



2013/14

STATEMENT OF ACCOUNTS

**FOR THE CHIEF CONSTABLE OF
STAFFORDSHIRE POLICE**

Chief Constable of Staffordshire Police

Section 1: 2013/14 Statement of Accounts

Section 2: 2013/14 Annual Governance Statement

Section 1

Chief Constable of Staffordshire Police

2013/14 Statement of Accounts

CHIEF CONSTABLE OF STAFFORDSHIRE POLICE

STATEMENT OF ACCOUNTS 2013/14

CONTENTS

Independent Auditors' Report	(i)
Explanatory Foreword and Introduction	(ii)
Statement of Responsibilities	(iii)
Financial Statements:	
• Comprehensive Income and Expenditure Statement	1
• Movement in Reserves Statement	2
• Balance Sheet	3
• Cash Flow Statement	4
Notes to the Financial Statements	5
Supplementary Financial Statement and Notes – Pensions Fund Accounts	36
Glossary	38

Independent auditors' report to The Chief Constable of Staffordshire

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Chief Constable's affairs as at 31 March 2014 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 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by the Chief Constable comprise:

- the Balance Sheet as at 31 March 2014;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Statement of Movement in Reserves 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 their preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the CIPFA Service Reporting Code of Practice 2013/14.

In applying the financial reporting framework, the Responsible 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.

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.

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.

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 financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

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

Our responsibilities and those of the 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 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

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.

Report on the pension fund accounts

Our opinion

In our opinion the pension fund accounts, defined below:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2014, and the amount and disposition of the fund's assets and liabilities as at 31 March 2014; 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 2013/14.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The pension fund accounts contained within the Statement of Accounts of the Chief Constable of Staffordshire for the year ended 31 March 2014, comprise:

- the Statement of Net Assets and Liabilities as at 31 March 2014;
- the Movements on the Pension 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 their preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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.

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 the use of resources.

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 her 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 her 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 the 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 the use of resources are operating effectively.

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
Birmingham

Date: 30 September 2014

- (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.

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.

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.

Responsibilities for the pension fund accounts and the audit

Our responsibilities and those of the 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 pension 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 2013/14.

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 and 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 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.

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.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 15 October 2013, we are satisfied that, in all significant respects, the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2014.

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 15 October 2013, as to whether the Chief Constable has proper arrangements for:

- securing financial resilience; and
- challenging how she 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 the use of resources for the year ended 31 March 2014.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Explanatory Foreword and Introduction

Explanatory Foreword and Introduction

Introduction

Staffordshire Police provides policing services for an area covering more than 2,600 square kilometres (1,000 square miles) stretching from the Peak District National Park in the north to the West Midlands conurbation border in the south. Approximately 1,098,000 people live 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 employ around 3,170 full time equivalent staff, consisting of 1,750 police officers, more than 200 police community support officers (PCSOs) and 1,170 police staff. The force is also supported by over 400 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 PCSOs 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, 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 he 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.

How we performed operationally in 2013/14

Staffordshire Police increased satisfaction levels for victims of crime, with nine out of ten victims of crime (91 per cent) and anti-social behaviour (88 per cent) saying they were satisfied with the overall service they received.

Overall crime levels increased by 2.4 per cent in Staffordshire in 2013/14, with 59,382 crimes recorded compared to 58,014 in 2012/13.

Positive reductions were recorded in levels of domestic burglary, theft from motor vehicles and theft of motor vehicles, which were reduced by a combined 7 per cent or 501 fewer offences, from 7,393 to 6,885.

Most Serious Violence with Injury also fell by 4.4 per cent.

Levels of anti-social behaviour rose by 2.7 per cent in 2013/14 to 32,371 incidents, an increase of 852 on the previous year; however this follows a period of sustained year on year decreases. There were 32,371 incidents recorded in 2013/14, a reduction of 21 per cent compared to 41,329 in 2010/11.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Explanatory Foreword and Introduction

Financial Performance in 2013/14

The attached accounts reflect the first full year of the operation of the Chief Constable (CC) within the group of the Office of the Police and Crime Commissioner (OPCC).

The Revenue Outturn

In February 2013 the OPCC approved a budget of £185.386m for the group for 2013/14. This was funded by government grants of (£117.4m) which is a reduction on the previous year of £1.9m (1.6%). There was no increase in council tax with the Band D equivalent average remaining at £177.61 per household generating council tax income of £56.1m.

A budget of £180.300m was delegated to the Chief Constable for operational policing and pensions. Net expenditure against the Chief Constable's budget was £174.839m resulting in a saving of £5.461m. This saving was achieved mainly through not requiring contingencies set aside and savings on pay, transport and additional income received to the budget. This was a higher underspend than forecast during the year and monitoring arrangements have been reviewed and revised in the new year.

The group underspend of £5.7m will be utilised for operational policing (£1.1m) and in preparation for future financial challenges through a pre-payment on pension contributions achieving a future discounted contribution rate (£2.7m), funding future innovation and transformation (£1m) and to increase general reserves (£0.9m).

Following guidance received from the Audit Commission in April 2014 the accounts for the Chief Constable for 2012/13 have been restated to ensure consistent accounting treatment in relation to Employee Costs (IAS19), specifically for accumulated absences and pension costs.

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.

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 2013/14 result in a total net pensions liability of £1,791m that has a substantial effect on the net assets of the CC as recorded in the balance sheet, however, the statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy.

The Capital Outturn

Capital expenditure amounting to £4.627m was incurred in 2013/14 on assets to support policing. These assets are owned by the OPCC (then managed and utilised by the CC) who funded their purchase through government grant (£1.606m), capital receipts (£0.643m), capital reserves of £1.494m, revenue contributions in the year of £0.199m and internal borrowing of £0.685m. The expenditure funded vehicles of £1.295m, estate and buildings of £1.110m and information technology and equipment of £2.222m.

Reserves

The Chief Constable does not hold any usable reserves as these are managed by the PCC. At the group level the OPCC holds £20.2m usable reserves with general reserves to provide against unforeseen events at 3.5% of the budget, in line with the policy. Further details of the group reserves is included within the statement of accounts for the OPCC.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Explanatory Foreword and Introduction

Financial outlook for the future

The financial future is still forecast to be challenging. It is forecast that the budget is balanced in years 14/15 and 15/16 with a growing gap estimated to reach £18m in 2020. A medium term strategy is being updated to forecast the financial outlook for the future and develop transformational initiatives to both improve services and to meet the anticipated financial gap

In conclusion I believe that these accounts demonstrate a sound financial position with good financial management and plans progressing to address the financial challenges for the future.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Statement of Responsibilities

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 2013/14.



Jane Sawyers
Chief Constable
Staffordshire Police

Date: 24 September 2014

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Statement of Responsibilities

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 2014 and its income and expenditure for the year ended 31 March 2014.



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

Date: 24 September 2014

Statement of Accounts 2013/14 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. 2012/13 figures have been restated as explained fully in note 24.

2012/13 Restated Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Restated Net Expenditure £000		2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000
81,566	0	81,566	Local Policing	82,151	(796)	81,355
16,884	0	16,884	Dealing with the Public	17,350	(73)	17,277
15,342	0	15,342	Criminal Justice Arrangements	14,901	(670)	14,231
6,408	0	6,408	Road Policing	6,888	(521)	6,367
10,856	0	10,856	Specialist Operations	10,252	(1,232)	9,020
8,413	0	8,413	Intelligence	7,241	(45)	7,196
33,253	0	33,253	Specialist Investigation	33,432	(548)	32,884
7,840	0	7,840	Investigative Support	7,264	(24)	7,240
2,078	0	2,078	National Policing	3,507	(1,208)	2,299
0	0	0	Corporate and Democratic Core	0	0	0
627	0	627	Non Distributed Costs	617	0	617
183,267	0	183,267	Cost of Services Before Intra-group Funding	183,603	(5,117)	178,486
(198,888)	0	(198,888)	Intra-group Funding	(191,980)	5,117	(186,863)
(15,621)	0	(15,621)	Total Cost of Services	(8,377)	0	(8,377)
		0	(Gains) / Losses on the Disposal of Non-Current Assets			0
		79,619	Financing and Investment Net Expenditure (Note 7)			82,209
		(25,501)	Taxation and Non-Specific Grant Income (Note 9)			(25,679)
		38,497	Deficit on Provision of Services (Note 6)			48,153
		0	Deficit on Revaluation of Non Current Assets			0
		215,929	Remeasurements of the net defined benefit Liabilities / (Assets) (Note 21)			(74,418)
		215,929	Other Comprehensive Net Expenditure / (Income)			(74,418)
		254,426	Total Comprehensive Net Expenditure / (Income)			(26,265)

Statement of Accounts 2013/14 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.

2012/13 figures have been restated as explained fully in note 24.

	<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</u>	<u>Total CC Reserves</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance as at 1 April 2012	0	0	0	0	0	(1,566,954)	(1,566,954)
<i>Movement in Reserves During 2012/13:</i>							
Deficit on the Provision of Services (Note 6)	(38,497)	0	0	0	(38,497)	0	(38,497)
Other Comprehensive Income and Expenditure (Note 21)	0	0	0	0	0	(215,929)	(215,929)
Total Comprehensive Income and Expenditure	(38,497)	0	0	0	(38,497)	(215,929)	(254,426)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	38,497	0	0	0	38,497	(38,497)	0
Net Increase before Transfers to Earmarked Reserves	0	0	0	0	0	(254,426)	(254,426)
Transfers To/From Earmarked Reserves	0	0	0	0	0	0	0
(Decrease) in 2012/13	0	0	0	0	0	(254,426)	(254,426)
Balance at 31 March 2013 Carried Forward	0	0	0	0	0	(1,821,380)	(1,821,380)
<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
Total Comprehensive Income and Expenditure	(48,153)	0	0	0	(48,153)	74,418	26,265
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	48,153	0	0	0	48,153	(48,153)	0
Net Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	26,265	26,265
Transfers To/From Earmarked Reserves	0	0	0	0	0	0	0
Increase in 2013/14	0	0	0	0	0	26,265	26,265
Balance at 31 March 2014 Carried Forward	0	0	0	0	0	(1,795,115)	(1,795,115)

Statement of Accounts 2013/14 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'. 2012/13 figures have been restated and the restated opening balances as at 1 April 2012 have also been shown on the Balance Sheet. The restatements are explained fully in note 24.

Restated 1 April 2012 £000	Restated 31 March 2013 £000		31 March 2014 £000
0	0	Land and Buildings	0
0	0	Vehicles, Plant and Equipment	0
0	0	Intangible Assets	0
0	0	Long Term Assets	0
0	0	Assets Held for Sale	0
0	0	Short Term Investments	0
0	2,755	Short Term Debtors	4,675
0	0	Cash and Cash Equivalents	0
0	2,755	Current Assets	4,675
0	0	Bank Overdrafts	0
0	0	Short Term Borrowing	0
(4,431)	(8,029)	Short Term Creditors	(6,373)
0	0	Provisions	(802)
(4,431)	(8,029)	Current Liabilities	(7,175)
0	0	Provisions	(1,336)
0	0	Long Term Borrowing	0
0	0	Other Long Term Liabilities	0
(1,562,523)	(1,816,106)	Liability Related to Defined Benefit Pension Schemes	(1,791,279)
(1,562,523)	(1,816,106)	Long Term Liabilities	(1,792,615)
(1,566,954)	(1,821,380)	Net Liabilities	(1,795,115)
		Financed by:	
		Usable Reserves:	
0	0	General Fund	0
0	0	Earmarked Reserves	0
(1,566,954)	(1,821,380)	Unusable Reserves	(1,795,115)
(1,566,954)	(1,821,380)	Total Reserves	(1,795,115)

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

Statement of Accounts 2013/14 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 period. The Chief Constable did not have a bank account nor hold any cash balances or make any banking transactions during 2012/13 or 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. 2012/13 figures have been restated for comparative purposes; previously all the Cash Flow entries were zero, as explained fully in note 24.

Restated 2012/13		2013/14	
£000	£000	£000	£000
Cash Flows from Operating Activities:			
Cash Outflows			
151,838		142,333	
59,402		66,282	
0		0	
	211,240		208,615
Cash Inflows			
0		0	
0		0	
0		0	
(26,182)		(23,302)	
(185,058)		(180,560)	
0		(4,753)	
0		0	
	(211,240)		(208,615)
0			0
Net Cash Flows From Operating Activities			
Cash Flows from Investing Activities:			
Cash Outflows			
0			0
Cash Inflows			
0		0	
0		0	
0		0	
	0		0
0			0
Net Cash Flows from Investing Activities			
Cash Flows from Financing Activities:			
0		0	
0		0	
0		0	
0		0	
	0		0
0			0
Net Cash Flows from Financing Activities			
Net Decrease In Cash and Cash Equivalents			
0			0
0			0
Cash and Cash Equivalents at the end of the Reporting Year			

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

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 2013/14 Statement of Accounts are the second to be presented under the new arrangement. In accordance with the CIPFA Code of Practice on Local Authority Accounting 2013/14, the CIPFA LAAP Bulletin 98a and guidance from the Audit Commission, the transactions for 2012/13 and 2013/14, opening balances as at 1 April 2012 and 1 April 2013 and closing balances as at 31 March 2013 and 31 March 2014 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.

In 2012/13 the single entity accounts of the Chief Constable showed a Balance Sheet, Movement on Reserves Statement and Cash Flow with all nil balances. Following further guidance received by the Audit Commission and taking into account the relevance of Stage 2 transfers to 2013/14, insofar as it may give further evidence of the underlying substance of the transactions at Stage 1, the Core Statements now show the relevant transactions, assets and liabilities for each of the Single Entities. Where appropriate, 2012/13's Statements and associated notes have been restated to reflect this and further explanation is provided at note 24. The governance framework effectively changed and became clearer during 2013/14 and certain items, namely Operational Income and Provisions, have now been shown on the CC's CIES and Balance Sheet as they are now under the direction and control of the Chief Constable. It is considered that this was not clear during 2012/13 and the decision has been taken not to restate for these items.

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 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

3. Adjustments between Accounting Basis and Funding Basis under Regulations

2012/13 COMPARATIVES RESTATED *	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments Primarily Involving the Pensions Reserve:				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement (notes 4 (ii) and 21)	125,697	0	0	(125,697)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year (notes 4 (ii) and 21)	(62,542)	0	0	62,542
Additional Contribution to the Pension Fund to the Deficit on the Fund Account (notes 4 (ii) and 21)	(25,501)	0	0	25,501
Adjustment Involving the Accumulated Absences Account				
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))	843	0	0	(843)
Total Adjustments	38,497	0	0	(38,497)

2013/14	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments Primarily Involving the Pensions Reserve:				
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
Adjustment Involving the Accumulated Absences Account				
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
Total Adjustments	48,153	0	0	(48,153)

* restated to reflect the adjustments to the Core Statements, as explained in Note 24. All of the above figures were originally zero; further explanation is also provided in Notes 4 (i) and 21.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

4. Unusable Reserves

	Restated Balance 1 April 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance 31 March 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance 31 March 2014
	£000	£000	£000	£000	£000	£000	£000
Accumulated Absences Account	(4,431)	4,431	(5,274)	(5,274)	5,274	(3,836)	(3,836)
Pensions Reserve	(1,562,523)	88,043	(341,626)	(1,816,106)	161,575	(136,748)	(1,791,279)
Total	(1,566,954)	92,474	(346,900)	(1,821,380)	166,849	(140,584)	(1,795,115)

(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 2013 and 31 March 2014.

Restated 2012/13 £000		2013/14 £000
0	Balance as at 1 April	(5,274)
(4,431)	Transfer of responsibility for the Reserve from PCC to CC	0
4,431	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	5,274
(5,274)	Amounts Accrued at the End of the Current Year	(3,836)
(843)	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.	1,438
(5,274)	Balance as at 31 March	(3,836)

(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 2013/14 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.

The restatement of the 2012/13 figures for the CC Single Entity is fully explained in Note 21.

Restated 2012/13 £000		2013/14 £000
0	Balance as at 1 April	(1,816,106)
(1,562,523)	Transfer of responsibility for the Reserve from PCC to CC	0
(215,929)	Remeasurement of the net defined benefit Liability	74,418
(125,697)	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement	(136,748)
62,542	Employers Pensions Contributions and Direct Payments to Pensioners Payable in the Year	61,478
25,501	Additional Contribution to the Pension Fund to Balance the Deficit on the Fund Account	25,679
(1,816,106)	Balance as at 31 March	(1,791,279)

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.

2012/13 £000		2013/14 £000
	Financial resources of OPCC consumed at the request of the Chief Constable	
86,470	Police Officer Pay and Allowances	85,391
47,265	Police Staff Pay and Allowances	46,228
3,167	Other Employee Expenses	4,932
5,748	Police Pensions	5,248
5,990	Premises	5,930
4,368	Transport	4,115
16,359	Supplies and Services	15,947
3,704	Third Party Payments	4,760
10,196	Depreciation, Amortisation and Impairment Losses*	11,052
183,267	Total Financial resources of OPCC consumed at the request of the Chief Constable	183,603
0	Total Income	(5,117)
183,267	Net Cost of Policing Services before Intra-Group Funding	178,486

* 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.

Statement of Accounts 2013/14 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

2012/13			2013/14		
Operational	Pensions	Total	Operational	Pensions	Total
£000	£000	£000	£000	£000	£000
(7,684)	0	(7,684)	(3,460)	0	(3,460)
(2,495)	0	(2,495)	(2,124)	0	(2,124)
(1,748)	0	(1,748)	(1,745)	0	(1,745)
(127)	0	(127)	(61)	0	(61)
(12,054)	0	(12,054)	(7,390)	0	(7,390)
152,878	6,313	159,191	144,587	6,368	150,955
32,480	0	32,480	31,572	0	31,572
(2,745)	0	(2,745)	(298)	0	(298)
182,613	6,313	188,926	175,861	6,368	182,229
170,559	6,313	176,872	168,471	6,368	174,839

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

2012/13		2013/14	
£000	£000	£000	£000
176,872	Net Expenditure as Reported to the Chief Constable	174,839	
(4,672)	Reported to Management, Not Included in Net Cost of Services	(4,837)	
Not Reported to Management for Decision Making:			
(16,464)	IAS 19 – Retirement Benefits	(6,939)	
10,196*	Depreciation, Amortisation and Impairment	11,052	
843	Employee Benefits	(1,438)	
16,168	Reported elsewhere in the Group	6,347	
324*	Other	(538)	
			8,484
11,067			
183,267	Cost of Services in Comprehensive Income and Expenditure Statement		178,486

* restated by £0.044m, as incorrect Depreciation figure shown in this note in 2012/13; figure now agrees with Depreciation shown in the Reconciliation to Subjective Analysis note.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

Reconciliation to Subjective Analysis 2012/13

	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	Corpora te Amount s	Total
	£000	£000	£000	£000	£000	£000	£000
Employee Expenses	159,191	(1,395)	(15,863)	141,933	(157,554)	0	(15,621)
Other Service Expenses	29,735	(3,080)	4,483	31,138	(31,138)	0	0
Depreciation, Amortisation and Impairment	0	0	10,196	10,196	(10,196)	0	0
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	0	0	0
Interest Payments	0	0	0	0	0	0	0
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	0	79,619	79,619
Total Expenditure	188,926	(4,475)	(1,184)	183,267	(198,888)	79,619	63,998
Government Grants and Contributions	(7,684)	(197)	7,881	0	0	(25,501)	(25,501)
Fees, Charges and Other Service Income	(4,370)	0	4,370	0	0	0	0
Interest and Investment Income	0	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	0	0	0
Total Income	(12,054)	(197)	12,251	0	0	(25,501)	(25,501)
Surplus or Deficit on the Provision of Services	176,872	(4,672)	11,067	183,267	(198,888)	54,118	38,497

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
Interest Payments	0	0	0	0	0	0	0
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	0	82,209	82,209
Total Expenditure	182,229	(4,660)	6,034	183,603	(191,980)	82,209	73,832
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
Total Income	(7,390)	(177)	2,450	(5,117)	5,117	(25,679)	(25,679)
Surplus or Deficit on the Provision of Services	174,839	(4,837)	8,484	178,486	(186,863)	56,530	48,153

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

7. Financing and Investment Income and Expenditure

Restated 2012/13 £000		2013/14 £000
0	Interest Payable and Similar Charges	0
79,619	Pensions Net Interest Cost	82,209
0	Interest Receivable and Similar Income	0
79,619	Total	82,209

The restatement of the 2012/13 figures for the CC Single Entity is fully explained in Note 21.

8. Specific Grants

Included within the Gross Income figure in the Net Cost of Services for the CC are contributions of £1.042m. 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 (pages 36 to 37).

10. Audit Fees

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

2012/13 £		2013/14 £
20,000	Fees Payable to PricewaterhouseCoopers LLP with Regard to External Audit Services Carried out by the Appointed Auditor for the Year	20,000
-	Additional Fees Payable in Respect of External Audit Services in relation to the new Finance System carried out by PricewaterhouseCoopers LLP during the Year	2,772
20,000	Total Before Rebate	22,772
-	Rebate from Audit Commission	(2,737)
20,000	Total Audit Fees within Net Cost of Services	20,035

Statement of Accounts 2013/14 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:

2012/13 £000		2013/14 £000
269	No Later Than One Year	256
1,445	Later Than One Year and Not Later Than Five Years	1,169
2	Later Than Five Years	2
1,716	Total Leasing Commitments	1,427

The annual lease payments for premises, which were charged to revenue, amounted to £0.570m (£0.416m in 2012/13).

The Group also made payments under rental agreements for photocopiers ("all-in-one" laser printer, scanner, copiers) amounting to £0.097m in the year (£0.101m in 2012/13).

12. Termination Benefits and Exit Packages

During 2013/14 the CC approved 21 voluntary redundancies and early retirements (55 in 2012/13) at a total cost of £1.278m (£2.139m in 2012/13). 13 of the employees will not leave the organisation until after 1 April 2014 and a provision of £0.781m 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	
	2012/13	2013/14	2012/13 £	2013/14 £
£0 - £20,000	14	1	170,411	6,463
£20,001 - £40,000	16	7	482,408	226,646
£40,001 - £60,000	14	6	666,389	300,833
£60,001 - £80,000	10	3	699,894	211,723
£80,001 - £100,000	0	3	0	264,244
£100,001 - £120,000	1	1	119,607	267,780
Total	55	21	2,138,709	1,277,689

The Group also approved the introduction of a Voluntary Exit Scheme (VES) for Police Officers and this resulted in 37 Police Officers leaving in 2013/14 at a total cost of £1.543m. One Officer will not leave the organisation until after 1 April 2014 and a provision of £0.021m has been set aside to meet this cost. A further 7 Officers, who were either on career break or maternity leave when the scheme was run have now been approved to leave under this scheme and payments totalling approximately £0.230m will be made for these during 2014/15. The VES was run for a limited time during the year and resulted in savings in pay costs of £0.862m during 2013/14 to offset against the additional costs; the scheme will therefore pay for itself in less than 2 years.

Statement of Accounts 2013/14 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	
	2012/13	2013/14	2012/13 £	2013/14 £
£0 - £20,000	0	9	0	151,366
£20,001 - £40,000	0	10	0	276,981
£40,001 - £60,000	0	12	0	616,676
£60,001 - £80,000	0	6	0	401,129
£80,001 - £100,000	0	0	0	0
£100,001 - £120,000	0	1	0	117,511
Total	0	38	0	1,563,663

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 were:

Remuneration Band	Number of Employees	
	2012/13	2013/14
£50,000 - £54,999	93	76
£55,000 - £59,999	54	48
£60,000 - £64,999	14	19
£65,000 - £69,999	3	2
£70,000 - £74,999	5	2
£75,000 - £79,999	5	3
£80,000 - £84,999	1	2
£85,000 - £89,999	3	2
£90,000 - £94,999	0	0
£95,000 - £99,999	0	2
£100,000 - £104,999	1	0
£105,000 - £109,999	0	0
£110,000 - £114,999	2	1
£115,000 - £119,999	1	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	1	1
£145,000 - £149,999	0	0
£150,000 - £155,000	0	0
Total	183	158

The higher number of employees earning £50,000 – £59,999 in 2012/13 can be largely attributed to an increase in overtime payments relating to the Olympics.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

14. 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
Assistant Chief Constable A	(d) & (f)	94,301	0	2,909	3,066	100,276	22,821	123,097
Assistant Chief Constable B	(d)	95,635	0	0	2,635	98,270	23,144	121,414
Assistant Chief Constable C	(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
Sub Total Chief Constable		533,906	0	11,759	17,050	562,715	122,049	684,764

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 2013/14 for the Chief Constable of Staffordshire Police

[Notes to the Financial Statements](#)

Disclosure of Remuneration for Senior Executives 2012/13

Post Holder Information	Note	Salary £	Bonuses and Expense Allowances £	Benefits in Kind £	Other Payments £	Total Remuneration Excluding Pension Contributions 2012/13 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2012/13 £
Chief Constable	(d) & (f)	139,119	0	6,404	3,543	149,066	33,667	182,733
Deputy Chief Constable	(a), (d) & (f)	106,132	0	3,942	2,836	112,910	25,684	138,594
Temporary Deputy Chief Constable	(b), (d) & (f)	108,005	0	5,601	3,066	116,672	26,137	142,809
Assistant Chief Constable	(d) & (f)	93,753	0	2,423	3,066	99,242	22,688	121,930
Temporary Assistant Chief Constable	(c) & (d)	11,440	0	0	322	11,762	2,768	14,530
Chief Financial Officer	(e)	102,315	0	6,630	3,944	112,889	15,961	128,850
Sub Total Chief Constable		560,764	0	25,000	16,777	602,541	126,905	729,446

Note (a): Deputy Chief Constable left the organisation 03/03/2013

Note (b): Assistant Chief Constable promoted to temporary Deputy Chief Constable 18/02/2013

Note (c): Promoted to Temporary Assistant Chief Constable from 18/02/2013; figure has been restated to show only the remuneration paid from this date (figure previously reported showed the individual's pay for the whole year)

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 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

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 1st October 2013, the joint arrangement with West Mercia Police for the provision of air support has ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2013/14 amounted to £492k (£472k in 2012/13).

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

A pooled budget arrangement exists with West Midlands Police and West Mercia Constabulary for the Policing of the Motorway network in the West Midlands area known as the Central Motorway Police Group. West Midlands Police 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 PCC's balance sheet.

The three PCCs have an agreement in place for funding this unit with contributions to the agreed budget of 50.7% from West Midlands Police, 25.4% from West Mercia Police and 23.9% from Staffordshire. 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.

Statement of Accounts 2013/14 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:

2012/13 £000		2013/14 £000
Funding Provided to the Pooled Budget:		
4,261	Contribution from West Midlands PCC	4,016
2,137	Contribution from West Mercia PCC	2,015
2,013	Contribution from Staffordshire PCC	1,897
8,411	Total Funding Provided to the Pooled Budget	7,928
Expenditure Met from the Pooled Budget:		
7,486	Pay and Allowances	7,193
56	Premises Costs	62
627	Transport Costs	593
286	Supplies and Services	212
8,455	Total Expenditure	8,060
(44)	Income Received to the Pooled Budget	(132)
(44)	Total Income	(132)
8,411	Total Net Expenditure	7,928
0	Net Surplus/(deficit) arising during the year	0
0	Staffordshire Police share of 23.9% of net surplus / (deficit) arising during the year	0

Statement of Accounts 2013/14 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 2015. Details of the expenditure are as follows:

2012/13 £000		2013/14 £000
	Funding Provided to the Pooled Budget:	
100	Contribution from West Midlands Police	0
60	Contribution from Staffordshire Police	0
160	In Year Funding Provided to the Pooled Budget	0
92	Surplus carried forward from previous year	113
252	Total Funding to the Pooled Budget	113
	Expenditure Met from the Pooled Budget:	
9	Premises	(42)
130	Supplies and Services	(3)
139	Total Expenditure	(45)
0	Income Received to the Pooled Budget	0
113	Net Surplus/(deficit) arising during the year	68
(113)	Surplus carried forward as a creditor on the balance sheet of OPCC Staffordshire	(68)
0	Closing Net Surplus/(deficit)	0

(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 2013/14 a contribution of £0.136m (£0.135m in 2012/13) 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 2014, 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 £0.075m has been made by West Midlands Police towards the cost of the service during 2013/14. This figure is included in the Comprehensive Income and Expenditure Statement of the CC. As of the Balance Sheet date of 31 March 2014, no formal agreement had yet been signed, but this was expected to happen during early 2014/15.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

(vi) Justice Services

During 2013/14 a collaborative working arrangement commenced with West Midlands Police for the joint management of the Justice Services Departments for the two Forces. There has been no formal update of the financial protocol and the Collaboration Board have agreed that no transfer of funds will take place unless there was a significant net movement of posts between the Forces.

17. 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 employee provision (£0.802m), insurance provision (£1.336m) and the PAYE / NI creditor (£2,537m) that are shown on the CC's Balance Sheet (PAYE / NI creditor only in 2012/13). No cash funding has been paid over from the PCC to the CC for these as at 31 March 2014 and an equal and opposite entry is included within Creditors in the PCC's Single Entity Accounts.

31 March 2013 £000		31 March 2014 £000
0	Central Government Bodies	0
0	Other Local Authorities	0
2,755	Intra-Group Funding not yet paid over from the PCC in cash	4,675
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
0	Other Entities and Individuals	0
2,755	Total Short Term Debtors	4,675

18. Creditors

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

31 March 2013 £000		31 March 2014 £000
2,755	Central Government Bodies	2,537
0	Other Local Authorities	0
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
5,274	Other Entities and Individuals	3,836
8,029	Total Short Term Creditors	6,373

19. Provisions

Provisions fall into two categories depending on when the related payments are expected to be made. Provisions with expected payouts 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 2013/14 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.

2012/13 £000		2013/14 £000
0	Balance as at 1 April	0
0	Transfer of control of Provision from the PCC to the CC	1,000
0	Contribution to Provision in Year	802
0	Net Expenditure in the Year	(1,000)
<u>0</u>	Balance as at 31 March	<u>802</u>

(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.

2012/13 £000		2013/14 £000
0	Balance as at 1 April	0
0	Transfer of control of Provision from the PCC to the CC	1,802
0	Contribution to Provision in Year	248
0	Interest on balances transferred to the Provision	15
0	Net Expenditure in the Year	(729)
<u>0</u>	Balance as at 31 March	<u>1,336</u>

20. Analysis of 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 £23.302m (£26.182m in 2012/13) therefore differs to that shown in the CIES, which is prepared on an accruals basis.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

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 2014 (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, 98.8% (99.4% in 2012/13).

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 2013/14 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	
	2012/13	2013/14	2012/13	2013/14
Cost of Services:				
<i>Service cost comprising:</i>				
Current Service Cost	(6,081)	(7,692)	(39,370)	(46,230)
Past Service Cost (including curtailments)	(537)	(337)	(40)	(30)
Pension Transfers In	0		(50)	(250)
Financing and Investment Income and Expenditure:				
Interest Cost on defined benefit obligation	(7,888)	(9,131)	(77,490)	(79,420)
Interest Income on Plan Assets	5,759	6,342	0	0
Total Post Employment Benefit Charged to the Surplus or Deficit on Provision of Services	(8,747)	(10,818)	(116,950)	(125,930)

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

Remeasurement of the net defined benefit Liability:*	2012/13 £000 (215,929)	2013/14 £000 74,418
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Comprising:

	LGPS £000		PPS £000	
	2012/13	2013/14	2012/13	2013/14
Obligations relating to staff transferred to the control of the PCC	0	369	0	0
Return on plan assets (excluding the amount Included in the net interest expense)	12,193	(372)	n/a	n/a
Actuarial gains and losses arising on changes in demographic assumptions	0	(5,827)	360	(200)
Actuarial gains and losses arising on changes in financial assumptions	(26,407)	(2,914)	(255,260)	58,380
Actuarial gains and losses on liabilities - experience	105	(168)	53,080	25,150
Total Post-employment Benefits charged to the CIES:	(14,109)	(8,912)	(201,820)	83,330

* Under IAS19 2011 revised (effective from 2013/14), the "Actuarial gain / (loss)" has now been renamed the "Remeasurement of net defined benefit liability".

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

Movement in Reserves Statement

	LGPS £000		PPS £000	
	2012/13	2013/14	2012/13	2013/14
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	8,747	10,818	116,950	125,930
<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	(5,492)	(5,518)	(57,050)	(55,960)
Total	3,255	(5,300)	59,900	69,970

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:

	2012/13 £000	2013/14 £000
Present Value of defined benefit obligations		
• PPS	(1,754,947)	(1,715,908)
• LGPS	(201,299)	(224,137)
	140,140	148,766
Fair Value of LGPS Assets		

Deficit in the Scheme		
• PPS	(1,754,947)	(1,715,908)
• LGPS	(61,159)	(75,371)
Total	(1,816,106)	(1,791,279)

Statement of Accounts 2013/14 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		Unfunded Liabilities: PPS	
	£000		£000	
	2012/13	2013/14	2012/13	2013/14
Opening Balance at 1 April	0	(201,299)	0	(1,754,947)
Transfer of responsibility for the Liabilities from PCC to CC	(161,642)	0	(1,518,728)	
Obligations relating to staff transferred to the control of the PCC	0	1,215	0	0
Current Service Cost	(6,081)	(7,692)	(30,810)	(37,420)
Interest Cost	(7,888)	(9,131)	(77,490)	(79,420)
Contributions by Scheme Participants	(2,160)	(2,121)	(8,560)	(8,810)
Remeasurement gain/(loss)	(26,302)	(8,909)	(201,820)	83,330
Pension Transfers In	0	0	(50)	(250)
Benefits Paid	3,311	4,137	57,050	55,960
Past Service Costs (including curtailments)	(537)	(337)	(40)	(30)
Top-up Grant	0	0	25,501	25,679
Closing Balance at 31 March	(201,299)	(224,137)	(1,754,947)	(1,715,908)

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

	LGPS	
	£000	
	2012/13	2013/14
Opening Balance at 1 April	0	140,140
Transfer of responsibility for the Assets from PCC to CC	117,847	
Assets relating to: staff transferred to the control of the PCC; and new PCC staff in the year	0	(846)
Interest Income*	5,759	6,342
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense*	12,193	(372)
Employer Contributions	5,492	5,518
Contributions by Scheme Participants	2,160	2,121
Benefits Paid	(3,311)	(4,137)
Closing Balance at 31 March	140,140	148,766

* 2012/13 amounts restated as per CIES note above.

Statement of Accounts 2013/14 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 2013/14 and the potential effect of changes in these assumptions are set out below. The total net liability of £1,791m has a substantial impact on the net assets of the CC as recorded in the Balance Sheet, resulting in a negative overall balance of £1,795m.

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 1st April 2015 (including the Police Pension Scheme). However, the Local Government Pension Scheme was selected to make the transition 12 months earlier, on 1st 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 have 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 is £2.735m; approximately £2.700m relates to the employees of the CC. To ensure that the lump sum payment does not impact on the Revenue Budget in 2014/15, a transfer of £2.735m has been made into the Pensions Earmarked Reserve held by the OPCC Group / PCC in 2013/14 and this will be 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 2015 are £15.867m. The rate of employer contributions payable by the CC for PPS members will remain at 24.2%.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

The Local Government Pension Scheme's assets comprised:

Asset Category	Period Ended 31 March 2013		Period Ended 31 March 2014	
	Fair Value of Scheme Assets £'000	%age of Total Assets	Fair Value of Scheme Assets £'000	%age of Total Assets
Equity Securities:				
Consumer	12,968.8	9%	11,437.2	8%
Manufacturing	7,915.2	6%	10,693.8	7%
Energy and Utilities	5,907.1	4%	6,301.3	4%
Financial Institutions	10,810.7	8%	11,298.9	8%
Health and Care	7,334.6	5%	7,880.7	5%
IT	5,872.6	4%	6,882.4	5%
Other	3,059.4	2%	3,172.5	2%
Debt Securities:				
Corporate Bonds (investment grade)	10,681.0	8%	11,268.2	7%
Corporate Bonds (non-investment grade)	0	0%	0	0%
UK Government	0	0%	0	0%
Other	0	0%	0	0%
Private Equity:				
All	4,509.1	3%	4,716.8	3%
Real Estate:				
UK Property	10,973.5	8%	11,062.3	7%
Overseas Property	0	0%	0	0%
Investment Funds and Unit Trusts:				
Equities	43,166.2	31%	44,555.1	30%
Bonds	7,174.4	5%	7,317.9	5%
Hedge Funds	2,584.4	2%	2,852.3	2%
Commodities	0	0%	0	0%
Infrastructure	0	0%	0	0%
Other	4,731.3	3%	4,742.4	3%
Derivatives:				
Inflation	0	0%	0	0%
Interest Rate	0	0%	0	0%
Foreign Exchange	0	0%	0	0%
Other	0	0%	0	0%
Cash and Cash Equivalents:				
All	3,297.7	2%	6,391.2	4%
Totals:	140,986.0	100%	150,573.0	100%

Approximately 1.2% (0.6% in 2012/13) of the value of these Assets relates to the PCC Single Entity and 98.8% (99.4% in 2012/13) relates to the Chief Constable.

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

Statement of Accounts 2013/14 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	
	2012/13	2013/14	2012/13	2013/14
Mortality Assumptions:				
Longevity at 65 for Current Pensioners:				
Men	21.2yrs	22.1yrs	23.3yrs	23.4yrs
Women	23.4yrs	24.3yrs	25.8yrs	25.9yrs
Longevity at 65 for Future Pensioners:				
Men	23.3yrs	24.3yrs	25.7yrs	25.6yrs
Women	25.6yrs	26.6yrs	27.9yrs	28.0yrs
Rate of Inflation	2.8% pa	2.8% pa	2.5% pa	2.5% pa
Rate of Increases in Salaries	5.1% pa	4.6% pa	4.75% pa	4.5% pa
Rate of Increases in Pensions	2.8% pa	2.8% pa	2.5% pa	2.5% pa
Rate for Discounting Scheme Liabilities	4.5% pa	4.3% pa	4.3% pa	4.4% 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 period 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 period.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	32,000	(32,000)
Rate of increase in salaries (increase or decrease by 1/2%)	37,000	(37,000)
Rate of increase in pensions (increase or decrease by 1/2%)	153,000	(153,000)
Rate for discounting scheme liabilities (increase or decrease by 1/2%)	(190,000)	190,000

	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)	6,806	(6,806)
Rate of increase in salaries (increase or decrease by 1/2%)	12,500	(12,500)
Rate of increase in pensions (increase or decrease by 1/2%)	14,951	(14,951)
Rate for discounting scheme liabilities (increase or decrease by 1/2%)	(28,138)	28,138

22. Events after the Balance Sheet Date

The financial statements were authorised for issue by the CFO to the Chief Constable on 24 September 2014. All events relevant to the financial year ended 31 March 2014 have been taken into consideration up to this date and where considered material recognised in the Statement of Accounts. There can be no reasonable expectation that events could have been taken into account by the Chief Constable and the OPCC Group after this date.

The implications of Stage 2 transfer and the new Local Government Pension Scheme have been set out in Notes 1 and 21 respectively.

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 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom requiring changes to be made to accounting policies from 1 April 2014. However, none of these changes will have a significant impact on the Statement of Accounts of the OPCC Group or the CC Single Entity.

24. Explanation of Adjustments from a Previous Period

The CC Single Entity's Comprehensive Income and Expenditure Statement and Balance Sheet for 2012/13 have been restated due to additional guidance received from the Audit Commission in April 2014 relating to the consistent accounting treatment for the PCC and CC Single Entity Accounts, specifically in relation to Employee Costs (IAS19).

The entries in the Accounts relating to Accumulated Absences, PAYE / NI Creditors and Pensions Costs have now been split between the PCC and CC Single Entities, based on the numbers of employees in 2012/13 directly under the control of the PCC and CC respectively. Following Stage 1, but prior to Stage 2, Police Staff had a contract of employment with the PCC. Following Stage 2 transfer on 1 April 2014, the vast majority of staff now have contracts of employment with the Chief Constable as they are under the direction and control of the Chief Constable. As these staff have been under the direction and control of the Chief Constable since Stage 1,

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

the Accounts reflect the substance of these arrangements rather than the legal form that existed prior to Stage 2 transfer.

Police Officers have remained under the direction and control of the Chief Constable throughout the process and the Single Entity Accounts now reflect this with the Police Officers' Accumulated Absences and Pensions Costs and the respective Reserves and Liabilities now shown in full in the CC's Accounts.

Notes 4(i) and 21 above set out the respective estimation techniques used to allocate the Accumulated Absences Reserve and the Pensions Liabilities between the two entities.

- (i) The table below illustrates the restatement of the 2012/13 figures in the CC Single Entity Comprehensive Income and Expenditure Statement:

	2012/13 Gross Expendi- ture £000	2012/13 Gross Income £000	2012/13 Net Expendi- ture £000	Accum- ulated Absences Restate- ment £000	Pension Restate- ment £000	2012/13 Restated Gross Expendi- ture £000	2012/13 Restated Gross Income £000	2012/13 Restated Net Expendi- ture £000
Local Policing	81,572	0	81,572	(2)	(4)	81,566	0	81,566
Dealing with the Public	16,884	0	16,884	0	0	16,884	0	16,884
Criminal Justice Arrangements	15,342	0	15,342	0	0	15,342	0	15,342
Road Policing	6,408	0	6,408	0	0	6,408	0	6,408
Specialist Operations	10,856	0	10,856	0	0	10,856	0	10,856
Intelligence	8,413	0	8,413	0	0	8,413	0	8,413
Specialist Investigation	33,253	0	33,253	0	0	33,253	0	33,253
Investigative Support	7,840	0	7,840	0	0	7,840	0	7,840
National Policing	2,078	0	2,078	0	0	2,078	0	2,078
Corporate and Democratic Core	0	0	0	0	0	0	0	0
Non Distributed Costs	630	0	630	0	(3)	627	0	627
Cost of Services Before Intra-group Funding	183,276	0	183,276	(2)	(7)	183,267	0	183,267
Intra-group Funding	(183,276)	0	(183,276)	845	(16,457)	(198,888)	0	(198,888)
Total Cost of Services	0	0	0	843	(16,464)	(15,621)	0	(15,621)
(Gains) / Losses on the Disposal of Non-Current Assets			0	0	0			0
Financing and Investment Net Expenditure (Note 7)			0	0	79,619			79,619
Taxation and Non-Specific Grant Income (Note 9)			0	0	(25,501)			(25,501)
Deficit on Provision of Services (Note 6)			0	843	37,654			38,497
Deficit on Revaluation of Non Current Assets			0	0	0			0
Remeasurements of the net defined benefit Liabilities			0	0	215,929			215,929
Other Comprehensive Net Expenditure			0	0	215,929			215,929
Total Comprehensive Net Expenditure			0	843	253,583			254,426

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

- (ii) The table below illustrates the restatement of the 2012/13 figures in the CC Single Entity Movement In Reserves Statement. All figures in the original 2012/2013 MIRS were zero.

	<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</u>	<u>Total CC Reserves</u>
	£000	£000	£000	£000	£000	£000	£000
ORIGINAL MIRS:							
Balance as at 1 April 2012	0	0	0	0	0	0	0
Balance at 31 March 2013 Carried Forward	0	0	0	0	0	0	0

RESTATEMENTS:

Opening Balance: Transfer of Responsibility of Pensions Reserve and Accumulated Absences Account from PCC to the CC (notes 4 (i) and (ii))	0	0	0	0	0	(1,566,954)	(1,566,954)
Adjustments to the Deficit on the Provision of Services, as per CIES restatement above:							
Accumulated Absences	(843)	0	0	0	(843)	0	(843)
Pensions	(37,654)	0	0	0	(37,654)	0	(37,654)
Adjustments to the Other Comprehensive Income and Expenditure as per CIES restatement above:							
Pensions	0	0	0	0	0	(215,929)	(215,929)
Adjustments to the Adjustments Between Accounting Basis and Funding Basis Under Regulations as per CIES restatement above:							
Accumulated Absences	843	0	0	0	843	(843)	0
Pensions	37,654	0	0	0	37,654	(37,654)	0

RESTATED MIRS:

Balance as at 1 April 2012	0	0	0	0	0	(1,566,954)	(1,566,954)
Movement in Reserves During 2012/13:							
Deficit on the Provision of Services	(38,497)	0	0	0	(38,497)	0	(38,497)
Other Comprehensive Income and Expenditure		0	0	0		(215,929)	(215,929)
Total Comprehensive Income and Expenditure	(38,497)	0	0	0	(38,497)	(215,929)	(254,426)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	38,497	0	0	0	38,497	(38,497)	0
Net Increase before Transfers to Earmarked Reserves	0	0	0	0	0	(254,426)	(254,426)
Transfers To/From Earmarked Reserves (Note 4)	0	0	0	0	0	0	0
Increase / (Decrease) in 2012/13	0	0	0	0	0	(254,426)	(254,426)
Balance at 31 March 2013 Carried Forward	0	0	0	0	0	(1,821,380)	(1,821,380)

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

(iii) The table below illustrates the restatement of the 2012/13 figures in the CC Single Entity Balance Sheet:

	31 March 2013	Accum- ulated Absences Restate- ment	PAYE / NI Creditor Restate- ment	Pension Restate- ment	Restated 31 March 2013
	£000	£000	£000	£000	£000
Land and Buildings	0	0	0	0	0
Vehicles, Plant and Equipment	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Long-Term Debtors	0	0	0	0	0
Long Term Assets	0	0	0	0	0
Assets Held for Sale	0	0	0	0	0
Short Term Investments	0	0	0	0	0
Short Term Debtors	0	0	2,755	0	2,755
Cash and Cash Equivalents	0	0	0	0	0
Current Assets	0	0	2,755	0	2,755
Bank Overdrafts	0	0	0	0	0
Short Term Borrowing	0	0	0	0	0
Short Term Creditors	0	(5,274)	(2,755)	0	(8,029)
Provisions	0	0	0	0	0
Current Liabilities	0	(5,274)	(2,755)	0	(8,029)
Provisions	0	0	0	0	0
Long Term Borrowing	0	0	0	0	0
Other Long Term Liabilities	0	0	0	0	0
Liability Related to Defined Benefit Pension Schemes	0	0	0	(1,816,106)	(1,816,106)
Long Term Liabilities	0	0	0	(1,816,106)	(1,816,106)
Net Assets	0	(5,274)	0	(1,816,106)	(1,821,380)
Financed by:					
Usable Reserves:					
General Fund	0				0
Earmarked Reserves	0				0
Unusable Reserves	0	(5,274)	0	(1,816,106)	(1,821,380)
Total Reserves	0	(5,274)	0	(1,816,106)	(1,821,380)

(iv) A table has not been included to show the restatements on the Cash Flow statement as all the entries in 2012/13's Statement of Accounts were zero and the changes can clearly be seen on the face of the Cash Flow Statement. The cash transactions relate to the CC expenditure shown in the CIES and matched by Intra-Group Funding.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

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
- 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

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

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 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).

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

(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.

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 period 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 period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – 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.

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

- 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 Period Adjustments and Changes in Accounting Policies

Prior period 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 period 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 period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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 2013/14 for the Chief Constable of Staffordshire Police

Supplementary Financial Statement

Police Pension Scheme for England and Wales

Pensions Fund Accounts

FUND ACCOUNT 2012/13 £000		FUND ACCOUNT 2013/14 £000
	Contributions Receivable:	
(17,121)	Contributions at 24.2% of Pensionable Pay	(16,011)
(3,039)	Early Retirements	(2,363)
(73)	Other – Pre 1974 Recharge Receipts	(45)
(8,563)	Officers' Contributions	(8,813)
		(27,232)
(28,796)		
(48)	Transfers in from Other Schemes	(246)
	Benefits Payable:	
39,969	Pensions	42,134
13,976	Commutations and Lump Sum Retirement Benefits	10,665
75	Lump Sum Death Benefits	0
		52,799
54,020		
	Payments to and on Account of Leavers:	
0	Refunds of Contributions	0
325	Individual Transfers Out to Other Schemes	358
		358
325		
25,501	Net Amount Payable for the Year	25,679
(25,501)	Additional Contribution from the OPCC	(25,679)
0		0
	NET ASSETS STATEMENT AS AT 31 MARCH 2014	
0	Current Assets	0
0	Current Liabilities	0
0	Net Assets	0
0		0

Statement of Accounts 2013/14 for the Chief Constable of Staffordshire Police

Supplementary Financial Statement

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 employers 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 2014 the OPCC transferred £25.679m into the Fund to meet the excess expenditure in the year (£25.501m in 2012/13). 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 and the 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 2013/14 was £25.679m (£25.501m in 2012/13).
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 period end. The top-up grant due but not received at 31 March 2014 was £11.098m (£8.720m at 31 March 2013).
 - (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.

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 2013/14

Glossary

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 2013/14

Glossary

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.

