



**STAFFORDSHIRE
POLICE**

2016/2017 Chief Constable Statement of Accounts

**(For the Chief Constable of Staffordshire
Police)**

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Section 1

Narrative Report

1.1 Foreword by the Chief Constable (CC)



As the new Chief Constable I'm pleased to write this foreword to the force's statement of accounts.

The last twelve months has been another year of change and progress, and the force has risen to the challenge.

The financial pressures have continued, as set out in more detail within this report. Alongside this the force has seen demand for its services continue to grow with more than 9,000 additional incidents reported last year. And of course, nationally, the service as a whole has faced the growing threat of terrorism which has stretched police capabilities throughout the country.

Despite this, Staffordshire has and continues to respond to this challenge. Last year, despite a growing number of incidents, satisfaction with our service grew higher – a reflection of the hard work and dedication of our officers in the force.

Over the last year the force has made a number of strides in improving its efficiency – not least our successful amalgamation of transport services with the Fire & Rescue Service which will see savings of nearly £1m per annum. Our 10-year strategic partnership with Boeing was entered into and will lead to a significant modernisation of the force's information technology.

Operationally, the force has continued to build on its relationships with regional police counterparts to tackle cross-border criminality and extremist threats. It has continued to build collaborations with community partners and stakeholders to deliver a first rate service to all. These relationships will continue to evolve and improve, resulting in – I expect – further increases in efficiency and quality of service to the public.

But if the past twelve months have been challenging then I expect the next twelve months to be equally so.

The financial pressure continues. Between now and 2020 we will need to find £10.5m in savings – on top of more than £55m that we have saved since austerity began. We cannot make these savings without significantly rewiring the organisation, and during 2017/18 we will begin to transform our organisation, and seek opportunities to further collaborate with other forces and blue light partners, to ensure we keep the communities of Staffordshire safe.

Section 1 – Narrative Report

Demand for our services is expected to continue to grow, as well as the complexity of the crime we face. We must equip our officers and staff to better tackle the issues and the challenge of online crime. We need to find new and innovative means to respond to the public and provide an excellent emergency response. We also need to become far better at problem solving and early intervention, so that we can tackle, with our partners, the root causes of issues.

But we are well positioned to do this. This year we will be rolling out our new operating model for policing which will target our resources in the areas of greatest need, and at the most vulnerable in our communities. Local policing will continue to be at the forefront of our service delivery.

We will build on our success and continue to work hard to improve our efficiency and effectiveness to deliver the best possible police service for the people of Staffordshire and Stoke-on-Trent.

Gareth Morgan
Chief Constable of Staffordshire Police

1.2 Chief Finance Officer's Foreword

These accounts are prepared on a going concern basis, assuming that Staffordshire Police will continue in operation for the foreseeable future, and using International Financial Reporting Standards (IFRS). Additionally, the accounts have been prepared in accordance with the Accounts and Audit Regulations 2016 and the Code of Practice on Local Authority Accounting 2016/17.

The Chief Constable is required by statute to make funding decisions on a different basis from the way in which it reports the Statement of Accounts. A number of adjustments are therefore made to the accounts that are used for budget setting and budget management to incorporate proper accounting adjustments in the area of pensions, employee benefits and depreciation.

The objectives of the Statement of Accounts are to provide useful information to a wide range of users about the financial position, financial performance and cash flows of the Chief Constable. The information provided also allows for an assessment of performance in terms of stewardship and the management of the resources entrusted to him. The accounts are, therefore, necessarily detailed and technical and explanatory notes are included where applicable.

This document contains the Chief Constable's accounts, comprising:

Comprehensive Income and Expenditure Statement – This statement shows the income and expenditure activity for the financial year. This statement analyses the income and expenditure by type of spend.

Balance Sheet – A statement of the financial position as at 31 March, showing the assets, liabilities and reserves.

Movement in Reserves Statement – This statement shows the movement in the year on the different reserves held by the Chief Constable. In particular the statement identifies the adjustments required between accounting on a funding basis and IFRS basis.

Cash Flow Statement – Shows the reason for changes in cash balances during the year and sets out whether the change is due to operating activities, new investment or financing activities

Steve Cutler

Chief Finance Officer, Staffordshire Police

1.3 The Staffordshire Context

Our Staffordshire

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

The policing area covers more than 2,600 square kilometres reaching from the Peak District National Park in the north to the West Midlands conurbation border in the south, serving approximately 1,107,000 people living in more than 463,000 households. The people of Staffordshire live within diverse communities, ranging from the sparsely populated area of the Moorlands to 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.¹



Our People

At the end of the financial year, Staffordshire Police employed 3,061 full time equivalent staff, consisting of 1,635 police officers, 230 police community support officers (PCSO's) and 1,196 police staff. The force is also supported by 154 volunteer Special Constables, who give up their own time to provide an enhanced service to Staffordshire communities.²

Our Service Delivery

Local policing teams (LPTs) are the bedrock of service across the county and each has its own commander of Chief Inspector or Inspector rank. Local police officers and PCSO's work together within these teams providing a localised neighbourhood and response service to the local community. LPTs are supported by specialist central departments consisting of: Investigative Services and Operational Services that are based strategically across the force area

Our Legislative Arrangements

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate legal entities. The legal transfer of

¹ Source: Staffordshire Observatory and Stoke-on-Trent City Council.

² Source: Staffordshire Police human resources stock take report 31.03.17.

operational policing to the Chief Constable, who also became the employer of police staff members, was completed on 1 April 2014.

This Statement of Accounts is produced in the context of the Police Reform and Social Responsibility Act 2011. The Police and Crime Commissioner (PCC) has responsibility 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 is responsible for operational policing within a scheme of consent and local arrangements.

Relationship between the Police and Crime Commissioner and the Chief Constable

Each has specific roles and responsibilities under legislation.

The Police and Crime Commissioner:

- Appoints the Chief Constable and may suspend, retire or resign them.
- Must maintain the Police Force and ensure that it is efficient and effective
- Must issue a Police and Crime Plan
- Must hold the Chief Constable to account for their actions and those of her officers and staff
- Receives all income from grants, precept and charges

The Chief Constable:

- Holds office as a servant of the crown and is not an employee
- Has direction and control over police officers and is the employer of police staff
- Is operationally independent
- Must have regard to the Commissioners Police and Crime Plan
- Holds no property, assets or liabilities
- May not borrow money

1.4 Financial Performance and Review

1.4.1 Overall Performance 2016/17

In 2016/17 Staffordshire Police can reflect that our focus on reducing inputs, delivering effective policing and increasing improved outcomes has been successful. Put simply we have dealt with more crime, at no increased cost, with higher satisfaction rates.

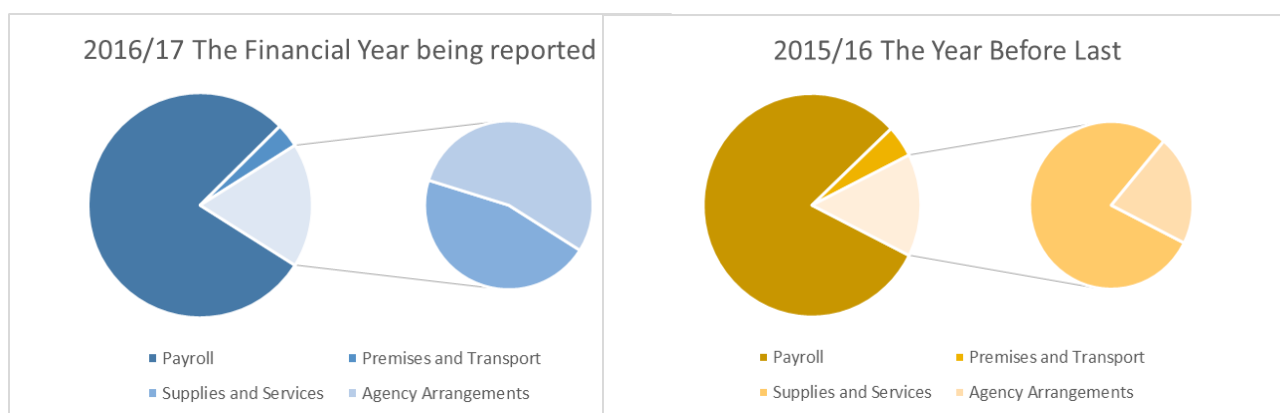
1.4.2 Financial Performance 2016/17

The financial resource for policing³ Staffordshire for 2016/17 was £178.0m, a £1m reduction against that in 2015/16 of £179.0m. This is despite an increase in headcount and after absorbing the cost of pay awards and general price inflation.

By controlling gross costs the underlying deficit in the net cost of services has reduced from £5.6m in 2015-16 to £1.3m in 2016/17 (section 5.2 in the Group accounts). This is because the increase in council tax base, set against the context of standstill grant funding, was not all used in additional spend, marking a turning point in the ability of the services to manage within their means.

Gross costs have been well controlled despite the fact that during the year the costs have shifted in their makeup. This is due to services being reorganised through shared services and outsourcing arrangements. This has meant a:

- £1.5m reduction in transport costs due to the move from a contracted service with Staffordshire County Council to a joint transport hub with Staffordshire Fire and Rescue Service.
- £4.1m reduction in staff costs as a result of partnership arrangements in the delivery of our IT and Estates functions and Officer turnover and overtime management.
- a net increased cost for Supplies, Services and Contracted Services of £2.4m during the year as a result of partnership arrangements
- a £12m increase in agency arrangements due to the shift to the use of the private sector to provide key back office functions



³ This gross cost can be seen in the context of the reported CIES at section 5.1.

1.4.3 Financial Outcomes 2016/17

1.4.4 Balance Sheet (Section 3.2)

The Chief Constable does not hold any usable reserves as these are controlled by the OPCC. Only staff costs are represented on the Chief Constable balance sheet so the pension fund adjustments continue to make it difficult to evidence the healthy reserve levels and underlying net current assets position.

31 March 2016 £000	Notes	31 March 2017 £000
0 Long Term Assets		0
3,928 Current Assets		4,621
(6,039) Current Liabilities		(6,504)
(1,805,865) Long Term Liabilities		(2,131,663)
(1,807,976) Net Liabilities		(2,133,546)
0 Usable Reserves		0
1,807,976 Unusable Reserves	6.1.10	2,133,546
1,807,976 Total Reserves		2,133,546

1.4.5 Pension Liability

Members of staff and Officers of the police are members of different pension schemes which operate under different rules in terms of contributions and funding.

Police staff are members of the Local Government Pension Scheme (LGPS) which is administered externally and is a funded scheme: this means that it has assets which it purchases with contributions from current employees and it uses those assets to fund the liabilities today and in the future of existing and future pensioners. The current contribution rate for employees is 15.5% of pay however a recent actuarial assessment has determined that past contributions were insufficient and so the current policing budget in Staffordshire will have to pay £6.6m over the next three years to top up contributions. Section 9 details the adjustments to the accounts which are made to reflect the actuarial assessment of this scheme. The assessed liability overall of Staffordshire in the LGPS as at 31st March 2017 was £116,456m.

Police Officers are members of the Police Pension Scheme and Section 7 details the cashflows during the year relating to that scheme which is an unfunded scheme and is funded by the Home Office. Contributions at the rate of 21.4% of pay are made from the net budget requirement and therefore are funded from Council Tax. The cost of pension payments to retired Police Officers is not a cost to the net budget requirement and is therefore not funded by Council Tax. Section 9 details the adjustments to the accounts which are made to reflect the actuarial assessment of this scheme. The assessed liability overall of Staffordshire in the Police Pension Scheme as at 31st March 2017 was £2,013,287,000. Over time this will reduce as the contributions from Forces build up assets which, like the LGPS scheme, can be used to pay for and meet ongoing liabilities to pay pensions.

31-Mar-16 £000	31-Mar-17 £000
(1,719,695) Police Pension Scheme	(2,013,287)
(84,770) Local Government Pension Scheme	(116,456)
(1,804,465) Pension Reserve	(2,129,743)

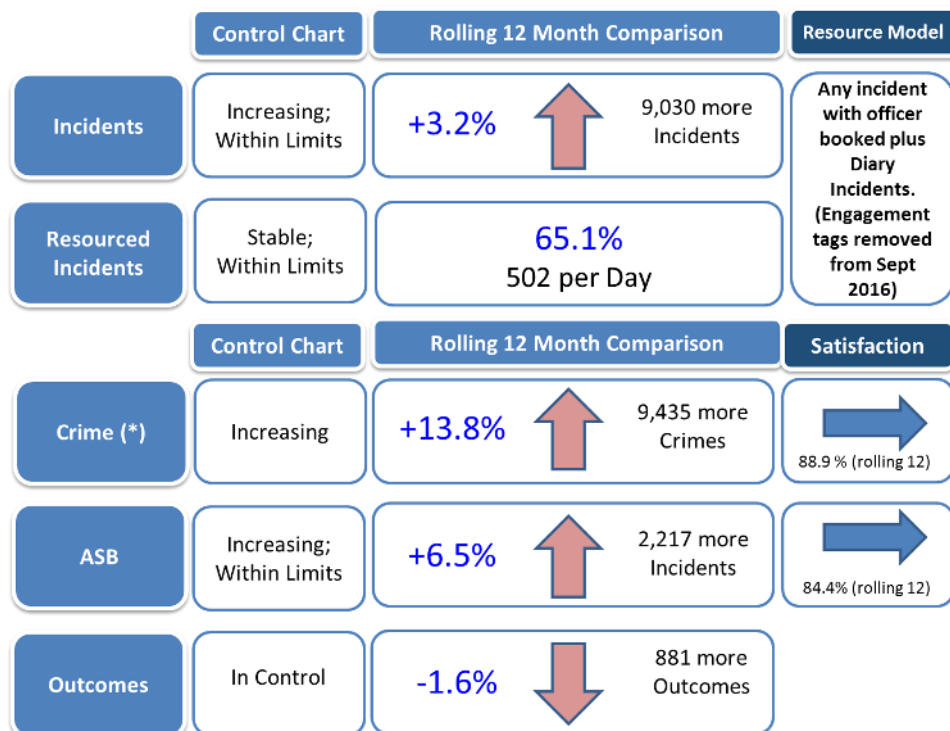
The Pension Reserve has increased at 31 March 2017 primarily due to the actuarial losses arising from changes in the financial assumptions. The discount rate is based on corporate bonds yields, these have decreased during the year whereas in 2015/16 the rate was much higher.

The liabilities show the underlying commitments of the Group to pay retirement benefits. However, the statutory arrangements for the funding of the deficit mean that the financial position of the CC remains stable. For more information please see section 9.

1.5 Non-Financial Performance 2016/17

The picture in terms of non-financial performance is a positive one of having delivered on attending the same percentage of a higher volume of incidents, with increased satisfaction reported by those we serve.

Overall Performance Summary – Year End to 31st March 2017



In Police terminology a 'resourced incident' is one where a police officer physically attends or is deployed, whereas an 'outcome' refers to the nationally controlled system of classification whereby one of 21 outcome classes is assigned to each closed investigation. This is the reason why not all calls to the police end either with a resourced incident or an outcome: some calls do not require resourcing, and some cases raised in the year are not closed.

Section 1 – Narrative Report

1.5.1 Volumes

There was a 13.8% increase in reported crime between 2015/16 and 2016/17. This was an increase of 9,435 offences on a baseline of 68,143 offences during 2015/16.

More crime reporting is not necessarily linked to a higher crime rate as a large part of this rise was due to more first time victims having the confidence to report their crimes and the continued efforts being made by the force to improve consistency in crime recording. The force has a focus on reducing crime but this is balanced against the need to behave with integrity and to do the right thing for victims. We will continue our determined effort to drive down crime.

In addition the force deals with a wide range of incidents that are not crime-related – these account for 77.9% of all incidents recorded by Staffordshire Police.

*the crimes referenced are a subset comprising hate, antisocial behaviour, vehicle, burglary and assault and road traffic collisions

1.5.2 Satisfaction

We are proud to note that our comparative performance in terms of victim satisfaction in relation to other Policing areas improved as follows in the year:

	Dec 2016	March 2017	
Whole Experience Satisfaction	6 th	3 rd	↑ 3 places nationally
Kept Informed Satisfaction	16 th	7 th	↑ 9 places nationally

The end of year position was that 89.9% of victims who were surveyed* were satisfied overall with the service they received: up 2% on the previous year.

*the crimes referenced are a subset comprising hate, antisocial behaviour, vehicle, burglary and assault and road traffic collisions

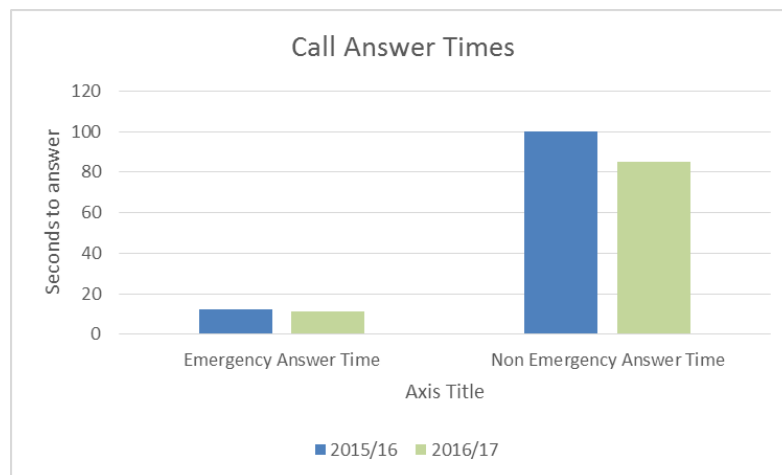
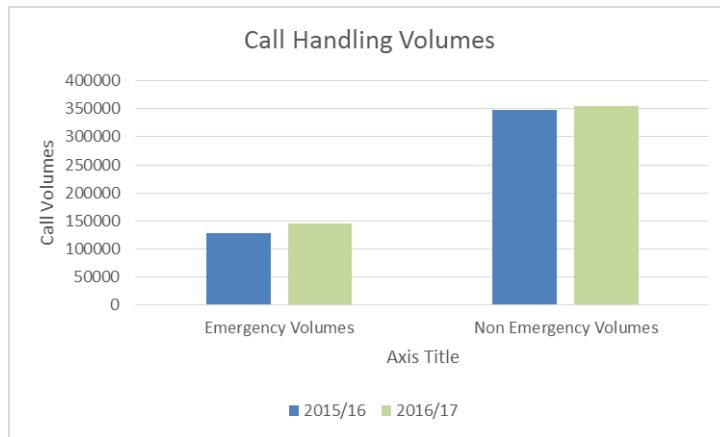
1.5.3 Outcomes

With a 13.8% increase in reported crime it would have been an incredible achievement to have also increased the outcome rate. The rate at which a positive outcome was achieved for crimes ended the year at 21% which is 1.6% lower than last year.

However in absolute terms this represents an increase of 881 cases with an outcome which is testament to the hard work of Police Officers, investigative staff and PCSOs who delivered on attending and resolving that much higher workload than the previous year.

1.5.4 Call Handling

The teams handling calls to the policing service also improved their answer times despite rising volumes of calls to handle. A 13% increase in emergency calls were dealt with at an improved average time to answer of just under a second.



1.6 Future Strategy

1.6.1 Staffordshire Police Plan 2016-2019

Our Vision on transforming Staffordshire Police by 2020. Our purpose is keeping communities safe and reassured through preventing crime, protecting the public and bringing offenders to justice.

The need for Change

- Continue to face significant financial challenge.
- We will need to adapt to changing public expectation in local policing.
- We need to deal with current and emerging threats and risk to public safety unrecognisable a decade ago.

How we will Change?

- A core operation policing programme will be redesigned to make it more efficient and



understand what the root of demand is and reduce the root of demand by addressing the problems.

- Working together with our partners and sharing information to tackle crime efficiently and also tackle waste across the policing force.
- Our ICT programme will be improved by working together with our strategic partners which would help doing business better within in the force, with partners and the public.
- Also implementing a joint transport unit with Staffordshire Fire and Rescue Service. To maximise the resource available in front line policing.

Operating Principles

Our vision for policing in Staffordshire in 2020 is supported by a set of guiding principles that will shape the way we work and help us focus our transformation. We will:

- Focus on consistently achieving our purpose and what matters to communities, victims and witnesses.
- Understand what causes demand for our service and address the root causes to reduce preventable demand.
- Focus on improving the whole system with partners and identify solutions that achieve a positive result for all.
- Design flexibility into how we respond so we do the right thing first time.
- Encourage people's creativity and professionalism, supporting development and sharing what works.

Section 2

Introductory Statements

2.1 Accounting Policies

2.1.1 Basis of Accounting

The Statement of Accounts is a legal requirement under the Accounts and Audit Regulations 2015 and must comply with proper accounting practices. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) which is based on International Financial Reporting Standards and other supporting accounting standards.

2.1.2 Accounting Developments and Changes

Developments and other changes during 2016/17

Staffordshire Police has not chosen to change any of its Accounting Policies since the last financial year.

Prior Year Reclassifications

Prior period restatement on Service and Expenditure and Income (see Section 5).

Accounting Standards Issued but not adopted

The Code of Practice on Local Authority Accounting requires the Authority to disclose the expected impact of new standards that have been issued but not yet adopted by the Code. Although a number of new and revised standards fall into this category, none are expected to have a material effect on the Staffordshire Police statements. Details of these standards are provided below:

- **IAS 1** – Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The disclosure initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and there will be a new Expenditure and Funding Analysis.
- **Transport Infrastructure** – The CIPFA Code of Practice on Transport Infrastructure Assets takes effect from the 1 April 2016. From this date transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. In transferring the assets into the new categories, there is likely to be a resulting revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis.

There are other minor changes due to annual improvements to IFRS cycles, IFRS11 Joint Arrangements, IAS 16 Property, Plant, Equipment, IAS 38 Intangible Assets and IAS 19 Employee Benefits. These are not expected to have a material effect on Staffordshire Police Statement of Accounts. The implementation dates for these is 1 April 2016 so there is no impact on the 2016/17 Statement of Accounts.

2.1.3 Critical Accounting Policies

Only the critical Accounting Policies used in preparing these statements are provided below. A full list of Accounting Policies can be found at Appendix A.

Accruals of Expenditure and Income

The revenue and capital accounts of the Police are maintained on an accrual basis. This means that income and expenditure are recognised in the accounts in the period in which they are earned or incurred and not when money is received or paid. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet.

Government Grants and Contributions

Government Grants and contributions are credited to income in the CIES only when there is reasonable assurance that any attached conditions will be met. Specific grants are credited to the relevant service line, while non-ring fenced and capital grants are credited to Taxation and Non-specific grant income.

Any grants received where conditions have not been met are carried in the Balance Sheet as creditors.

2.2 Supplementary Comments

This Statement of Accounts is prepared according to International Financial Reporting Standards which specifically require some further information to be provided. This information is provided below.

2.2.1 Key Changes affecting 2016/17 Statements

For 2016/17 the Government has not implemented any legislative or funding changes that have made a material impact on Staffordshire Police Statement of Accounts.

2.2.2 Assumptions about the Future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Group about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The assumptions made about future and other major sources of estimation and uncertainty are in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Insurance Provisions	The insurance provision is based on estimates for all claims/liabilities known to the Group. Each claim is assessed and estimated based on experience and knowledge from previous similar claims and from information provided by the insurance company. These insurance provisions are updated for any known changes as and when required internally and on a monthly basis by the insurance company.	It is difficult to predict the actual outcome of most claims until they are finalised, however as long as the risk has been identified this poses a smaller risk to the Group. A bigger risk is for any unforeseen, unusual insurance claims successfully made against the force. However, the Group has a £100,000 limit on each and every incident before the insurance company will then cover all other costs. Therefore, this is the maximum risk for every incident.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured and are shown in section 9.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Section 3

Core Financial Statements

3.1 Comprehensive Income and Expenditure Statement (CIES)

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.

2015/16 Net Expenditure £000	Notes	2016/17 Net Expenditure £000
(2,301) Grants & Contributions		(2,477)
(1,909) Reimbursements		(4,337)
(1,700) Sales, Fees & Charges		(2,009)
(26) Other Income		(147)
(5,936) Total Income		(8,970)
72,161 Police Officer Pay and Allowances		56,731
53,759 Police Staff Pay and Allowances		52,094
3,041 Other Employee Expenses		4,994
4,961 Police Pensions		3,691
4,778 Premises		3,804
3,813 Transport		3,050
21,327 Supplies and Services		14,354
1,523 Agency and Contracted Services		12,231
8,130 Depreciation, Amortisation and Impairment		7,691
1,097 Non Distributed Costs		921
174,590 Total Expenditure		159,561
168,654 Cost of Services Before Intra-group Funding		150,591
(183,463) Intra-group Funding	6.1.1	(180,266)
(14,809) Total Cost of Services		(29,675)
72,230 Financing and Investment Income and Expenditure	6.1.2	69,898
(33,894) Grant Received From Home Office in respect of the pension fund account	7.1	(39,938)
23,527 (Surplus) or deficit on Provision of Services		285
(271,752) Re-measurement of the net defined benefit liabilities	9.1.2	325,285
(271,752) Other Comprehensive (Income) and Expenditure		325,285
(248,225) Total Comprehensive (Income) and Expenditure		325,570

Section 3 – Core Financial Statements

3.2 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'.

31 March 2016 £000	Notes	31 March 2017 £000
0 Long Term Assets		0
3,928 Short Term Debtors	6.1.7	4,621
3,928 Current Assets		4,621
(6,039) Short Term Creditors	6.1.8	(6,504)
(6,039) Current Liabilities		(6,504)
(1,400) Provisions	6.1.9	(1,920)
(1,804,465) Liability Related to Defined Benefit Pension Schemes	6.1.10	(2,129,743)
(1,805,865) Long Term Liabilities		(2,131,663)
(1,807,976) Net Liabilities		(2,133,546)
Financed by:		
Usable Reserves:		
1,807,976 Unusable Reserves	6.1.10	2,133,546
1,807,976 Total Reserves		2,133,546

Section 3 – Core Financial Statements

3.3 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.

	Notes	General Fund Balance £000	Total Usable Reserves £000	Unusable Reserves £000	Total CC Reserves £000
Balance as at 1 April 2015		0	0	(2,056,199)	(2,056,199)
<i>Movement in Reserves During 2015/16:</i>					
Total Comprehensive Income and Expenditure	3.1	(23,527)	(23,527)	271,752	248,225
Adjustments Between Accounting Basis and Funding Basis Under Regulations	5.2	23,527	23,527	(23,527)	0
Net increase/(decrease) before Transfers to Earmarked Reserves		0	0	248,225	248,225
Transfers To/From Earmarked Reserves		0	0	0	0
Decrease in 2015/16		0	0	248,225	248,225
Balance at 31 March 2016 Carried Forward		0	0	(1,807,974)	(1,807,974)
<i>Movement in Reserves During 2016/17:</i>					
Total Comprehensive Income and Expenditure	3.1	(285)	(285)	(325,285)	(325,570)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	5.2	285	285	(285)	0
Net increase/(decrease) before Transfers to Earmarked Reserves		0	0	(325,570)	(325,570)
Transfers To/From Earmarked Reserves		0	0	0	0
Decrease in 2016/17		0	0	(325,570)	(325,570)
Balance at 31 March 2017 Carried Forward		0	0	(2,133,544)	(2,133,544)

Section 3 – Core Financial Statements

3.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting year. The Chief Constable did not have a bank account nor hold any cash balances or make any banking transactions during 2016/17. 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.

2015/16		2016/17	
£000	£000	£000	£000
Revenue Activities			
Cash outflows			
143,897	Cash paid to and on behalf of employees	145,888	
77,250	Other operating cash payments	80,184	
0	Interest paid	0	
			226,072
221,147			
Cash inflows			
0	Precepts received	0	
0	National Non-Domestic Rate receipts	0	
0	Revenue Support Grant	0	
(34,865)	Other Government Grants and reimbursements	(31,792)	
(178,092)	Intra-group Funding	(188,470)	
(8,190)	Cash received for goods and services	(5,811)	
0	Interest received	0	
			(226,073)
(221,147)			
0	REVENUE ACTIVITIES NET CASH FLOW		(0)
Cash Flows from Investing Activities			
Cash outflows			
0	Purchase of Fixed Assets	0	
0	Purchase of short-term and long-term investments	0	
0			0
Cash inflows			
0	Sale of Fixed Assets	0	
0	Capital Grants received	0	
0	Proceeds from short-term and long-term investments	0	
0	Other Capital Cash Receipts	0	
0			0
0			0
0	NET CASH OUTFLOW BEFORE FINANCING		0
Management of Liquid Resources			
0	Net increase/(decrease) in short term deposits	0	
0	Net Increase / (decrease) in other Liquid Resources	0	
0	Repayments of amounts borrowed	0	
0	New loans raised	0	
0			0
0			0
0	NET (INCREASE)/DECREASE IN CASH		(0)
0	Cash and Cash Equivalents at the Beginning of the Reporting Period		0
0	Cash and Cash Equivalents at the End of the Reporting Period		0

Section 4 Certifications

4.1 Independent Auditor's Report to the members of The Chief Constable of Staffordshire Police

Opinion on the Chief Constable for Staffordshire financial statements

We have audited the financial statements of the Chief Constable of Staffordshire for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Chief Constable of Staffordshire Movement in Reserves Statement;
- Chief Constable of Staffordshire Comprehensive Income and Expenditure Statement;
- Chief Constable of Staffordshire Balance Sheet;
- Chief Constable of Staffordshire Cash Flow Statement;
- Chief Constable of Staffordshire Pension Fund Account and
- The related notes in sections 5 and 6

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the Chief Constable of Staffordshire in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Staffordshire, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 22, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Section 4 – Certifications

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable of Staffordshire circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Financial Report 2016/17 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Staffordshire as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Annual Financial Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report if

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

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

Chief Constable's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of Staffordshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Section 4 – Certifications

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable of Staffordshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

*Hassan Rohimun (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Manchester*

The maintenance and integrity of the Office of the Chief Constable for Staffordshire web site is the responsibility of the directors; 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 web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Section 4 – Certifications

4.2 Statement of Responsibilities for the Statement of Accounts

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 Finance 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 2016/17.

Gareth Morgan
Chief Constable
Staffordshire Police

Section 4 – Certifications

Responsibilities of the Chief Financial Officer to the Chief Constable

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 2017 and its income and expenditure for the year ended 31 March 2017.

Steve Cutler
Head of Finance
Staffordshire Police

Section 5 – Funding Basis vs IFRS Basis

Section 5

Funding Basis vs IFRS Basis

Local Authorities are required by statute to make their funding decisions on a different basis from the Statement of Accounts, which is required to follow International Financial Reporting Standards (IFRS). The accounts used for resource allocation and budget management are shown on a funding basis and a number of adjustments are, therefore, required to produce the Statement of Accounts on an IFRS basis. The adjustments required to the CIES are generally offset by adjustments to unusable reserves. The impact on the CIES is shown in section 5 and the movements in reserves are shown in section 6.

5.1 Expenditure (IFRS) and Funding Analysis

The Expenditure and Funding Analysis (EFA) brings together both the fiscal/ funding framework and the accounting framework by the service. It takes the net expenditure that is chargeable to taxation and reconciles it to the CIES Surplus or Deficit on the Provision of Services.

2015/16				2016/17		
General Fund (Net Expenditure)	Adjustments Between Funding Basis and IFRS Basis	CIES (Net Expenditure)		General Fund (Net Expenditure)	Adjustments Between Funding Basis and IFRS Basis	CIES (Net Expenditure)
£000	£000	£000		£000	£000	£000
93,394	(21,233)	72,161	Police Officer Pay and Allowances	90,205	(33,474)	56,731
48,433	5,326	53,759	Police Staff Pay and Allowances	48,696	3,398	52,094
3,041	0	3,041	Other Employee Expenses	4,994	0	4,994
4,961	0	4,961	Police Pensions	3,691	0	3,691
4,778	0	4,778	Premises	3,804	0	3,804
3,813	0	3,813	Transport	3,050	0	3,050
21,327	0	21,327	Supplies and Services	14,354	0	14,354
1,523	0	1,523	Agency and Contracted Services	12,231	0	12,231
0	8,130	8,130	Depreciation, Impairment etc	0	7,691	7,691
0	1,097	1,097	Non Distributed Costs	520	401	921
181,270	(6,680)	174,590	Net Cost of Services	181,545	(21,984)	159,561
(2,302)	0	(2,302)	Grants & Contributions	(2,477)	0	(2,477)
(1,909)	0	(1,909)	Reimbursements	(4,337)	0	(4,337)
(1,700)	0	(1,700)	Sales, Fees & Charges	(2,009)	0	(2,009)
(26)	0	(26)	Other Income and Expenditure	(147)	0	(147)
(175,333)	(8,130)	(183,463)	Intra-group Funding	(172,575)	(7,691)	(180,266)
0	(14,810)	(14,810)	Net Cost of Services	0	(29,675)	(29,675)
0	0	0	(Surplus) or Deficit on disposal of assets	0	0	0
0	72,230	72,230	Financing and Investment Income and Expenditure	0	69,898	69,898
0	(33,894)	(33,894)	Taxation and Non-Specific Grant Income	0	(39,938)	(39,938)
0	23,526	23,526	(Surplus) or deficit on Provision of Services	0	285	285
0	0	0	(Surplus) or Deficit on revaluation of non current	0	0	0
0	(271,752)	(271,752)	Re-measurement of the net defined benefit liabilities	0	325,285	325,285
0	0	0	Transfers To/(From) Earmarked Reserves	0	0	0
0	(248,226)	(248,226)	Net Surplus / Deficit funded from General Fund	0	325,570	325,570
0			Opening General Fund Balance at 1 April	0		
0			Surplus or (Deficit) on General Fund	0		
0			Transfers To/(From) Earmarked Reserves	0		
0			Closing General Fund at 31 March	0		

Section 5 – Funding Basis vs IFRS Basis

5.1.1 Analysis of EFA adjustments

2016/17 Adjustments from General Fund to arrive at CIES

Adjustments from General Fund to arrive at the CIES	Pensions £000	Other £000	Total £000
Police Officer Pay and Allowances	33,500	(26)	33,474
Police Staff Pay and Allowances	(3,132)	(266)	(3,398)
Non Distributed Costs	(401)	0	(401)
Net Cost of Services	29,967	(292)	29,675
Grants & Contributions	39,938	0	39,938
Other Income and Expenditure	(69,898)	0	(69,898)
Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services	7	(292)	(285)

2015/16 Adjustments from General Fund to arrive at CIES

Adjustments from General Fund to arrive at the CIES	Pensions £000	Other £000	Total £000
Police Officer Pay and Allowances	20,820	413	21,233
Police Staff Pay and Allowances	(4,963)	(363)	(5,326)
Non Distributed Costs	(1,097)	0	(1,097)
Net Cost of Services	14,760	50	14,810
Grants & Contributions	33,894	0	33,894
Other Income and Expenditure	(72,230)	0	(72,230)
Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services	(23,576)	50	(23,526)

Section 5 – Funding Basis vs IFRS Basis

5.1.2 Prior Period Restatement of Service Expenditure and Income

The 2016/17 Code requires the CC to present expenditure and income on services in the CIES on the basis of its reportable segments. These arrangements are based on the Group's internal management reporting structure. This note shows how the CIES expenditure and income has been restated from the SeRCOP basis that was used previously.

Gross Expenditure	Restated 2015/16 Service										Total Gross Expenditure
	Police Officer Pay and Allowances	Police Staff Pay and Allowances	Other Employee Expenses	Police Pensions	Premises	Transport	Supplies and Services	Agency and Contracted Services	Depreciation, Amortisation and Impairment	Non Distributed Costs	
Local Policing	40,522	16,575	896	2,269	2,052	1,566	6,925	635	3,780		75,220
Dealing with the public	937	11,835	806	485	442	311	1,450	99	(1)		16,364
Criminal Justice Arrangements	2,579	6,583	208	404	364	293	4,370	101	297		15,200
Road Policing	2,207	1,341	134	156	223	261	566	(384)	355		4,858
Specialist Operations	5,731	1,033	137	236	213	188	1,004	534	872		9,948
Intelligence	2,162	3,075	132	210	189	191	884	82	368		7,292
Specialist Investigations	16,133	8,084	536	958	1,073	786	3,447	522	1,873		33,413
Investigative Support	247	4,659	158	167	151	120	2,462	1	437		8,403
National Policing	1,642	574	33	77	70	95	221	(68)	149		2,795
Corporate and Democratic Core	0	0	0	0	0	0	0	0	0		-
Non Distributed Costs	0	0	0	0	0	0	0	0	0	1,097	1,097
Total Expenditure	72,161	53,759	3,041	4,961	4,778	3,813	21,327	1,523	8,130	1,097	174,589

Section 5 – Funding Basis vs IFRS Basis

	Grants & Contributions	Reimbursements	Sales, Fees & Charges	Other Income	Total Income
Gross Income					
Local Policing	(333)	(5)	(179)	(520)	(1,037)
Dealing with the public	(19)	(1)	0	(28)	(48)
Criminal Justice Arrangements	(57)	(15)	(1,036)	(289)	(1,397)
Road Policing	(918)	0	0	(333)	(1,251)
Specialist Operations	(33)	(1)	(78)	(363)	(475)
Intelligence	(13)	(1)	0	(19)	(33)
Specialist Investigations	(298)	(2)	(23)	(110)	(433)
Investigative Support	(6)	0	(24)	(19)	(49)
National Policing	(622)	0	(569)	(18)	(1,209)
Corporate and Democratic Core	0	0	0	0	0
Non Distributed Costs	0	0	0	0	0
Total Expenditure	(2,299)	(25)	(1,909)	(1,699)	(5,932)

Section 5 – Funding Basis vs IFRS Basis

5.2 Adjustments between IFRS Basis and Funding Basis

This note details the adjustments that are made to the Comprehensive Income & Expenditure recognised by the CC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the CC to meet future capital and revenue expenditure.

2015/16			2016/17	
General Fund Balance £000	Total Unusable Reserves £000		General Fund Balance £000	Total Unusable Reserves £000
		Adjustments Involving the Pensions Reserve		
120,794	(120,794)	Reversal of items relating to retirement benefits debited or credited to the CIES	111,334	(111,334)
(63,326)	63,326	Employers Pensions contributions and direct payments to pensioners payable in the year	(71,403)	71,403
(33,894)	33,894	Additional contribution to the Pension Fund to balance the deficit on the Fund Account	(39,938)	39,938
		Adjustment Involving the Accumulated Absences Account		
(47)	47	Amount by which officer remuneration charged to the CIES on a accruals basis is different from funding basis	292	(292)
23,527	(23,527)	Total Adjustments	285	(285)

Section 6

Notes to the Financial Statements

These notes provide information that supports and helps in interpreting the Financial Statements.

6.1 Notes to the Financial Statements

6.1.1 Intra-Group Funding Arrangements between the PCC and the Chief Constable

The Intra-Group funding arrangement is eliminated on consolidation of the Group Accounts, a treatment adopted for any transactions between the PCC and Chief Constable. The guarantee from the PCC in respect of the resources consumed by the Chief Constable in 2016/17 amounts to £180.3m (£183.5m in 2015/16). This has been re-presented in the CIES and is now included within the Net Cost of Policing Services, in line with current best practice for the preparation of Police Accounts.

2015/16 £000	2016/17 £000
168,654 Chief Constable's Cost of Services	150,591
72,230 Interest on the net defined benefit liability	69,898
(33,894) Home Office grant towards cost of retirement	(39,938)
(271,752) Re-measurement of the net defined benefit liability	325,285
(64,762) Resources Consumed	505,836
Items removed through the MIRS	
248,178 Movement in pensions liability	(325,278)
47 Movement in accumulated absences liability	(292)
Total Resources consumed for the year by the	
183,463 Chief Constable and funded by the PCC	180,266

6.1.2 Financing and Investment Net Expenditure

Financing and Investment includes the following items:-

2015/16 £000	2016/17 £000
72,230 Pension Net Interest Cost	69,898
72,230 Total	69,898

6.1.3 Specific Grants

Included within the Gross Income figure in the Net Cost of Services in the CIES for the CC are contributions of £0.933m. There are no specific grants included as these were all paid to the PCC during the year.

6.1.4 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.

6.1.5 Audit Fees

The audit fees payable in 2016/17 to the Auditors in relation to the audit of CC accounts were as follows:

2015/16 £	2016/17 £
18,555 External Audit Fees	15,000
18,555 Total Audit Fees	15,000

6.1.6 Material Items of Income and Expenditure

There are no material items of Income or Expenditure in 2016/17 that require specific disclosure.

6.1.7 Debtors

A breakdown of the Debtors figure in the balance sheet is provided below. The balance per debtor category is shown net of any impairment. The Intra-Group Funding amount relates to the balances of the insurance provision £1,920m in 2016/17 (£1,400m in 2015/16) and the PAYE / NI creditor £2,701m (£2,528m in 2015/16) that are shown on the CC's Balance Sheet. No cash funding has been paid over from the PCC to the CC for these as at 31 March 2017 and an equal and opposite entry is included within Creditors in the PCC's Single Entity Accounts.

2015/16 £000	2016/17 £000
3,928 Intra-Group Funding not yet paid over from the PCC in cash	4,621
3,928	4,621

6.1.8 Creditors

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

2015/16 £000	2016/17 £000
2,530 Central Government Bodies	2,701
3,509 Other Entities and Individuals	3,803
6,039	6,504

6.1.9 Provisions

Provisions fall into two categories depending on when the related payments are expected to be made. Provisions with expected pay outs within one year are classed as current liabilities and those expected to be paid out in excess of one year are long term liabilities. Provision are now under the control of the Chief Constable and as such have moved from the Balance Sheet of the PCC to the Balance Sheet of the Chief Constable.

Long Term Liabilities

Insurance Provision

This provision was established to meet liability claims which are not covered by external insurers. The balance reflects the Group's 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.

2015/16 £000	2016/17 £000
1,461 Balance as at 1 April	1,400
867 Contribution to provision in year	1,270
13 Interest on Balances transferred to the provision	2
(941) Net Expenditure in year	(751)
1,400 Balance as at 31 March	1,921

6.1.10 Unusable Reserves

Unusable reserves have been created as a result of the difference between accounting under IFRS and statutory provisions for meeting expenditure from the General Fund. These reserves represent differences due to timing of funding certain items of expenditure and are, therefore, not available as a source of general funding.

	Balance 1 April £000	Transfers Out £000	Transfer In £000	Balance 31 March £000
Accumulated Absences Account	3,511	0	294	3,805
Pension Reserve	1,804,465	0	325,278	2,129,743
Total	1,807,976	0	325,572	2,133,548

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 2016 and 31 March 2017.

2015/16		2016/17	
£000	£000	£000	£000
	(3,558)		(3,509)
3,558	Settlement or Cancellation of Accrual Made at the End of the	3,509	
<u>(3,509)</u>	Amounts Accrued at the End of the Current Year	<u>(3,803)</u>	
	49 Amount by Which Officer Remuneration Charged to the CIES on		(294)
	<u>(3,509)</u>		<u>(3,803)</u>

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 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.

2015/16 £000		2016/17 £000
(2,052,643)	Balance as at 1 April	(1,804,465)
271,752	Re-measurement of the net defined benefit Liability	(325,285)
	Reversal of Items Relating to Retirement Benefits	
(120,794)	Debited or Credited to CIES	(111,334)
	Employers Pensions Contribution and Direct	
63,326	Payments to Pensioners Payable in the Year	71,403
	Additional Contribution to the Pension Fund	
33,894	Balance the Deficit on the Fund Account	39,938
(1,804,465)	Balance as at 31 March	(2,129,743)

6.2 Other Notes

6.2.1 Termination Benefits and Exit Packages

During 2016/17 the CC approved 11 voluntary redundancies and early retirements (36 in 2015/16) at a total cost of £0.442m (£0.823m in 2015/16).

Exit Package Cost Band	Number of Exit Packages		Total Cost of Exit Packages in each	
	2015/16	2016/17	2015/16 £	2016/17 £
£0 - £20,000	17	4	143,948	47,888
£20,001 - £40,000	14	4	455,248	130,750
£40,001 - £60,000	7	1	277,086	40,753
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	1	0	96,057
£100,001 - £120,000	0	1	0	126,813
Total	38	11	876,282	442,261

6.2.2 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	
	2015/16	2016/17
£50,000 - £54,999	97	86
£55,000 - £59,999	46	42
£60,000 - £64,999	15	13
£65,000 - £69,999	12	3
£70,000 - £74,999	1	2
£75,000 - £79,999	3	7
£80,000 - £84,999	3	0
£85,000 - £89,999	1	3
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	1	1
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	1	1
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	0	0
£145,000 - £149,999	1	1
Total	181	159

6.2.3 Disclosure of Remuneration for Senior Executives 2016/17

Post Holder Information	Notes	Salary	Bonuses and Allowances	Benefits in Kind	Other Payments	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration
		£	£	£	£	£	£	£
Senior Executives of the Chief Constable	1							
Chief Constable	2, 3	144,171	0	1,935	3,066	149,172	0	149,172
Deputy Chief Constable	2, 3	118,938	0	2,001	2,635	123,573	25,334	148,907
Assistant Chief Constable A	2, 3	22,729	0	379	578	23,686	4,841	28,527
Assistant Chief Constable B	2, 3	98,682	0	3,208	2,635	104,525	21,019	125,544
Assistant Chief Constable C	2, 3, 4	64,962	0	1,363	1,756	68,081	13,837	81,918
Sub Total Chief Constable		449,480	0	8,886	10,671	469,037	65,031	534,067

Note (1): During this period the duties of the Section 151 officer role have been discharged by interim appointments with payments to third parties totalling £131,830.

Note (2): Other Payments represent Housing Allowance.

Note (3): Benefit in Kind represents private use of a Force vehicle.

Note (4): Assistant Chief Constable from 1st August 2016.

6.2.4 Disclosure of Remuneration for Senior Executives 2015/16

Post Holder Information	Notes	Salary	Bonuses and Allowances	Benefits in Kind	Other Payments	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration
		£	£	£	£	£	£	£
Senior Executives of the Chief Constable								
Chief Constable	1,5 & 7	142,743	0	1,748	3,066	147,557	12,595	160,152
Deputy Chief Constable	2,5 & 7	117,761	0	1,770	2,635	122,166	25,083	147,249
Assistant Chief Constable A	5	101,885	0	1,688	2,635	106,208	21,702	127,910
Assistant Temporary Chief Constable	3, 5 & 6	72,828	939	0	1,997	75,764	13,477	89,241
Assistant Chief Constable B	4,5,& 6	23,370	300	551	637	24,858	4,978	29,836
Head of Business Services		75,840	0	0	0	75,840	11,755	87,595
Total Chief Constable		534,427	1,239	5,757	10,970	552,393	89,590	641,983

Note (1): Promoted from Temporary Chief Constable on 8th June 2015.

Note (2): Promoted from Temporary Deputy Chief Constable on 16th September 2015.

Note (3): Temporary Assistant Chief Constable until 3rd January 2016.

Note (4): Promoted to Assistant Chief Constable until 4th January 2016.

Note (5): Other Payments represent Housing Allowance.

Note (6): Essential User Car Allowance paid to Exec not in receipt of a Force Vehicle.

Note (7): Benefit in Kind represents private use of Force vehicle.

6.2.5 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.

6.2.6 Pooled Budgets and Joint Operations

The Group 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:

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 ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2016/17 amounted to £456k (2015/16 £531k).

Central Motorway Police Group with West Midlands Police and West Mercia Constabulary

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

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

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

The revenue account for the Unit covers all operating costs. The details for 2016/17 are as follows:

2015/16 £000		2016/17 £000
Contributions to the Pooled Budget:		
(3,965)	West Midlands PCC	(3,906)
(1,989)	West Mercia PCC	(1,959)
(1,873)	Staffordshire PCC	(1,845)
(8)	Other Income	(4)
(7,835)	Total Income	(7,714)
Expenditure met from Pooled Budget:		
7,032	Pay and Allowances	7,049
68	Premises Costs	68
539	Transport Costs	429
125	Communications and Computing	124
71	Supplies and Services	44
7,835	Total Expenditure	7,714
0	Net Surplus/(Deficit) arising during the year	0
0	Staffordshire PCC share (23.9%) of Surplus/(Deficit)	0

Section 7 – Police Pension Scheme Accounts

Regional Organised Crime Unit (ROCU) with West Midlands Police

The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised crime across the region.

The aim of WMROCU is to reduce the impact and increase the disruption of serious and organised crime with the region and beyond. West Midlands Police acts as the lead force this joint arrangement and provides the financial management service for the unit.

The unit is funded in part by force contributions and also by grants from the Home Office and the National Cyber Security Programme (NCSP). The revenue account for this unit cover all operating costs. The details are as follows.

2015/16 £000		2016/17 £000
Funding provided to WMROCU		
(1,429)	Contribution from West Midlands Police	(4,858)
(691)	Contribution from West Mercia Police	(1,587)
(361)	Contribution from Staffordshire Police	(1,426)
(261)	Contribution from Warwickshire Police	(733)
(1,745)	WMROCU Grant	(2,413)
(306)	National Cyber Security Programme Funding	(358)
(166)	Regional Asset Recovery Team grant	(168)
(669)	Additional Home Office Funding (grant provided mid year)	0
(5,628)	Total Funding	(11,543)
WM ROCU Expenditure:		
1,083	Regional Asset Recovery Team (RART)	997
166	RART - ACE Team	168
725	Regional Cyber Crime Unit	789
240	Regional Fraud Team	196
950	Regional Intelligence Unit	784
949	Regional Prisons Intelligence Unit	879
822	UKPPS (Protected Persons)	893
185	Project Management	0
74	Project Management (Phase 2)	82
48	Operational Security	76
0	Regional Government Agency Intelligence Network	49
201	Command Team	948
0	Regional Confidential Unit	3,984
0	TIDU- Technical Intelligence	741
0	Covert Operations	957
5,443	Total Expenditure	11,543
(185)	Total Net Expenditure	0

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 2017. Details of the expenditure are as follows:

2015/16 £000	2016/17 £000
Funding Provided to the Pooled Budget:	
0 Contribution from West Midlands Police	0
0 Contribution from Staffordshire Police	0
0 In Year Funding Provided to the Pooled Budget	0
199 Surplus carried forward from previous year	198
199 Total Funding to the Pooled Budget	198
Expenditure met from Pooled Budget:	
0 Premises	0
0 Contracted Professional Support	16
1 Administration	0
1 Total Expenditure	16
0 Income Received to the Pooled Budget	8
198 Net Surplus/(Deficit) arising during the year	190
Surplus carried forward as a creditor on the balance sheet of the OPCC Staffordshire	(190)
0 Closing Net Surplus/(Deficit)	0

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. In 2016/17 a contribution of £0.204m (£0.171m in 2015/16) 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.

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 £0.174m has been made by West Midlands Police towards the cost of the service during 2016/17 (£0.163m in 2015/16). This figure is included in the Comprehensive Income and Expenditure Statement of the Group. A formal agreement is in place.

6.2.7 Contingent Liabilities

The Chief Constable of Staffordshire along with other Chief Constables and the Home Office, currently have claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

The Chief Constable of Staffordshire along with other Chief Constables currently have claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful age discrimination arising from the application of Reg A19 which compulsorily retired officers with 30 years pensionable service. The parties are currently awaiting a decision on leave to appeal to Supreme Court, with previous decisions at Employment Tribunal Appeal and Court of Appeal having been in the defendant force's favour. The value of claims if successful is uncertain, and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2016/17 Accounting Statements.

6.2.8 Events after the Balance Sheet date

There are no events after the balance sheet date.

6.2.9 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 £31.792m (£34.865m in 2015/16) therefore differs to that shown in the CIES, which is prepared on an accruals basis.

Section 7

SUPPLEMENTARY FINANCIAL STATEMENT AND NOTES

7.1 Police Pension Scheme for England and Wales

7.1.1 Pension Fund Accounts 2016/17

FUND ACCOUNT 2015/16 £000		FUND ACCOUNT 2016/17 £000
Contributions Receivable:		
(13,309)	Contributions at 24.2% of Pensionable Pay	(12,847)
(1,689)	Early Retirements	(1,105)
0	Other - Pre 1974 Recharge Receipts	(47)
(8,638)	Officers Contributions	(8,301)
(23,636)		(22,300)
(143)	Transfers in from Other Schemes	(257)
Benefits Payable:		
45,932	Pensions	47,514
11,692	Commutations and Lump Sum Retirement Benefits	14,591
75	Lump Sum Death Benefits	277
57,699		62,382
Payments to and on Account of Leavers:		
(26)	Refund of Contributions	2
0	Individual Transfers out to Other Schemes	111
(26)		113
33,894	Net Amount Payable for the Year	39,938
(33,894)	Additional Contribution from the OPCC	(39,938)
0		0
NET ASSETS STATEMENT AS AT 31 MARCH 2017		
0	Recoverable From the Home Office via the OPCC	(27)
0	Additional Lump Sums due	27
0	Net (Liabilities)	0

7.1.2 Notes to Supplementary Financial Statements

The Chief Constable is required by law to operate a pension fund and the Pension Fund for Police in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI2007 No.1932). Due to the fact that the Chief Constable does not hold assets or liabilities, no cash is transacted by the Chief Constable. All payments and receipts into and out of the fund are made by the OPCC such that the Chief Constable can fulfil the administration of the fund. The Fund is accounted for in the following ways:

- All receipts and payments relating to the 1987 and 2006 Police Pensions Regulations are generally receivable into and payable out of the Pension Fund, unless otherwise specified in the 2007 Regulations
- Specific provision is made for officers' contributions and inward transfer values to be paid into the Fund and for awards payable and outward transfer values to be paid out of the Fund
- The OPCC is required to make a transfer from the Police Fund to the Pension Fund for employer's contributions. The level of these contributions and the officers contributions are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department
- Transfers are required from the Police Fund to the Pension Fund on the event of specified ill health retirements and where discretionary pension payments are made
- With some exceptions, awards payable under the Police (Injury Benefit) Regulations 2006 are met from the Police Fund rather than the Pension Fund

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 2017 the OPCC transferred £39.938m into the Fund to meet the excess expenditure in the year (£33.894m in 2015/16). Where the OPCC makes a transfer into the Pension Fund, the Home Office will pay a top-up grant to the OPCC and the OPCC acts as an intermediary for this grant receipt. The grant is shown on the CC's and OPCC Group's Comprehensive Income & Expenditure Statement but is transferred to the Pension Fund Account by an adjustment in the Statement of Movement in Reserves. The top-up grant payable to the OPCC in 2016/17 was £39.938m (£33.894m in 2015/16).

Section 8 (Appendix A)

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.

8.1 General Principles

8.1.1 Statutory Guidance and Accounting Standards Used

The Statement of Accounts summarises the CC transactions for the 2016/17 financial year and its position at the year end of 31 March 2016. It provides the reader with information about the CC financial position and its stewardship of public funds. The Statement of Accounts is a legal requirement under the Accounts and Audit Regulations 2015 and must comply with proper accounting practices. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) which is based on approved accounting standards. The accounts are supported by IFRS and statutory guidance issued under Part 3 of the 2015 Act.

8.1.2 Accounting Convention

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

8.1.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

A prior period adjustment will be made to the accounts as a result of a change in accounting policies. Changes in accounting estimates will be accounted for prospectively i.e. in current and future years. Material errors in prior periods are corrected retrospectively by amending opening balances and comparative amounts. A full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

8.1.4 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date of 31 March and the date when the Statement of Accounts is authorised for issue. The two types of events and the accounting treatment are given below:

- For any material events after the balance sheet date which provide additional evidence regarding conditions existing at the balance sheet date, an adjustment has been made to the Statement of Accounts.
- Material events after the balance sheet date which concerned conditions not existing at 31 March have been disclosed as a separate note to the accounts.

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

8.1.5 Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Chief Constable provides the relevant service.
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the Force.
- 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.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

8.2 Policies primarily affecting the CIES

8.2.1 Government Grants and Contributions

Government grants and other contributions are recognised as due to the Group when the attached conditions have been satisfied and there is reasonable assurance that the grant or contribution will be received.

Grants and contributions are credited to income when there is reasonable assurance that the attached conditions will be met. Any grants received where conditions have not been met are carried in the Balance Sheet as creditors. When all conditions are satisfied, the grant is credited to the relevant service line and non-ring fenced grants and capital grants are credited to Taxation and Non-specific grant income in the CIES.

8.2.2 Operating Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other Leases are classified as operating leases.

Receivable (Group as lessor)

Where the CC has granted an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight line basis over the life of the lease and any direct costs incurred in negotiating and arranging the lease are added to the carrying amount and charged as an expense over the lease term on the same basis as rental income.

Payable (Group as lessee)

Rentals paid under operating leases are charged to the service benefiting from use of the leased asset in the CIES. Charges are made on a straight-line basis over the life of the lease, regardless of the pattern of payments.

8.2.3 Employee Benefits

Benefits Payable during Employment

Wages and salaries, paid annual leave and paid sick leave are recognised as an expense for services in the year in which employees render service to the CC.

An accrual is made for the cost of the holiday entitlements or for any form of leave, e.g. time off in lieu, which employees have earned during the year but are able to carry forward into the next financial year.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the CC 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 Group's CIES. They are charged when the CC is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy.

Defined Benefit Schemes (Post-Employment Benefits)

Employees of the CC are members of one of two separate defined benefit pension schemes which provide lump sums and pensions upon retirement:

- Police Officers

From 1 April 2015 the Police Pension Scheme 2015 was introduced which changed accrued pension entitlements from a final salary basis to career average. All new police recruits will join this scheme from April 2015. Police Officers in post before this date will be members of the previous 1987 and 2006 schemes or may have transferred to the 2015 scheme dependent upon protection and transitional arrangements for the previous schemes.

Under 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 CIES 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.

Discretionary Benefits

The CC 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.

Injury Awards

The CC has 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.

8.2.4 Financing and Investment

The financing and investment line of the CIES is charged or credited for the following amounts relating to investments:

- Interest costs and expected return on Defined Benefit pension schemes.

8.2.5 Other Operating Expenditure

Other operating expenditure includes charges for:

- Actuarial gains or losses and return on plan assets of Defined Benefit Pension Schemes, which are charged to the Pension Reserve

8.2.6 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with arrangements for accountability and financial performance.

8.2.7 Jointly Controlled Operations

Joint operations occur where rights to assets and obligations of an arrangement are shared between the controlling parties. In relation to activities that the CC undertakes with joint operators, the CC recognises in its accounts, its own items together with its share of any joint items relating to assets, liabilities, revenue and expenses.

8.2.8 Exceptional Items

Normally any material exceptional items are separately identified on the face of the CIES, in order to give a fair presentation of the accounts. Where these items are less significant they are included within the relevant line of the CIES, however, details of all exceptional items are given in the Explanatory Foreword.

8.2.9 Value Added Tax

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

8.3 Policies primarily affecting the Balance Sheet

8.3.1 Provisions

Provisions have only been recognised in the accounts where there is a legal or constructive obligation to transfer economic benefits as a result of a past event and where such an amount can be reliably estimated. Provisions are charged to the CIES and, depending on their materiality, are either disclosed as a separate item on the Balance Sheet or added to the carrying balance of an appropriate current liability. When expenditure is eventually incurred, it is charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it is apparent that the provision is not required or is lower than originally anticipated, the provision is reversed and credited back to the relevant part of the CIES.

The force restructuring provision was established to meet the costs of voluntary redundancies and early retirements on the grounds of voluntary redundancy, agreed during the current financial year (and charged to the CIES in that year) but falling into the following financial year. The costs are charged directly to the provision when they are actually paid out.

The insurance provision was established to meet liability claims which are not covered by external insurers. The balance reflects the Group's 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.

8.3.2 Contingent Liabilities

Where a potential provision cannot be accurately estimated or an event is not considered sufficiently certain, it has not been included in the accounts but is instead disclosed in the notes as a contingent liability. A contingent liability also occurs where a liability may arise but is dependent upon the outcome of future events before it can be confirmed.

8.3.3 Contingent Assets

A contingent asset occurs where a possible asset may arise but is dependent upon the outcome of future events before it can be confirmed. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

8.4 Policies Affecting the Cash Flow Statement

8.5 Policies used to account on a Funding Basis

In a number of areas statutory provisions require the CC to account for transactions relating to the General Fund differently from the treatment required by IFRS. In each case the adjustment required is offset by a transfer to a specific reserve. The adjustments are shown within the MIRS as Adjustments between accounting basis and funding basis under regulations.

8.5.1 Employee Benefits

Accruals made for holiday entitlements or leave are reversed out of the General Fund to the Accumulated Absences Account.

8.5.2 Termination Benefits - Pension Enhancements

Pension costs calculated according to IAS 19 are replaced by the actual pension payment for the year. The difference between the two transactions is transferred between the General Fund and the Pensions Reserve.

8.6 Accounting Policies not relevant or not material

The accounting policies are reviewed each year to assess whether it is appropriate for individual policies to be included. There are a number of accounting policies that have not been included above, because the statements are not materially affected by their implementation. These policies include:

- Acquisitions and Discontinued Operations
- Restructuring of loan portfolios and treatment of bonds
- De-recognition or impairment of available for sale financial assets, loans and receivables
- Use of capital receipts to fund disposal costs
- Foreign Currency Translation
- Intangible Assets – Recognition of website development and other internally generated assets
- Long term contracts
- Interests in companies and other entities
- Investment properties
- Private Finance Initiatives and Similar Contracts
- Property, Plant and Equipment – Donated Assets
- Heritage Assets
- Finance Leases where the Group is either a lessee or lessor
- Financial Instruments – soft loans

Section 9 (Appendix B)

PENSION SCHEMES

9. Pensions

Participation in Pension Schemes

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

- The Police Pension Scheme for Police Officers (PPS), which is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pension 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.

Transactions Relating to Retirement Benefits

The CC recognise 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 CC 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.

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:

9.1.1 Comprehensive Income and Expenditure Statement

	LGPS £000		PPS £000	
	2015/16	2016/17	2015/16	2016/17
Cost of Services:				
Current Service Costs (Inc Employee Cont)	(11,019)	(8,935)	(36,450)	(32,100)
Past Service Costs (Inc Curtailments)	(125)	(101)	(570)	(50)
Pension Transfers In	0		(400)	(250)
Financing and Investment Income and Expenditure				
Interest Cost on defined benefit obligation	(9,236)	(9,484)	(68,740)	(66,880)
Interest Income on Plan Assets	5,746	6,466	0	0
Total Post Employment Benefit Charged to the Surplus or Deficit on Provision of Services	(14,634)	(12,054)	(106,160)	(99,280)

9.1.2 Re-measurement of the net defined benefit Liability:

	LGPS £000		PPS £000	
	2015/16	2016/17	2015/16	2016/17
Obligations relating to: staff previously under control of the chief Constable; and new staff in the year	(108)	84	N/A	N/A
Return on plan assets (excl the amount inc in the net interest expense)	(3,894)	7,310	N/A	N/A
Re-measurement of the net defined benefit liability- demographic assumptions	0	24	32,960	48,760
Re-measurement of the net defined benefit liability- financial assumptions	32,121	(45,370)	180,420	(420,950)
Actuarial gains and losses on liabilities experience	2,102	12,517	28,150	72,340
Total Post Employment Benefit Charged to the CIES	30,221	(25,435)	241,530	(299,850)

9.1.3 Movement in Reserves Statement

	LGPS £000		PPS £000	
	2015/16	2016/17	2015/16	2016/17
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for the Post-Employment Benefits in Accordance with the Code	14,634	12,054	106,160	99,280
<i>Actual Amounts Charged Against the general Fund Balance for Pensions in the Year:</i>				
Employers Contributions Payable to Scheme	(6,056)	(5,803)	(57,270)	(65,600)
Retirement Benefits Payable to Pensioners				
Total	8,578	6,251	48,890	33,680

9.1.4 Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2016/17 £000	2015/16 £000
Present Value of the Defined Benefit Obligations		
PPS	(2,013,287)	(1,719,695)
LGPS	(316,665)	(268,244)
Fair Value of LGPS Assets	200,209	183,474
Deficit in the Scheme		
PPS	(2,013,287)	(1,719,695)
LGPS	(116,456)	(84,770)
Total	(2,129,743)	(1,804,465)

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

	Funded Liabilities: LGPS £000		UnFunded Liabilities: PPS £000	
	2015/16	2016/17	2015/16	2016/17
Opening Balance at 1 April	(283,800)	(268,243)	(1,946,229)	(1,719,695)
Obligations relating to: staff previously under control of the Chief Constable; and new staff in the year				
	(287)	271	(28,540)	(23,800)
Current Service Cost	(11,019)	(8,935)	(68,740)	(66,880)
Interest Cost	(9,236)	(9,484)	(7,910)	(8,300)
Contributions by Scheme Participants	(2,427)	(2,325)	241,530	(299,850)
Remeasurement gain/(loss)	34,223	(32,829)	(400)	(250)
Benefits Paid	4,428	4,981	57,270	65,600
Past Service Cost (including curtailments)	(125)	(101)	(570)	(50)
Top-up-Grant	0	0	33,894	39,938
Closing Balance at 31 March	(268,243)	(316,665)	(1,719,695)	(2,013,287)

9.1.6 Reconciliation of the Movement in the Fair Value of the Scheme Assets

	LGPS	
	2015/16 £000	2016/17 £000
Opening Balance at 1 April	177,386	183,473
Assets relating to: staff previously under control of the Chief Constable; and new staff in the year	179	(187)
Interest Income	5,746	6,466
Remeasurement (loss)/gain:		
The return on plan assets, excluding the amount included in the net interest expense	(3,893)	7,310
Employer Contributions	6,056	5,803
Contributions by Scheme Participants	2,427	2,325
Benefits Paid	(4,428)	(4,981)
Closing Balance at 31 March	183,473	200,209

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 2016/17 and the potential effect of changes in these assumptions are set out below. The total net liability of £2,130m has a substantial impact on the net assets of the CC as recorded in the Balance Sheet.

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 became 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 are expected to be made to the Local Government Pension Scheme by the CC in the year to 31 March 2017 are £7.133m.

The rate of employer contributions payable by the CC for LGPS members remained constant at 15.5%.

9.1.7 The Local Government Pension Scheme assets comprised:

Asset Category	Year Ended 31 March 2016		Year Ended 31 March 2017	
	Fair Value of Scheme Assets £'000	%age of Total Assets	Fair Value of Scheme Assets £'000	%age of Total Assets
Equity Securities:				
Consumer	13,260.00	7	13,634.30	7
Manufacturing	10,848.10	6	11,753.80	6
Energy and Utilities	4,243.50	2	5,038.90	2
Financial Institutions	11,999.90	6	13,614.30	7
Health and Care	9,999.70	5	11,309.30	6
IT	11,332.70	6	13,603.60	7
Other	220.30	0	202.00	0
Debt Securities:				
Corporate Bonds (investment grade)	9,363.40	5	15,094.10	7
Corporate Bonds (non-investment grade)	0	0	0	0
UK Government	0	0	0	0
Other	0	0	0	0
Private Equity:				
All	5,822.80	3	6,452.30	3
Real Estate:				
UK Property	16,518.00	9	16,362.40	8
Overseas Property	0	0	0	0
Investment Funds and Unit Trusts:				
Equities	63,245.80	34	67,843.50	33
Bonds	9,503.20	5	11,116.70	5
Hedge Funds	4,355.20	2	3,989.70	2
Commodities	0	0	0	0
Infrastructure	0	0	0	0
Other	5,206.90	3	3,032.90	1
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	10,162.50	7	10,210.20	6
Totals:	186,082	100	203,258	100

Section 9 (Appendix B) – Pension Schemes

Approximately 1.5% of the value of these Assets relates to the PCC Single Entity and 98.5% relates to the Chief Constable.

The breakdown of assets in monetary terms in the above table have been shown to the nearest £100. The additional precision in the presentation of the figures has been included because the sum of the values rounded to the nearest £1,000 will not equal the total values due to rounding.

Source: Hymans Robertson LLP

9.1.8 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	
	2015/16	2016/17	2015/16	2016/17
Mortality Assumptions				
<u>Longevity at 65 for Current Pensioners</u>				
Men	22.1yrs	22.1yrs	23.1yrs	23.2yrs
Women	24.3yrs	24.4yrs	25.1yrs	25.2yrs
<u>Longevity at 65 for Future Pensioners</u>				
Men	24.3yrs	24.1yrs	25.1yrs	25.2yrs
Women	26.6yrs	26.4yrs	27.2yrs	27.3yrs
Rate of Inflation	2.2%pa	2.35%pa	2.2%pa	2.35%pa
Rate of Increases in Salaries	4.2%pa	2.8%pa	1.0%pa	1.0%pa
Rate of Increases in Pensions	2.2%pa	2.4%pa	2.2%pa	2.35%pa
Rate for Discounting Scheme Liabilities	3.5%pa	2.6%pa	3.55%pa	2.65%pa
Take Up of Option to Convert Annual Pension into				
Pre-April 2008 Service	50%	50%	N/A	N/A
Post-April 2008 Service	75%	75%	N/A	N/A

9.1.9 Sensitivity Analysis

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The tables below shows the sensitivities regarding the principal assumptions used to measure the schemes liabilities.

LGPS Change in assumptions at 31 March 2017	Approximate % Increase in Employer Liability	Approximate monetary amount (000's)
0.5% decrease in Real Discount Rate	12%	38,602
0.5% increase in the salary Increase rate	3%	9,126
0.5% increase in the pension Increase Rate	9%	28,682

PPS Change in assumptions at 31 March 2017	Approximate % Increase in Employer Liability	Approximate monetary amount (000's)
0.5 decrease in Real Discount Rate	-9.7%	-215,600
1 year increase in member life expectancy	2.6%	57,600
0.5% increase in the salary Increase rate	1.1%	24,100
Early retirement: each member assumed to retire 1 year earlier	-0.1%	-2,200
0.5% increase in the pension Increase Rate	9.2%	205,200

Section 10

ABBREVIATIONS/GLOSSARY

10.1 Abbreviations

OPCC	-	Office of the Police and Crime Commissioner for Staffordshire Group
CC	-	Chief Constable
PCC	-	Police and Crime Commissioner
CIES	-	Comprehensive Income and Expenditure Statement
IAS	-	International Accounting Standard
IFRS	-	International Financial Reporting Standards
LGPS	-	Local Government Pension Scheme
GAD	-	Government Actuary Department
NPAS	-	National Police Aviation
MIRS	-	Movement in Reserves Statement
MTFO	-	Medium Term Financial Outlook
MTFP	-	Medium Term Financial Plan
ROCU	-	Regional Organised Crime Unit
PCCWM	-	Police and Crime Commissioner West Midlands
CCAOU	-	Central Counties' Air Operations Unit

10.2 Glossary of Financial Terms

Items in **bold** are described further within the glossary.

Accounting Period

The period of time covered by the OPCC accounts. Normally twelve months, beginning on 1 April. Also known as the Financial Year.

Accounting Policies

The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, measuring and presenting **assets**, **liabilities**, gains, losses and changes to **reserves**.

Accrual

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Accruals are made for **revenue** and **capital expenditure** and income (see **debtors** and **creditors**).

Actuarial gains and losses

The changes in the net pension's **liability** that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions.

Agency Services

Services that are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.

Amortisation

The writing down of an **intangible asset** reflecting its diminution in value as its useful life expires over time.

Appropriations

Amounts transferred to or from revenue or capital reserves.

Assets

Items having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year e.g. land, buildings, plant, vehicles and equipment. Current assets can be readily converted into cash.

Audit Commission

Independent body with the responsibility of appointing **external auditors** to local authorities.

Bad (and doubtful) Debts

Debts which may be uneconomical to collect or unrecoverable.

Balance Sheet

A statement of recorded **assets** and **liabilities**, and other balances at the end of an **accounting period**.

Section 10 – Abbreviations/Glossary

Budget

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

Capital Adjustment Account

This account contains the balances previously held on the Capital Financing Account. The movements in year relate to the amount of capital expenditure financed from revenue, grants and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

Capital Expenditure

Expenditure on an acquisition or enhancement of fixed **assets**. Enhancement would include increases in value, lengthening the life of the **asset** or increasing the usage of the **asset**.

Capital Financing Requirement

An amount calculated from the value of Fixed Assets less the balances on Capital Adjustment Account. The sum represents the "underlying" need to borrow of the OPCC. The OPCC is required to make an annual provision of 4% of this amount from revenue resources to meet its debt repayment obligations. This is known as the Minimum Revenue Provision

Capital Receipt

Money received from the disposal of land and other **assets**, and from the repayment of capital grants and loans made by the OPCC.

Cash and Cash Equivalents

Cash in hand, cash overdrawn and short term investments that are readily convertible into known amounts of cash

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services. It draws up the Accounting Code of Practices and issues professional guidance that is used to compile these accounts. CIPFA advises central government and other bodies on local government and public sector finance matters.

Code of Practice on Local Authority Accounting (UK)

Publication produced by **CIPFA** that provides detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

Commutated Lump Sums

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

Componentisation

The objective of component accounting is to follow proper accounting practice by ensuring that the plant property and equipment is accurately and fairly included in the PCC and OPCC Group's balance sheet, and that the PCC and OPCC Group's Income and Expenditure Statement properly reflects the cost of their use over their individual useful lives through depreciation charges. Authorities are required to implement this with effect from 1 April 2010 with no retrospective adjustments, although the PCC for Staffordshire started to operate component accounting during the last financial year, obtaining a full valuation of all property split down to their component parts in order to fully comply with IFRS.

Section 10 – Abbreviations/Glossary

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration e.g. debtors.

Contingency

A sum included in the revenue budget to cover unexpected expenditure during the **accounting period**. An example of such an event would be an exceptional price increase not anticipated at the time the budget was constructed.

Contingent Liabilities

A contingent liability is defined as either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control or a present obligation that arises from past events but is not recognised because either it is not probable that a transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

Defined elements of support service costs which are not chargeable to services, sub-divided into Democratic Representation and Corporate Management.

Creditors

Amounts owed by an authority for works done, goods received or services rendered before the end of an **accounting period**, but for which actual payments had not been made by the end of that accounting period.

Current Service Cost

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

Current Value

The current value of an **asset** is a measurement of the assets service potential and can be measured at:

- Existing Use Value – where an active market exists,
- Depreciated Replacement Cost– for assets where there is no market and / or the assets are specialised.

Debtors

Amounts due to an authority for works done, goods supplied or service rendered before the end of an **accounting period**, but for which actual payments had not been received by the end of that accounting period.

Deferred Liabilities

Fees Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and 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 asset 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.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the OPCC and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

External Audit

The auditor is required to verify that all statutory and regulatory requirements have been met during the production of the OPCC accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

Fair Value

The fair value of an **asset** is the price at which assets or liability could be exchanged in an orderly transaction between market participants at the measurement date under current market conditions.

Finance Lease

A lease, which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance. Asset held under Finance Leases are recognised on the Balance Sheet as Assets.

Financial Instrument

Any contract giving rise to a financial **asset** in one entity and a financial **liability** or equity instrument in another. Examples include the treasury management activity of the OPCC, including the borrowing and lending of money and the making of investments.

Financial Regulations

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

Fixed Assets

Tangible assets which have value to the OPCC for more than one year.

General Fund

The common name for the account which accumulates balances for all services except the **Collection Fund**.

Going Concern

The concept that the Group will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Group Financial Statements

Where the OPCC has an interest in another organisation (e.g. a **subsidiary** organisation) group accounts have to be produced. These accounts report the financial position of the OPCC and all organisations in which it has an interest.

Historical Cost

This represents the original cost of acquisition, construction or purchase of a fixed **asset**.

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.

Impairment

A reduction in the value of a fixed **asset**, resulting from financial loss, damage or obsolescence. In order to comply with accounting standards, the OPCC undertakes annual reviews of its assets to identify any that are impaired.

Intangible Assets

Assets that do not have physical substance but are identifiable and controlled by the OPCC through custom or legal rights.

International Financial Reporting Standards

International Financial Reporting Standards are standards and interpretations adopted by the International Accounting Standards Board (IASB). Many of the standards forming part of the IFRS were previously known as International Accounting Standards.

Joint Ventures

An organisation in which the OPCC is involved where decisions require the consent of all participants.

Liability

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Liquid Resources

Current asset investments that are readily disposable by the Group without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Medium Term Financial Plan (MTFP)

A plan detailing projected expenditure and available resources over a period of more than one year. The OPCC MTFP currently covers three years.

Section 10 – Abbreviations/Glossary

Minimum Revenue Provision

The statutory minimum amount that authorities must set aside each year as provision for debt repayment based on 4% of the Capital Financing Requirement

National Non-Domestic Rates

The means by which local businesses contribute to the cost of providing local authority services. All Non-Domestic Rates are paid into a central pool and then divided between all authorities depending on the number of residents each authority has.

Net Revenue Expenditure

This represents the OPCC budget requirement and use of **reserves**.

Non Distributed Costs

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

Non-Cancellable Lease

A lease that is cancellable only:

- Upon the occurrence of some remote contingency.
- With the permission on the lessor.
- If the lessee enters into a new lease for the same or an equivalent asset with the same lessor
- Upon payment by the lessee of such an additional amount that, at the inception of the lease, continuation of the lease is reasonably certain.

Outturn

Actual income and expenditure in an **accounting period**.

Past Service Cost

The increase in **liabilities** arising from current year decisions whose effect relates to years of service earned in earlier years.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precepts

The method by which the OPCC obtains the income it requires from the Council Tax via the appropriate authorities

Prior Year Adjustments

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

Provision

An amount set aside to cover a **liability** that will almost certainly occur, but where the amounts or dates on which the cost will arise are uncertain.

Prudential Code

The Prudential Code ensures, within a clear framework, that the capital investment plans of the OPCC are affordable, prudent and sustainable.

Public Works Loans Board (PWLB)

A Government agency which provides loans, for terms of one year and above, to local authorities. The interest rates applied are only slightly higher than those at which the Government can borrow.

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).

Reserves

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and **provisions** which are set up to meet known liabilities.

Residual Value

The net realisable value of an **asset** at the end of its useful life.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of fixed **assets**.

Revenue Expenditure

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

Revenue Expenditure Funded From Capital under Statute (REFCUS)

This is expenditure that can be deemed capital expenditure under Statute but does not result in an **asset** for the OPCC. Such expenditure is written off to the Income and Expenditure Account in the year it is incurred.

Revenue Support Grant (RSG)

Government financial support to aid local authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Service Reporting Code of Practice

Published by **CIPFA** the Service Reporting Code of Practice establishes "proper practice" with regard to consistent financial reporting to enhance the comparability of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2011.

Section 10 – Abbreviations/Glossary

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 ; or
- (b) The head of staff for a relevant body which does not have a designated head of paid service

Single Entity Financial Statements

The main financial statements for the OPCC as shown in section 3.

Specific Grant

Government financial support for a specific purpose or service that cannot be spent on anything else.

Work in Progress

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.