(209,570)
0		<b>Net Cash Flows From Operating Activities</b>	<b>(0)</b>
		<b>Cash Flows from Investing Activities:</b>	
		<b>Cash Outflows</b>	
	0	Purchase of Non Current Assets	0
		<b>Cash Inflows</b>	
0		Sale of Non Current Assets	0
0		Capital Grants Received	0
0		Other Capital Cash Receipts	0
	0		0
0		<b>Net Cash Flows from Investing Activities</b>	<b>0</b>
		<b>Cash Flows from Financing Activities:</b>	
0		Cash Receipts of Short Term and Long Term Borrowing	0
0		Other Receipts from Financing Activities	0
0		Repayments of Short Term and Long Term Borrowing	0
0		Other Payments for Financing Activities	0
0		<b>Net Cash Flows from Financing Activities</b>	<b>0</b>
0		<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(0)</b>
0		Cash and Cash Equivalents at the beginning of the Reporting Year	0
0		<b>Cash and Cash Equivalents at the end of the Reporting Year</b>	<b>(0)</b>

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

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### Notes to the Financial Statements

#### **1. The Creation of the Single Entity of the Chief Constable of Staffordshire Police**

The Police Reform and Social Responsibility Act 2011 came into effect on 22 November 2012. On this date, Staffordshire Police Authority ceased to exist and two distinct corporation soles were created: The Police and Crime Commissioner for Staffordshire (PCC) and the Chief Constable of Staffordshire Police (CC).

The 2014/15 Statement of Accounts is the third to be presented under the new arrangement. In accordance with the CIPFA Code of Practice on Local Authority Accounting 2014/15, the CIPFA LAAP Bulletin 98a and guidance from the Audit Commission, the transactions for 2013/14 and 2014/15 are presented under the Group accounts of the OPCC and the single entity accounts of the PCC and CC.

On the 22 November 2012 all of the property, rights and liabilities of Staffordshire Police Authority transferred to and now vest in the Office of the Police and Crime Commissioner Staffordshire: this was called Stage 1 transfer. On 1 April 2014, Stage 2 transfer took effect whereby PCCs and CCs agreed a clear division of responsibility between the Chief Constable and the governing body (the PCC) and set out arrangements for who will employ which staff, who will own property and other assets, and who holds associated rights and liabilities. The model that was agreed in Staffordshire was that "all assets, liabilities and contractual arrangements will remain in the control of the PCC after 1 April 2014."

An agreed transfer of employees took place on 1 April 2014 whereby the vast majority of Police Staff (1,552 posts) transferred to the employment of the Chief Constable; these staff had been under the direction and control of the Chief Constable since November 2012. A small number of staff (17) were retained by the PCC with a further 6 transferring to Staffordshire County Council.

The Comprehensive Income and Expenditure Statement reflects the fact that resources are consumed by the OPCC at the request of the Chief Constable, however this expenditure is funded by an intra-group transfer back to the Comprehensive Income and Expenditure Statement of the PCC to demonstrate that all funding is provided by the PCC. The Group statement shows the position net of any intra-group funding.

#### **2. Critical Assumptions**

Upon the creation of two separate corporation soles under the Police Reform and Social Responsibility Act 2011, Chief Constables were not recognised as having Local Authority Status, however the Anti-social Behaviour, Crime and Policing Act 2014 addressed this issue and received Royal Assent on 13 March 2014. The Local Authority Status for Chief Constables was backdated to commence with effect from 22 November 2012.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### 3. Adjustments between Accounting Basis and Funding Basis under Regulations

2013/14	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments Primarily Involving the Pensions Reserve:</b>				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement (notes 4 (ii) and 21)	136,748	0	0	(136,748)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year (notes 4 (ii) and 21)	(61,478)	0	0	61,478
Additional Contribution to the Pension Fund to the Deficit on the Fund Account (notes 4 (ii) and 21)	(25,679)	0	0	25,679
<b>Adjustment Involving the Accumulated Absences Account</b>				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements (note 4 (i))	(1,438)	0	0	1,438
<b>Total Adjustments</b>	<b>48,153</b>	<b>0</b>	<b>0</b>	<b>(48,153)</b>

2014/15	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments Primarily Involving the Pensions Reserve:</b>				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement (notes 4 (ii) and 21)	132,957	0	0	(132,957)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year (notes 4 (ii) and 21)	(67,448)	0	0	67,448
Additional Contribution to the Pension Fund to the Deficit on the Fund Account (notes 4 (ii) and 21)	(29,838)	0	0	29,838
<b>Adjustment Involving the Accumulated Absences Account</b>				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements (note 4 (i))	(281)	0	0	281
<b>Total Adjustments</b>	<b>35,390</b>	<b>0</b>	<b>0</b>	<b>(35,390)</b>

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### 4. Unusable Reserves

	Restated Balance 1 April 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance 31 March 2015
	£000	£000	£000	£000
Accumulated Absences Account	(3,836)	3,836	(3,556)	(3,556)
Pensions Reserve	(1,796,868)*	97,286	(353,061)	(2,052,643)*
<b>Total</b>	<b>(1,800,704)*</b>	<b>101,122</b>	<b>(356,617)</b>	<b>(2,056,199)*</b>

\*See note 24 page 29.

#### (i) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

The Reserve relates to Police Officers and Staff who are under the direction and control of the Chief Constable. The Opening Balance of the Reserve as at 1 April 2012 was transferred to the CC Single Entity with effect from that date. The entries for the CC Single Entity below relate to the balances on the Reserve that relate to those staff that were under the direct control of the CC as at 31 March 2014 and 31 March 2015.

2013/14 £000		2014/15 £000
(5,274)	Balance as at 1 April	(3,836)
0	Transfer of responsibility for the Reserve from PCC to CC	0
5,274	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	3,836
(3,836)	Amounts Accrued at the End of the Current Year	(3,556)
1,438	Amount by Which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements.	280
(3,836)	Balance as at 31 March	(3,556)

#### (ii) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for the funding of benefits in accordance with statutory provisions. The CC accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

arrangements require benefits earned to be financed as the CC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the CC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>Restated 2013/14 £000</b>		<b>2014/15 £000</b>
(1,821,695)*	<b>Balance as at 1 April</b>	<b>(1,796,868)*</b>
0	Transfer of responsibility for the Reserve from PCC to CC	0
74,418	Re-measurement of the net defined benefit Liability	(220,105)
(136,748)	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement	(132,957)
61,478	Employers Pensions Contributions and Direct Payments to Pensioners Payable in the Year	67,449
25,679	Additional Contribution to the Pension Fund to Balance the Deficit on the Fund Account	29,838
<b>(1,796,868)*</b>	<b>Balance as at 31 March</b>	<b>(2,052,643)*</b>

## 5. Service Expenditure Analysis

The Net Cost of Services shown in the Comprehensive Income and Expenditure Statement is analysed in line with CIPFA's Service Reporting Code of Practice (SeRCOP). The tables below analyse Expenditure by the subjective heading. The subjective analysis is used by management to make day to day decisions whereas the SeRCOP shows the cost of each type of policing activity.

<b>2013/14 £000</b>		<b>2014/15 £000</b>
	<b>Financial resources of OPCC consumed at the request of the Chief Constable</b>	
85,391	Police Officer Pay and Allowances	75,541
46,228	Police Staff Pay and Allowances	44,927
4,932	Other Employee Expenses	2,639
5,248	Police Pensions	4,577
5,930	Premises	5,475
4,115	Transport	4,009
15,947	Supplies and Services	18,506
4,760	Third Party Payments	5,796
11,052	Depreciation, Amortisation and Impairment Losses**	9,202
<b>183,603</b>	<b>Total Financial resources of OPCC consumed at the request of the Chief Constable</b>	<b>170,672</b>
<b>(5,117)</b>	<b>Total Income</b>	<b>(5,535)</b>
<b>178,486</b>	<b>Net Cost of Policing Services before Intra-Group Funding</b>	<b>165,137</b>

\*\* As all non-current assets are held on the PCC's Balance Sheet, these items represent the cost to the Chief Constable of using these assets.

\*See note 24 page 29.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### 6. Amounts Reported for Resource Allocation Decisions

The analysis of expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocations are taken by the Chief Constable on the basis of budget reports structured in a different way.

The tables below show how the figures reported to the Chief Constable in the budget reports relate to the figures reported in the Comprehensive Income and Expenditure Statement (along with prior year comparatives).

#### Income and Expenditure as Reported to the Chief Constable

2013/14				2014/15		
Operational	Pensions	Total		Operational	Pensions	Total
£000	£000	£000		£000	£000	£000
(3,460)	0	(3,460)	Grants and Contributions	(4,935)	0	(4,935)
(2,124)	0	(2,124)	Reimbursements	(2,822)	0	(2,822)
(1,745)	0	(1,745)	Sales, Fees and Charges	(1,428)	0	(1,428)
(61)	0	(61)	Other Income	(39)	0	(39)
(7,390)	0	(7,390)	Total Income	(9,224)	0	(9,224)
144,587	6,368	150,955	Employee Expenses	139,805	4,577	144,382
31,572	0	31,572	Other Operating Expenses	35,877	0	35,877
(298)	0	(298)	Carry Forwards	(448)	0	(448)
175,861	6,368	182,229	Total Expenditure	175,234	4,577	179,811
168,471	6,368	174,839	Net Expenditure	166,010	4,577	170,587

#### Reconciliation of Income and Expenditure Reported to the Chief Constable to Cost of Services in the Comprehensive Income and Expenditure Statement

2013/14		2014/15	
£000	£000	£000	£000
174,839	Net Expenditure as Reported to the Chief Constable		170,587
(4,837)	Reported to Management, Not Included in Net Cost of Services		(3,761)
	Not Reported to Management for Decision Making:		
(6,939)	IAS 19 – Retirement Benefits	(18,008)	
11,052	Depreciation, Amortisation and Impairment	9,204	
(1,438)	Employee Benefits	(266)	
6,347	Reported elsewhere in the Group	7,355	
(538)	Other	26	
	<b>8,484</b>		<b>(1,689)</b>
<b>178,486</b>	<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>		<b>165,137</b>

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### Reconciliation to Subjective Analysis 2013/14

	As Per Service Analysis	Not Included in Net Cost of Services	Not Reported to Management for Decision Making	Net Cost Of Services	Intra- Group Funding	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Employee Expenses	150,955	(1,520)	(8,602)	140,833	(149,210)	0	(8,377)
Other Service Expenses	31,274	(3,140)	3,584	31,718	(31,718)	0	0
Depreciation, Amortisation and Impairment	0	0	11,052	11,052	(11,052)	0	0
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	0	0	0
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	0	82,209	82,209
<b>Total Expenditure</b>	<b>182,229</b>	<b>(4,660)</b>	<b>6,034</b>	<b>183,603</b>	<b>(191,980)</b>	<b>82,209</b>	<b>73,832</b>
Government Grants and Contributions	(3,460)	(177)	2,594	(1,043)	1,043	(25,679)	(25,679)
Fees, Charges and Other Service Income	(3,930)	0	(144)	(4,074)	4,074	0	0
Interest and Investment Income	0	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	0	0	0
<b>Total Income</b>	<b>(7,390)</b>	<b>(177)</b>	<b>2,450</b>	<b>(5,117)</b>	<b>5,117</b>	<b>(25,679)</b>	<b>(25,679)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>174,839</b>	<b>(4,837)</b>	<b>8,484</b>	<b>178,486</b>	<b>(186,863)</b>	<b>56,530</b>	<b>48,153</b>

### Reconciliation to Subjective Analysis 2014/15

	As Per Service Analysis	Not Included in Net Cost of Services	Not Reported to Management for Decision Making	Net Cost Of Services	Intra-Group Funding	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Employee Expenses	144,382	21	(18,221)	126,182	(144,726)	0	(18,544)
Other Service Expenses	35,429	(3,783)	3,640	35,286	(35,286)	0	0
Depreciation, Amortisation and Impairment	0	0	9,204	9,204	(9,204)	0	0
Gain or Loss on Disposal of Non-Current Assets	0	0	0	0	0	0	0
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	0	83,772	83,772
<b>Total Expenditure</b>	<b>179,811</b>	<b>(3,762)</b>	<b>(5,377)</b>	<b>170,672</b>	<b>(189,216)</b>	<b>83,772</b>	<b>65,228</b>
Government Grants and Contributions	(4,935)	0	3,689	(1,246)	1,246	(29,838)	(29,838)
Fees, Charges and Other Service Income	(4,289)	1	(1)	(4,289)	4,289	0	0
Interest and Investment Income	0	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	0	0	0
<b>Total Income</b>	<b>(9,224)</b>	<b>1</b>	<b>3,688</b>	<b>(5,535)</b>	<b>5,535</b>	<b>(29,838)</b>	<b>(29,838)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>170,587</b>	<b>(3,761)</b>	<b>(1,689)</b>	<b>165,137</b>	<b>(183,681)</b>	<b>53,934</b>	<b>35,390</b>

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### 7. Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
0	Interest Payable and Similar Charges	0
82,209	Pensions Net Interest Cost	83,772
0	Interest Receivable and Similar Income	0
<b>82,209</b>	<b>Total</b>	<b>83,772</b>

### 8. Specific Grants

Included within the Gross Income figure in the Net Cost of Services for the CC are contributions of £1.246m. There are no specific grants included as these were all paid to the PCC during the year.

### 9. Taxation and Non-Specific Grant Income

The only non-specific grant shown on the CC's CIES relates to the Police Pensions Top-up Grant that is paid from the Home Office to the Pension Fund via the OPCC to meet the shortfall for the year where income to the Fund is less than its expenditure. Further information about this Grant is contained within the Supplementary Financial Statement and associated notes.

### 10. Audit Fees

The fees payable to our Auditors in relation to the audit of the Chief Constable's accounts were as follows:

2013/14 £		2014/15 £
20,000	Fees Payable to PricewaterhouseCoopers LLP with Regard to External Audit Services Carried out by the Appointed Auditor for the Year	20,000
2,772	Additional Fees Payable in Respect of External Audit Services in relation to the new Finance System carried out by PricewaterhouseCoopers LLP during the Year	0
<b>22,772</b>	<b>Total Before Rebate</b>	<b>20,000</b>
(2,737)	Rebate from Audit Commission	0
<b>20,035</b>	<b>Total Audit Fees within Net Cost of Services</b>	<b>20,000</b>

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### 11. Operating Leases

The Group has entered into a number of operating leases for its use of Premises owned by other bodies. The future minimum lease payments due under non-cancellable leases in future years are:

2013/14 £000		2014/15 £000
256	No Later Than One Year	41
1,169	Later Than One Year and Not Later Than Five Years	1,075
2	Later Than Five Years	671
<b>1,427</b>	<b>Total Leasing Commitments</b>	<b>1,787</b>

The annual lease payments for premises, which were charged to revenue, amounted to £0.828m (£0.570m in 2013/14).

The Group also made payments under rental agreements for photocopiers ("all-in-one" laser printer, scanner, copiers) amounting to £0.067m in the year (£0.097m in 2013/14).

### 12. Termination Benefits and Exit Packages

During 2014/15 the CC approved 22 voluntary redundancies and early retirements (21 in 2013/14) at a total cost of £0.778m (£1.278m in 2013/14). 1 of the employees will not leave the organisation until after 1 April 2015 and a provision of £0.041m has been set aside to meet these costs. No compulsory redundancies were approved during the year. A breakdown of the total cost and number of exit packages is shown below:

Exit Package Cost Band	Number of Exit Packages		Total Cost of Exit Packages in each Band	
	2013/14	2014/15	2013/14 £	2014/15 £
£0 - £20,000	1	4	6,463	61,651
£20,001 - £40,000	7	10	226,646	302,241
£40,001 - £60,000	6	7	300,833	329,922
£60,001 - £80,000	3	0	211,723	0
£80,001 - £100,000	3	1	264,244	83,689
£100,001 - £120,000	1	0	267,780	0
<b>Total</b>	<b>21</b>	<b>22</b>	<b>1,277,689</b>	<b>777,503</b>

The Group also approved the introduction of a Voluntary Exit Scheme (VES) for Police Officers IN 2013/14 and this resulted in 37 Police Officers leaving in 2013/14 at a total cost of £1.543m. The VES was run for a limited time during the year and resulted in savings in pay costs of £0.86m during 2013/14 to offset against the additional costs; the scheme will therefore pay for itself in less than 2 years. There were no VES approvals in 2014/15.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

A breakdown of the total cost and number of VES packages is shown below:

Exit Package Cost Band	Number of Exit Packages		Total Cost of Exit Packages in each Band	
	2013/14	2014/15	2013/14 £	2014/15
£0 - £20,000	9	0	151,366	0
£20,001 - £40,000	10	0	276,981	0
£40,001 - £60,000	12	0	616,676	0
£60,001 - £80,000	6	0	401,129	0
£80,001 - £100,000	0	0	0	0
£100,001 - £120,000	1	0	117,511	0
<b>Total</b>	<b>38</b>	<b>0</b>	<b>1,563,663</b>	<b>0</b>

### 13. Officers' Remuneration

The number of employees (including senior employees and relevant police officers) whose remuneration was £50,000 or more in bands of £5,000 was:

Remuneration Band	Number of Employees	
	2013/14	2014/15
£50,000 - £54,999	76	66
£55,000 - £59,999	48	46
£60,000 - £64,999	19	10
£65,000 - £69,999	2	10
£70,000 - £74,999	2	3
£75,000 - £79,999	3	1
£80,000 - £84,999	2	2
£85,000 - £89,999	2	0
£90,000 - £94,999	0	1
£95,000 - £99,999	2	1
£100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	1	1
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	1
£140,000 - £144,999	1	0
£145,000 - £149,999	0	0
£150,000 - £155,000	0	0
<b>Total</b>	<b>158</b>	<b>142</b>

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### 14. Disclosure of Remuneration for Senior Executives 2014/15

Post Holder Information	Note	Salary £	Bonuses and Expense Allowances £	Benefits in Kind £	Other Payments £	Total Remuneration Excluding Pension Contributions 2014/15 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2014/15 £
Chief Constable	1 & 5	58,546	0	1,350	1,476	61,372	14,168	75,540
Temporary Chief Constable	2 & 5	132,604	0	2,214	3,066	137,884	32,090	169,974
Assistant Chief Constable A	3 & 5	16,571	0	424	537	17,532	4,010	21,542
Temporary Deputy Chief Constable	4 & 5	109,063	0	2,940	2,635	114,638	26,393	141,031
Assistant Chief Constable B	5 & 6	95,245	540	630	2,635	99,050	23,049	122,099
Temporary Assistant Chief Constable	5 & 8	61,662	0	0	1,700	63,362	12,973	76,335
Head of Business Services	7	74,336	0	0	0	74,336	11,522	85,858
<b>Sub Total Chief Constable</b>		<b>548,027</b>	<b>540</b>	<b>7,558</b>	<b>12,049</b>	<b>568,174</b>	<b>124,205</b>	<b>692,379</b>

Note (1): Left employment on 31<sup>st</sup> August 2014.

Note (2): Promoted to Temporary Chief Constable on 9<sup>th</sup> August 2014.

Note (3): Left employment on 3<sup>rd</sup> June 2014.

Note (4): Promoted to Temporary Deputy Chief Constable on 9<sup>th</sup> August 2014.

Note (5): Other payments represent housing allowance.

Note (6): Expense allowance represents Essential Car Lump Sum, prior to taking delivery of force vehicle.

Note (7): The Head of Business Services is the Chief Financial Officer for the Chief Constable.

Note (8): Promoted to Temporary ACC on 9<sup>th</sup> August 2014

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### Disclosure of Remuneration for Senior Executives 2013/14

Post Holder Information	Note	Salary £	Bonuses and Expense Allowances £	Benefits in Kind £	Other Payments £	Total Remuneration Excluding Pension Contributions 2013/14 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2013/14 £
Chief Constable	(d) & (f)	139,931	0	6,404	3,543	149,878	33,863	183,741
Deputy Chief Constable	(d) & (f)	115,441	0	2,446	3,066	120,953	27,937	148,890
Temporary Deputy Chief Constable	(d) & (f)	94,301	0	2,909	3,066	100,276	22,821	123,097
Assistant Chief Constable	(d)	95,635	0	0	2,635	98,270	23,144	121,414
Temporary Assistant Chief Constable	(a) & (d)	255	0	0	7	262	61	323
Director of Resources	(b) & (e)	51,243	0	0	4,733	55,976	8,250	64,226
Head of Business Services	(c)	37,100	0	0	0	37,100	5,973	43,073
<b>Sub Total Chief Constable</b>		<b>533,906</b>	<b>0</b>	<b>11,759</b>	<b>17,050</b>	<b>562,715</b>	<b>122,049</b>	<b>684,764</b>

**Note (a):** Promoted to Temporary Assistant Chief Constable from 31/03/2014

**Note (b):** Post made redundant on 30/09/2013

**Note (c):** Head of Business Services became The Chief Finance Officer for the CC with effect from 01/10/2013 following the Director of Resources post being made redundant

**Note (d):** Other Payments represent Housing Allowance

**Note (e):** Other Payments represent Car Allowance paid in lieu of provision of Company Car

**Note (f):** Benefit in Kind relates to private use of force asset (Company Car fitted with covert blue lights and siren)

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

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#### **15. Related Party Transactions**

The Chief Constable is required to disclose material transactions with related parties, that is bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable.

The Chief Constable, senior officers and departmental heads were contacted to obtain the required declarations. The Chief Constable also has business relationships with Central Government and a number of other public organisations, such as Staffordshire County Council.

Details of our related party transactions are as follows:

- Police and Crime Commissioner – all funding for operational police services is effectively controlled by the Police and Crime Commissioner for Staffordshire and recharged to reflect the resources consumed by the CC on the PCC's behalf to deliver the Police and Crime Plan. The PCC for Staffordshire can hold the Chief Constable to account for the performance of the Force. The PCC, in consultation with the CC, decides on the level of funding that the CC receives and sets a budget for the force each year.
- Senior officers and other employees – there are no known related party transactions.

#### **16. Pooled Budgets and Joint Operations**

Staffordshire Police actively works with other police forces to deliver areas of operational policing and back office functions. Some arrangements have financial implications and these are explained below:

##### **(i) Central Counties' Air Operations Unit (CCAOU) with West Mercia Police**

As from 1<sup>st</sup> October 2013, the joint arrangement with West Mercia Police for the provision of air support ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2014/15 amounted to £531k (2013/14 £492k).

##### **(ii) Central Motorway Police Group with West Midlands Police and West Mercia Constabulary**

The PCCWM is engaged in a jointly controlled operation with Staffordshire PCC and West Mercia PCC for the Policing of the Motorway network in the West Midlands area known as the Central Motorway Police Group. PCCWM provides the financial administration service for this joint unit.

The assets of the unit in respect of police vehicles, equipment and land and buildings are held individually by each PCC and are shown on each force's balance sheet.

The three police forces have an agreement in place for funding this unit with contributions to the agreed budget of 50.7% from PCCWM, 25.4% from West Mercia PCC and 23.9% from Staffordshire PCC. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The revenue account for the Unit covers all operating costs. The details for 2014/15 are as follows

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

The revenue account for the unit covers all operating costs, as shown below:

2013/14 £000		2014/15 £000
<b>Funding Provided to the Pooled Budget:</b>		
4,016	Contribution from West Midlands PCC	3,953
2,015	Contribution from West Mercia PCC	1,971
1,897	Contribution from Staffordshire PCC	1,858
<b>7,928</b>	<b>Total Funding Provided to the Pooled Budget</b>	<b>7,782</b>
<b>Expenditure Met from the Pooled Budget:</b>		
7,193	Pay and Allowances	7,140
62	Premises Costs	58
593	Transport Costs	466
0	Communication & Computing	127
212	Supplies and Services	89
<b>8,060</b>	<b>Total Expenditure</b>	<b>7,880</b>
(132)	Income Received to the Pooled Budget	(98)
<b>(132)</b>	<b>Total Income</b>	<b>(98)</b>
<b>7,928</b>	<b>Total Net Expenditure</b>	<b>7,782</b>
<b>0</b>	<b>Net Surplus/(deficit) arising during the year</b>	<b>0</b>
<b>0</b>	West Midlands PCC share of 50.7% of net surplus / (deficit) arising during the year	<b>0</b>

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

#### (iii) Early Adopter Project with West Midlands Police

A pooled budget arrangement was established during 2011/12 between Staffordshire and West Midlands Police Forces. This is for work on the Early Adopter project which is funded by the Department of Health who issue a grant to each force. This project deals with the medical assessment of people held in custody. Staffordshire Police act as the lead force for this project and any related expenditure is held within the Comprehensive Income and Expenditure account for Staffordshire Police. The responsibility for commissioning this work and the budget for it will transfer to the Department of Health from 1 April 2016. Details of the expenditure are as follows:

2013/14 £000		2014/15 £000
	<b>Funding Provided to the Pooled Budget:</b>	
0	Contribution from West Midlands Police	50
0	Contribution from Staffordshire Police	0
<b>0</b>	<b>In Year Funding Provided to the Pooled Budget</b>	<b>50</b>
113	Surplus carried forward from previous year	68
<b>113</b>	<b>Total Funding to the Pooled Budget</b>	<b>118</b>
	<b>Expenditure Met from the Pooled Budget:</b>	
(42)	Premises	(2)
0	Contracted Professional Support	34
(3)	Supplies and Services	(1)
<b>(45)</b>	<b>Total Expenditure</b>	<b>31</b>
0	Income Received to the Pooled Budget	50
<b>68</b>	<b>Net Surplus/(deficit) arising during the year</b>	<b>199</b>
(68)	Surplus carried forward as a creditor on the balance sheet of OPCC Staffordshire	(199)
<b>0</b>	<b>Closing Net Surplus/(deficit)</b>	<b>0</b>

#### (iv) Legal Services

During 2011/12 a Section 22a collaboration agreement was signed with West Midlands Police for the joint delivery of a Legal Services Department. The collaborative working arrangement began in 2011/12 however no financial transactions (e.g. sharing of budgets / year end variances) took place during that year. In 2014/15 a contribution of £0.358m (£0.136m in 2013/14) was made to West Midlands Police towards the cost of legal services and this figure is included in the Comprehensive Income and Expenditure Statement of the Group. As of the Balance Sheet date of 31 March 2015, no formal arrangement is in place for the full sharing of legal services costs and the reallocation of any year end over or under spends.

#### (v) Firearms Licensing

On 1 August 2013 a collaborative working arrangement commenced with West Midlands Police for the joint delivery of a Firearms Licensing Department based in Staffordshire and with all Police Staff being employed by Staffordshire Police. A contribution of £0.122m has been made by West Midlands Police towards the cost of the service during 2014/15 (£0.075m 2013/14). This figure is included in the Comprehensive Income and Expenditure Statement of the CC. A formal agreement is in place.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

#### (vi) Justice Services

During 2012/13 a collaborative working arrangement commenced with West Midlands Police for the joint management of the Justice Services Departments. On 1 September 2014 a decoupling of the arrangement began and was concluded within a short period. It was decided that it was not necessary to transfer of any funds between the Forces.

#### 17. Short Term Debtors

A breakdown of the Debtors figure in the balance sheet is provided below. The balance per debtor category is shown net of any impairment. The Intra-Group Funding amount relates to the balances of the insurance provision (£1.459) and the PAYE / NI creditor (£2.537m) that are shown on the CC's Balance Sheet. No cash funding has been paid over from the PCC to the CC for these as at 31 March 2015 and an equal and opposite entry is included within Creditors in the PCC's Single Entity Accounts.

31 March 2014 £000		31 March 2015 £000
0	Central Government Bodies	0
0	Other Local Authorities	0
4,675	Intra-Group Funding not yet paid over from the PCC in cash	3,996
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
0	Other Entities and Individuals	0
<b>4,675</b>	<b>Total Short Term Debtors</b>	<b>3,996</b>

#### 18. Short Term Creditors

A breakdown of the Creditors figure in the Balance Sheet is provided below:

31 March 2014 £000		31 March 2015 £000
2,537	Central Government Bodies	2,537
0	Other Local Authorities	0
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
3,836	Other Entities and Individuals	3,556
<b>6,373</b>	<b>Total Short Term Creditors</b>	<b>6,093</b>

#### 19. Provisions

Provisions fall into two categories depending on when the related payments are expected to be made. Provisions with expected pay-outs within one year are classed as current liabilities and those expected to be paid out in excess of one year are long term liabilities.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### (a) Current Provisions

#### Force Restructuring Provision

This provision was established to meet the costs of voluntary redundancies and early retirement on the grounds of voluntary redundancy, agreed during the current financial year but falling into the following financial year.

2013/14 £000		2014/15 £000
0	Balance as at 1 April	802
1,000	Transfer of control of Provision from the PCC to the CC	0
802	Contribution to Provision in Year	0
(1,000)	Net Expenditure in the Year	(802)
<b>802</b>	<b>Balance as at 31 March</b>	<b>0</b>

### (b) Long Term Liabilities

#### Insurance Provision

This provision was established to meet liability claims which are not covered by external insurers. The balance reflects the Groups independent external insurance advisor's assessment of the level of outstanding liabilities. The provision represents non-current amounts which are expected to be recovered or settled over more than 12 months. No amounts are expected within one year.

2013/14 £000		2014/15 £000
0	Balance as at 1 April	1,336
1,802	Transfer of control of Provision from the PCC to the CC	0
248	Contribution to Provision in Year	919
15	Interest on balances transferred to the Provision	15
(729)	Net Expenditure in the Year	(811)
<b>1,336</b>	<b>Balance as at 31 March</b>	<b>1,459</b>

### 20. Analysis of Other Government Grants and Reimbursements within Cash Flow Statement

The only grant shown on the CC's Cash Flow Statement relates to the Police Pensions Top-up Grant that is paid from the Home Office to the Pension Fund via the OPCC to meet the shortfall for the year where income to the Fund is less than its expenditure. All items in the Cash Flow are shown on a cash basis, that is opening and closing accruals are excluded, and the amount of £31.528m (£23.302m in 2013/14) therefore differs to that shown in the CIES, which is prepared on an accruals basis.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

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#### **21. Pensions**

##### ***Participation in Pension Schemes***

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments, and that needs to be disclosed at the time that employees earn their future entitlement.

The Chief Constable participates in two post employment schemes:

- The Local Government Pension Scheme for Police Staff (LGPS), administered by Staffordshire County Council. This is a funded defined benefit final salary scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.
- The Police Pension Scheme for Police Officers (PPS), which is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Further details of this scheme are given in the Supplementary Financial Statement.

The LGPS elements of the tables below set out the estimated Pensions Charges, Assets and Liabilities relating to the Staff under the direction and control of the Chief Constable as at 31 March 2015 (based on the agreed transfer of Staff under Stage 2, as explained in note 1) that were LGPS members at this date. These amounts have been calculated using an estimate based on the Chief Constable's Staff as a proportion of the total OPCC Group membership of the Scheme, that is, 98.5% (98.8% in 2013/14).

##### ***Transactions Relating to Retirement Benefits***

The Chief Constable recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Chief Constable is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

### Comprehensive Income and Expenditure Statement

	LGPS £000		PPS £000	
	2013/14	2014/15	2013/14	2014/15
<b>Cost of Services:</b>				
<i>Service cost comprising:</i>				
Current Service Cost	(7,692)	(7,872)	(46,230)	(41,250)
Past Service Cost (including curtailments)	(337)	(200)	(30)	0
Pension Transfers In	0	0	(250)	(140)
<b>Financing and Investment Income and Expenditure:</b>				
Interest Cost on defined benefit obligation	(9,131)	(9,722)	(79,420)	(80,510)
Interest Income on Plan Assets	6,342	6,508	0	0
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on Provision of Services</b>	<b>(10,818)</b>	<b>(11,284)</b>	<b>(125,930)</b>	<b>(121,900)</b>

*Other Post-employment Benefits charged to the CIES Service cost:*

### Re-measurement of the net defined benefit Liabilities/(Assets):

	2013/14 £000		2014/15 £000	
<b>Comprising:</b>				
Obligations relating to staff transferred to the control of the PCC	369	0	0	0
Return on plan assets (excluding the amount Included in the net interest expense)	(372)	16,180	n/a	n/a
Re-measurement of the net defined benefit liability - demographic assumptions	(5,827)	0	(200)	83,650
Re-measurement of the net defined benefit liability - financial assumptions	(2,914)	(46,335)	58,380	(321,230)
Actuarial gains and losses on liabilities - experience	(168)	1,300	25,150	46,330
<b>Total Post-employment Benefits (charged)/credited to the CIES:</b>	<b>(8,912)</b>	<b>(28,855)</b>	<b>83,330</b>	<b>(191,250)</b>

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### Movement in Reserves Statement

	LGPS £000		PPS £000	
	2013/14	2014/15	2013/14	2014/15
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	10,818	11,284	125,930	121,900
<i>Actual Amounts Charged Against the General Fund Balance for Pensions in the Year:</i>				
Employers' Contributions Payable to Scheme Retirement Benefits Payable to Pensioners	(5,518)	(8,818)	(55,960)	(58,630)
<b>Total</b>	<b>5,300</b>	<b>2,466</b>	<b>69,970</b>	<b>63,270</b>

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the CC's obligation in respect of its defined benefit plans is as follows:

	Restated 2013/14 £000	2014/15 £000
Present Value of defined benefit obligations		
• PPS	(1,721,497)	(1,946,229)
• LGPS	(224,137)	(283,800)
Fair Value of LGPS Assets	148,766	177,386
Deficit in the Scheme		
• PPS	(1,721,497)	(1,946,229)
• LGPS	(75,371)	(106,414)
<b>Total</b>	<b>(1,796,868)*</b>	<b>(2,052,643)*</b>

\* See note 24 page 29.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Funded Liabilities: LGPS £000		Unfunded Liabilities: PPS £000	
	2013/14	2014/15	Restated 2013/14	2014/15
<b>Opening Balance at 1 April</b>	<b>(201,299)</b>	<b>(224,137)</b>	<b>(1,760,536)*</b>	<b>(1,721,497)*</b>
Transfer of responsibility for the Liabilities from PCC to CC	0	0	0	0
Obligations relating to staff transferred to the control of the PCC	1,215	681	0	0
Current Service Cost	(7,692)	(7,872)	(37,420)	(32,350)
Interest Cost	(9,131)	(9,722)	(79,420)	(80,510)
Contributions by Scheme Participants	(2,121)	(2,227)	(8,810)	(8,900)
Re-measurement (loss)/gain	(8,909)	(44,985)	83,330	(191,250)
Pension Transfers In	0	0	(250)	(140)
Benefits Paid	4,137	4,662	55,960	58,630
Past Service Costs (including curtailments)	(337)	(200)	(30)	0
Top-up Grant	0	0	25,679	29,788
<b>Closing Balance at 31 March</b>	<b>(224,137)</b>	<b>(283,800)</b>	<b>(1,721,497)*</b>	<b>(1,946,229)*</b>

### Reconciliation of the Movements in the Fair Value of the Scheme Assets:

	LGPS £000	
	2013/14	2014/15
<b>Opening Balance at 1 April</b>	<b>140,140</b>	<b>148,766</b>
Transfer of responsibility for the Assets from PCC to CC	0	0
Assets relating to: staff transferred to the control of the PCC; and new PCC staff in the year	(846)	(451)
Interest Income	6,342	6,508
Re-measurement (loss)/gain:		
The return on plan assets, excluding the amount included in the net interest expense	(372)	16,180
Employer Contributions	5,518	8,818
Contributions by Scheme Participants	2,121	2,227
Benefits Paid	(4,137)	(4,662)
<b>Closing Balance at 31 March</b>	<b>148,766</b>	<b>177,386</b>

\*See note 24 page 29.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The net liabilities show the underlying commitments that the CC has in the long term to pay post-employment (retirement) benefits. In assessing the liabilities for retirement benefits, the actuaries use a set of assumptions including a discount rate set by reference to long term gilt yields. The assumptions used by the actuaries in 2014/15 and the potential effect of changes in these assumptions are set out below. The total net liability of £2,052m has a substantial impact on the net assets of the CC as recorded in the Balance Sheet, resulting in a negative overall balance of £2,056m.

However, statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy. The deficit on the local government scheme will be made good by increased contributions over the working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. Finance is only required to be raised to cover police officer pensions when the pensions are actually paid.

In March 2011, Lord Hutton published his report into public sector pension provision which set out recommendations for the Government on how to ensure public service pensions were sustainable and affordable in the long term. As a result, negotiations between unions, employers and government took place and a new style LGPS was agreed, the core principle of which was the move away from a final salaried scheme towards a career average scheme (CARE).

The majority of public sector pension schemes will become CARE schemes from 1<sup>st</sup> April 2015 (including the Police Pension Scheme). However, the Local Government Pension Scheme was selected to make the transition 12 months earlier, on 1<sup>st</sup> April 2014.

The total contributions that were expected to be made to the Local Government Pension Scheme by the CC in the year to 31 March 2015 were £5.591m. However, from 1 April 2014 employer contributions are being expressed by the Actuary as a Future Service Rate and a cash lump sum deficit repair amount for each of the next three years. Both the CC and the PCC decided to take up the Staffordshire Pension Fund's option of paying the deficit repair into the Fund in one lump sum in 2014/15, discounted by 4.6% (a saving of £0.226m) to cover the amounts relating to 2014/15, 2015/16 and 2016/17. The total amount for the Group was £2.735m; approximately £2.700m relates to the employees of the CC. To ensure that the lump sum payment did not impact on the Revenue Budget in 2014/15, a transfer of £2.735m was made into the Pensions Earmarked Reserve held by the OPCC Group / PCC in 2013/14 and this was used to fund the payment in 2014/15.

As a result of this lump sum payment, the rate of employer contributions payable by the CC for LGPS members will remain constant at 15.5% throughout the 3 year period.

Expected contributions for the Police Pension Scheme in the year to 31 March 2016 are £26.683m.

# Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

## Notes to the Financial Statements

### The Local Government Pension Scheme's assets comprised:

Asset Category	Year Ended 31 March 2014		Year Ended 31 March 2015	
	Fair Value of Scheme Assets £'000	%age of Total Assets	Fair Value of Scheme Assets £'000	%age of Total Assets
<b>Equity Securities:</b>				
Consumer	11,437.2	8	15,443.7	9
Manufacturing	10,693.8	7	0	0
Energy and Utilities	6,301.3	4	4,682.0	3
Financial Institutions	11,298.9	8	11,493.7	6
Health and Care	7,880.7	5	7,558.1	4
IT	6,882.4	5	6,985.6	4
Other	3,172.5	2	13,844.1	8
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)	11,268.2	7	13,670.3	8
Corporate Bonds (non-investment grade)	0	0	0	0
UK Government	0	0	0	0
Other	0	0	0	0
<b>Private Equity:</b>				
All	4,716.8	3	5,721.4	3
<b>Real Estate:</b>				
UK Property	11,062.3	7	14,656.9	8
Overseas Property	0	0	0	0
<b>Investment Funds and Unit Trusts:</b>				
Equities	44,555.1	30	59,679.7	33
Bonds	7,317.9	5	9,627.2	5
Hedge Funds	2,852.3	2	4,304.9	2
Commodities	0	0	0	0
Infrastructure	0	0	0	0
Other	4,742.4	3	5,303.8	3
<b>Derivatives:</b>				
Inflation	0	0	0	0
Interest Rate	0	0	0	0
Foreign Exchange	0	0	0	0
Other	0	0	0	0
<b>Cash and Cash Equivalents:</b>				
All	6,391.2	4	7,115.6	4
<b>Totals:</b>	<b>150,573.0</b>	<b>100</b>	<b>180,087</b>	<b>100</b>

Approximately 1.5% (1.2% in 2013/14) of the value of these Assets relates to the PCC Single Entity and 98.5% (98.8% in 2013/14) relates to the Chief Constable.

The Police Pension Scheme has no assets to cover the liabilities.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

#### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Police Pension Scheme liabilities have been assessed by the Government Actuary Department (GAD) using their pension model. The Local Government Pension Scheme assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

The principal assumptions used by the actuary have been:

	LGPS		PPS	
	2013/14	2014/15	2013/14	2014/15
Mortality Assumptions:				
Longevity at 65 for Current Pensioners:				
Men	22.1yrs	22.1yrs	23.4yrs	23.3yrs
Women	24.3yrs	24.3yrs	25.9yrs	25.7yrs
Longevity at 65 for Future Pensioners:				
Men	24.3yrs	24.3yrs	25.6yrs	25.4yrs
Women	26.6yrs	26.6yrs	28.0yrs	27.9yrs
Rate of Inflation	2.8% pa	2.4% pa	2.5% pa	2.2% pa
Rate of Increases in Salaries	4.6% pa	4.3% pa	4.5% pa	4.2% pa
Rate of Increases in Pensions	2.8% pa	2.4% pa	2.5% pa	2.2% pa
Rate for Discounting Scheme Liabilities	4.3% pa	3.2% pa	4.4% pa	3.3% pa
Take Up of Option to Convert Annual Pension into Retirement Grant:				
Pre-April 2008 Service	50%	50%	N/A	N/A
Post-April 2008 Service	75%	75%	N/A	N/A

The estimation of the defined obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year and assumes that each change the assumption analyses changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous year.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

	Impact on the Defined Benefit Obligation in the Scheme	
	PPS	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	49,000	(49,000)
Rate of increase in salaries (increase or decrease by 1/2%)	33,000	(33,000)
Rate of increase in pensions (increase or decrease by 1/2%)	187,000	(187,000)
Rate for discounting scheme liabilities (increase or decrease by 1/2%)	232,000	(232,000)

	Impact on the Defined Benefit Obligation in the Scheme -	
	LGPS	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	8,644	(8,644)
Rate of increase in salaries (increase or decrease by 1/2%)	16,976	(16,976)
Rate of increase in pensions (increase or decrease by 1/2%)	19,149	(19,149)
Rate for discounting scheme liabilities (increase or decrease by 1/2%)	(37,353)	37,353

## 22. Events after the Balance Sheet Date

On 18th June 2015 the PCC sealed a 10 year contract with Staffordshire County Council (SCC) and Kier Ltd for the procurement of a Strategic Property Partner. This was the culmination of a 20 month project (led by SCC) to identify a private sector partner, to work with both public bodies in a partnership to provide estates strategy, estates management and estates development services. A joint venture company, owned by Kier and SCC, has been established to develop business cases and commission services which the PCC will authorise through membership of the Penda Partnership Board.

Following a complaint from a retired firefighter, the Pensions Ombudsman found the Government Actuarial Office guilty of maladministration in failing to review commutation factors from 1998 to 2006 applicable to lump sum payments due on retirement. Further details are available in supplementary note 2 on page 34.

## 23. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

A number of new or amended accounting standards have been adopted by the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom requiring changes to be made to accounting policies from 1<sup>st</sup> April 2015.

The following sets out amendments to accounting standards or new accounting standards that have been issued on or before 1<sup>st</sup> January 2015 but not yet adopted by the Code.

### IFRS13 Fair Value Measurement

IFRS13 provides a new definition of fair value and a single source of reference for almost all fair value measurements used in IFRS financial statements. It explains how to measure fair value, including when a market is less active. It also requires improved clarity through additional disclosures. It will require valuation techniques to be reviewed and amended if necessary. However, it is anticipated that there will be no significant changes to fair values as the new guidance is intended to be consistent with common valuation practices. The adoption of this standard has been deferred until the 2015/16 CIPFA Code of Practice.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

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#### 24. Prior period Restatements

Prior period restatements are the result of a pension liability that has arisen following a complaint from a retired firefighter as a result of the Government Actuary Office applying incorrect commutation factors. This is also applicable for police officers.

The Pensions Ombudsman found the Government Actuary Office guilty of maladministration in failing to review commutation factors from 1998 to 2006 applicable to lump sum. Further details are provided in supplementary note 2 on page 34.

Schedules affected are as follows:

MIRS – page 2  
Balance Sheet – page 3  
Unusable Reserves – page 7  
Pensions Reserve – page 8  
Pensions – pages 23-24

#### 25. Statement of Accounting Policies

The Chief Constable consults with the PCC regarding accounting policies and both entities have agreed to follow the accounting policies as set by the Group. The accounting policies for the Group are extensive and for that reason, only those that relate to occurring transactions are disclosed in this set of accounts. However if a new type of transaction should arise in the future, the Chief Constable would follow the accounting policy as set out in the Group Statement of Accounts.

##### I. General Principles

The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations. The Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practice. The Statement of Accounts summarises the Chief Constable's transactions for the financial year and its position at the year end. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice standard classification of expenditure at the mandatory level, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

The financial year runs 1 April to 31 March.

##### II. Accruals of Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular, expenses in relation to services received (including services by employees) are recorded as expenditure when the services are received rather than when payments are made.

##### III. Charges to Revenue for Non-Current Assets

Service revenue accounts and support services are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

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- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the loss can be written off
- amortisation of intangible assets attributable to the service.

As all non-current assets are held on the PCC's Balance Sheet, the items listed above represent the cost to the Chief Constable of using these assets. The items are included within the intra-group adjustment between the Chief Constable and the PCC. The PCC is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement of an amount considered to be prudent. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the General Fund, by way of an adjusting transaction with the Capital Adjustment Account in the PCC and OPCC Group's Movement in Reserves Statement for the difference between the two.

#### **IV. Employee Benefits**

##### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements and time off in lieu (TOIL) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the Non Distributed Costs line in the Chief Constable's Comprehensive Income and Expenditure Statement. They are charged when the Chief Constable is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy.

##### Post-Employment Benefits

Employees are members of defined benefit pension schemes which provide lump sums and pensions upon retirement:

- Police Officer Pension Schemes

Officers who have joined the Force since 1 April 2006 are entitled to become members of the New Police Pension Scheme 2006. Prior to that date Officers were entitled to become members of the Police Pension Scheme, in which benefits and contributions are determined by the Police Pensions Regulations 1987 (as amended). The schemes have no investment assets and the Pension Fund is balanced to nil each year by a transfer from the Police Fund. The Home Office then pay a top-up grant, not exceeding the amount of the transfer, back into the Police Fund. In accordance with IAS19, the charge to the Comprehensive Income and Expenditure Statement represents the increase in the benefits earned by officers in the current period, including the related finance costs and any changes in the value of the unfunded liabilities.

Both schemes are accounted for as defined benefit schemes:

- The liabilities of the schemes are attributable to the Group and to the CC and are included in the CC and OPCC Group's Balance Sheet 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

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The change in the net pensions liability is analysed into seven components:

(i) Current service cost: the increase in liabilities arising from employee service in the current year, debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

(ii) Past service cost: the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

(iii) Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to the Financing and Investment Income and Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement.

(iv) Expected return on assets: the annual investment return on the fund assets attributable to the Group and the CC, based on an average of the expected long term return; credited to the Financing and Investment Income and Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement (not applicable to the unfunded Police Pension Schemes).

(v) Gains/losses on settlements and curtailments: the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

(vi) Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions are debited to the Pensions Reserve.

(vii) Contributions paid to the pension schemes: cash paid as employer's contributions to the pension funds.

Statutory provisions limit the PCC to raising Council Tax to cover the amounts payable by the Group to the pension funds in the year. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension funds and any amounts payable to the funds but unpaid at the year end.

### Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### Injury Awards

The Group and the CC have powers to make awards to Police Officers who have ceased to be members of the police force and are permanently disabled as a result of an injury received without his/her own default in the execution of his/her duty. These payments are made in accordance with the Police (Injury Benefit) Regulations 2006.

## **V. Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the financial statements, depending on how significant the items are to an understanding of the Chief Constable's financial performance.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Notes to the Financial Statements

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#### **VI. Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting year and the date when the Statement of Accounts is authorised for issue. Two types can be identified:

- those that provide evidence of conditions that existed at the end of the reporting year – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting year – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **VII. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCoP). The total absorption costing principle is used; the full costs of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core: costs relating to the Group's status as a democratic organisation.
- Non Distributed Costs: the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCoP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

#### **VIII. Prior Year Adjustments and Changes in Accounting Policies**

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. A change may also be made to accounting policies if the Group encounters a transaction that has never arisen in the past, therefore requiring a policy to be introduced.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied. Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

#### **IX. VAT**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

Supplementary Financial Statement

**Police Pension Scheme for England and Wales**

**Pensions Fund Accounts**

FUND ACCOUNT 2013/14 £000		FUND ACCOUNT 2014/15 £000
	<b>Contributions Receivable:</b>	
(16,011)	Contributions at 24.2% of Pensionable Pay	(15,381)
(2,363)	Early Retirements	(1,468)
(45)	Other – Pre 1974 Recharge Receipts	(40)
(8,813)	Officers' Contributions	(8,908)
		(25,797)
(27,232)		
(246)	<b>Transfers in from Other Schemes</b>	(145)
	<b>Benefits Payable:</b>	
42,134	Pensions	44,211
10,665	Commutations and Lump Sum Retirement Benefits	11,016
0	Lump Sum Death Benefits	112
		55,339
52,799		
	<b>Payments to and on Account of Leavers:</b>	
0	Refunds of Contributions	17
358	Individual Transfers Out to Other Schemes	424
		441
358		
25,679	<b>Net Amount Payable for the Year</b>	29,838
(25,679)	<b>Additional Contribution from the OPCC</b>	(29,838)
0		0
Restated	<b><u>NET ASSETS STATEMENT AS AT 31 MARCH 2014/2015</u></b>	
	Recoverable from the Home Office via the OPCC	5,589
(5,589)	.Additional Lump sums due	(5,589)
(5,589)	Net (Liabilities)	0

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Supplementary Financial Statement

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#### Notes to the Supplementary Financial Statement

1. The Chief Constable is required by law to operate a pension fund and the Pension Fund for Police in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI2007 No.1932). Due to the fact that the Chief Constable does not hold assets or liabilities, no cash is transacted by the Chief Constable. All payments and receipts into and out of the fund are made by the OPCC such that the Chief Constable can fulfil the administration of the fund. The Fund is accounted for in the following ways:
  - all receipts and payments relating to the 1987 and 2006 Police Pensions Regulations are generally receivable into and payable out of the Pension Fund, unless otherwise specified in the 2007 Regulations
  - specific provision is made for officers' contributions and inward transfer values to be paid into the Fund and for awards payable and outward transfer values to be paid out of the Fund
  - the OPCC is required to make a transfer from the Police Fund to the Pension Fund for employer's contributions. The level of these contributions and the officers contributions are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department
  - transfers are required from the Police Fund to the Pension Fund on the event of specified ill health retirements and where discretionary pension payments are made
  - with some exceptions, awards payable under the Police (Injury Benefit) Regulations 2006 are met from the Police Fund rather than the Pension Fund.
2. The 2007 Regulations provide that the OPCC must transfer an amount from the Police Fund to the Pension Fund where income to the Pension Fund is less than its expenditure so that the Fund will be balanced to nil at the end of each financial year. In the year ended the 31 March 2015 the OPCC transferred £29.838m into the Fund to meet the excess expenditure in the year (£25.679m in 2013/14). Where the OPCC makes a transfer into the Pension Fund, the Home Office will pay a top-up grant to the OPCC and the OPCC acts as an intermediary for this grant receipt. The grant is shown on the CC's and OPCC Group's Comprehensive Income & Expenditure Statement but is transferred to the Pension Fund Account by an adjustment in the Statement of Movement in Reserves. The top-up grant payable to the OPCC in 2014/15 was £29.838m (£25.679m in 2013/14).

Following a complaint from a retired firefighter, the Pensions Ombudsman found the Government Actuarial Office guilty of maladministration in failing to review commutation factors from 1998 to 2006 applicable to lump sum. The full determination is available at <http://www.pensions-ombudsman.org.uk>. The case has knock-on consequences and it is likely that a large number of retired police officers will be reimbursed for the correct amount. Our pension scheme administrators have identified police officers who retired between 1st December 2001 and 30th November 2006 that may be affected by this ruling. A corresponding debtor has been recognised in the Pension Fund Accounts to reflect the Home Office liability to make the additional top up payment as laid down in the Police Pension Fund Regulations 2007 (E&W). The cost estimate does not include any additional tax cost, which is a liability for HM Treasury.

An additional pension liability of £5.6 million has been recognised in the single entity accounts of the Chief Constable and reflected in the group accounts to reflect the estimated cost of probable revised lump sum pension payments for retired police officers. An equal and opposite entry is shown in the pensions reserve in both the single entity accounts of the Chief Constable and the OPCC Group.

In the single entity accounts of the OPCC a receivable from the Home Office of £5.6m has been recognised with a matching liability due to the pension fund account.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Supplementary Financial Statement

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#### 3. Accounting policies

(a) *Transfer values*

The CC uses the receipts and payments basis for transfer values it has received or paid and for refunds of contributions. This means the accounts do not include amounts the CC owe or amounts which are owed to the CC.

(b) *Debtors and creditors*

The CC include debtors and creditors at the end of the financial year for employer's pension contributions paid in advance, top-up grant due but not received and for commuted lump sum payments to retiring police officers that have been paid but not processed through the payroll. The pension scheme financial statements do not take account of liabilities to pay pensions and other benefits after the year end. The top-up grant due but not received at 31 March 2015 was £9.408m (£11.098m at 31 March 2014).

(c) *IAS 19*

Relevant information from the pension accounts has been supplied to the Government Actuary Department (GAD), so the necessary information is available to help us meet IAS19. The Statements of Accounts for the CC and OPCC Group contain details of the long-term pension obligations in note 21 and note 36 of the Financial Statements respectively.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Glossary

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### Glossary

#### Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising
- selecting measurement bases for, and
- presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or Balance Sheet it is to be presented.

#### Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- (b) the actuarial assumptions have changed.

#### Amortisation

The measure of the cost of the benefits of the intangible assets that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of an intangible asset whether arising from use, the passage of time or obsolescence through either changes in technology or the demand for the service produced by the asset. A corresponding concept for tangible assets is known as depreciation (see below).

#### Budget

A statement of the Chief Constable's plans in financial terms. A budget is prepared and approved by the OPCC prior to the start of each financial year.

#### CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

#### Corporate and Democratic Core

These represent the costs of delivering public accountability and representation in policy making and meeting the Chief Constables' legal responsibilities.

#### Creditors

Amounts owed by the CC for work done, goods received or services rendered which have not been paid for by the end of the financial year. It is assumed that, apart from those relating to Employee Benefits (IAS19), creditors are settled by the OPCC Group / PCC as and when they fall due and, as such, no other creditors are shown on the CC's Balance Sheet.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Glossary

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#### **Current Service Cost (Pensions)**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

#### **Debtors**

Sums of money due to the CC for work done or services supplied but not received at the end of the financial year. It is assumed that amounts owing from debtors are settled to the OPCC Group / PCC as and when they fall due and, as such, no debtors are shown on the CC's Balance Sheet, apart from those relating to the Provisions that also appear on the CC's Balance Sheet.

#### **Defined Benefit Scheme**

A pension or other retirement benefit scheme, other than a defined contribution scheme, with rules that usually define the benefits independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

#### **Depreciation**

The measure of the cost or revalued amount of the benefits of the non current assets that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a non current asset whether arising from use, the passage of time or obsolescence through either changes in technology or the demand for the service produced by the asset.

#### **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The key principle is that a fair value measurement represents an exit price of an asset or liability from the perspective of market participants at the measurement date.

#### **Financial Regulations**

A written code of procedures approved by the Chief Constable and intended to provide a framework for the proper financial management of the Chief Constable. The financial regulations are supported by detailed financial instructions.

#### **IAS19**

The objective of International Accounting Standard (IAS) 19, Accounting for Retirement Benefits in Financial Statements of Employers is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable

#### **IFRS**

International Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.

## Statement of Accounts 2014/15 for the Chief Constable of Staffordshire Police

### Glossary

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#### **Impairment**

A reduction in the value of an asset below the amount shown on the Balance Sheet.

#### **Medium Term Financial Strategy (MTFS)**

A statement setting out a forecast of possible spending and government support for a forward three year period and used as a basis for planning.

#### **Non Distributed Costs**

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the Comprehensive Income and Expenditure Statement.

#### **Office of the Police and Crime Commissioner (OPCC)**

The name of the Group that, for accounting purposes, comprises the two Single Entities of the Police and Crime Commissioner for Staffordshire and the Chief Constable of Staffordshire Police. The combined Accounts are called the Statement of Accounts for the OPCC Group and are published as a separate document to this and incorporate the Accounts of the PCC Single Entity.

#### **Present Value**

The value of an asset or liability as at the Balance Sheet date.

#### **Relevant Police Officer**

The Chief Constable (England and Wales) and Commissioners of the Metropolitan or City of London Police (England). Any other senior police officer whose salary is £150,000 per year or more.

#### **Remuneration**

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

#### **Senior Employee**

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989;
- (b) the head of staff for a relevant body which does not have a designated head of paid service; or
- (c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.