Office of the Police and
Crime Commissioner
STAFFORDSHIRE

2013/14

STATEMENT OF ACCOUNTS

FOR THE POLICE AND CRIME COMISSIONER FOR STAFFORDSHIRE AND THE OFFICE OF THE POLICE AND CRIME COMISSIONER FOR STAFFORDSHIRE GROUP

Office of the Police and Crime Commissioner for Staffordshire

Section 1: 2013/14 Statement of Accounts

Section 2: 2013/14 Annual Governance Statement

Section 1

Office of the Police and Crime Commissioner for Staffordshire

2013/14 Statement of Accounts

OFFICE OF THE POLICE AND CRIME COMISSIONER FOR STAFFORDSHIRE

STATEMENT OF ACCOUNTS 2013/14

CONTENTS

Independent auditors' report to the Police and Crime Commissioner for Staffordshire

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Commissioner's and of the Group's affairs as at 31 March 2014 and of the Commissioner's and Group's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

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

What we have audited

The Commissioner and Group financial statements (the "financial statements"), which are prepared by the Police and Crime Commissioner for Staffordshire, comprise:

- the Commissioner and Group Balance Sheets as at 31 March 2014;
- the Commissioner and Group Comprehensive Income and Expenditure Statements for the year then ended;
- the Commissioner and Group Statement of Movement in Reserves for the year then ended;
- the Commissioner and Group Statements of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the CIPFA Service Reporting Code of Practice 2013/14.

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the Commissioner's and Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Financial Officer; and
- the overall presentation of the financial statements.

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

Opinion on other matter prescribed by the Code of Audit Practice

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

Other matters on which we are required to report by exception

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

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page iii the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

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

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

Report on the pension fund accounts

Our opinion

In our opinion the pension fund accounts, defined below:

- gives a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2014, and the amount and disposition of the fund's assets and liabilities as at 31 March 2014; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

What we have audited

The pension fund accounts, contained within the Statement of Accounts of the Police and Crime Commissioner for Staffordshire for the year ended 31 March 2014, comprise:

- the Statement of Net Assets and Liabilities as at 31 March 2014;
- the Statement of Movement on the Pension Fund Account for the year then ended; and
- the notes to the pension fund account, which include explanatory information.

The financial reporting framework that has been applied in its preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

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

Our responsibilities and those of the Commissioner

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

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

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

Certificate

We certify that we have completed the audit of the financial statements of the Police and Crime Commissioner for Area Name in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Richard Bacon

Richard Bacon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
Date: 30 September 2014

(a) The maintenance and integrity of the Police and Crime Commissioner for Staffordshire website is the responsibility of the Commissioner; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

What an audit of pension fund accounts involves

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

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

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

Responsibilities for the pension fund accounts and the audit

Our responsibilities and those of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities set out on page iii the Chief Financial Officer is responsible for the preparation of the pensions fund accounts and for being satisfied that it gives a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

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

Opinion on other matter prescribed by the Code of Audit Practice

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

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

Conclusion

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 15 October 2013, as to whether the Commissioner has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2014.

Explanatory Foreword and Introduction

These accounts reflect the financial performance of the Office of The Police and Crime Commissioner for Staffordshire (OPCC) for its second year of operation since its establishment under the Police Reform and Social Responsibility Act 2011. It should be noted that this has been the first full year of operation of the two members of the group, these being The Police and Crime Commissioner for Staffordshire (PCC) and The Chief Constable of Staffordshire Police (CC).

The PCC is responsible for Policing and Crime across Staffordshire, commissioning services from the police and other agencies, working collaboratively to improve outcomes for local people and communities and ensuring value for money. In doing so, the PCC has established four key priorities in his Police and Crime Plan (the Safer, Fairer, United Communities strategy). These are: -

- Early Intervention
- Supporting Victims and Witnesses
- Managing Offenders
- Building Public Confidence

Progress and action against these priorities has been extremely positive over the last 12 months and will form a strong base for further improvement into the future.

The PCC receives grant funding from government (the Home Office) and local taxpayers via the Council tax precept to do this, supplemented by some other income charged for services.

On 1st April 2014 the process (called Stage 2) to create separate legal bodies (corporation soles) of the PCC and Chief Constable was completed, with staff and resources transferring to the appropriate body within the OPCC Group. The PCC remains responsible for all contracts and the ownership, acquisition and disposal of property, with delegation of this to the CC as set down in the governance framework.

The revenue budget for 2013/14 was set as £185.4m, reflecting reduced government grants of £117.4m (a reduction of £1.9m, being 1.6%) and Council Tax of £56.1m, with no increase in charge for the year which remained at the £177.61 Band D equivalent average. This reduction in resources was addressed through the implementation of plans established within the Medium Term Financial Strategy (MTFS).

The net expenditure for the year was £179.7m, resulting in an under spend against budget of £5.7m for the year. This was derived from under spends against pay, non-pay and additional income above plan. These monies will be used to meet operational requirements (£1.1m), fund innovation in police and crime work (£1m), address the pension fund deficit (£2.7m) and increase general reserves (£0.9m). The under spend was greater than planned, and changes to the monitoring and forecasting processes will be made in 2014/15.

Capital expenditure relates to monies spent on assets that are used for a period of time longer than a year and have a value above £10,000. The OPPC owns all assets and funding, but delegates responsibility for its use to the Chief Constable. There were no significant changes in year, and the overall expenditure was lower than in previous years. In year expenditure amounted to £4.6m, with £1.1m on estate and buildings, £2.2m on IT and £1.3m on transport. This was financed through grants of £1.6m, capital receipts of £0.6m, revenue funds of £1.7m, and internal borrowing of £0.7m.

The cash position of the Group continues to be strong, with sufficient cash held to support requirements. In line with the agreed Treasury Management Strategy internal surplus cash was used to fund £0.7m of capital expenditure, as the saving on interest paid out exceeds any interest due on that sum. Outstanding long term debt taken out to pay for assets in previous years was reduced by £1m in year to be £38.8m at year end.

Reserves available for use amounted to £20.2m, which is an increase of £5.5m in year, made up of the revenue under spend of £5.7m less £0.2m of other changes. As stated previously, £0.9m of this will be held in the General Reserve, with the rest allocated for expenditure in 2014/15. The General Reserve represents 3.5% of the budget of £181.4m for 2014/15, in line with the historic policy.

The Group operates two pension schemes, one for Police Officers run nationally by the Home Office, and one for Police staff run locally by Staffordshire County Council. Contributions to both schemes are made by staff, their employer and the government. Accounting rules require the difference between the value and outstanding liabilities of these schemes to be reported, and the Balance Sheet shows the liability (deficit) has fallen slightly by £24k, to £1.8 billion. This liability is regularly reviewed, and action agreed to ensure it is sustainable, with an additional £2.7m being paid into the staff scheme as stated above and explained further in Note 36 to the Financial Statements.

I can confirm that within the accounts there are no material matters to be reported. There is no exposure to Private Finance Initiative (PFI) contracts and the only changes in accounting policies relate to further developments of the governance arrangements previously outlined. There are no material write-offs or contingent liabilities, with the implementation of Stage 2 (see Note 1 to the Financial Statements) being the only post balance sheet event to note.

The PCC is updating its Medium Term Financial Strategy (MTFS) to reflect the top slicing of grant funding notified in December 2013, and reflected in the agreed 2014/15 budget. There has been a reduction of over 20% in grant funds over the last 4 years, and the continued period of austerity in government funding is expected to continue until 2020.

In order to ensure that effective Police and Crime services can continue to be provided to the public of Staffordshire, MTFS plans will aim to transform services whilst reducing costs so that they continue to offer value for money to tax payers. The delivery of the Police and Crime Plan priorities will continue to be assured, as will operational policing and other frontline policing requirements. Having successfully responded to previous challenges, the PCC is in a strong position to deliver the estimated savings of £18m required by 2019/20.

To conclude I believe that the accounts show that the PCC continues to deliver a sound financial position, with good controls and clear financial plans in place to respond to the environment in which it will operate over the next few years.

Simon Crick BA (Hons.) CPFA
Chief Financial Officer to the Office of the Police and Crime Commissioner for Staffordshire

Statement of Responsibilities

Responsibilities of the Police and Crime Commissioner for Staffordshire (PCC)

The PCC is required to:

- make arrangements for the proper administration of the PCC's financial affairs and to ensure that one of his officers has the responsibility for the administration of those affairs. In this organisation that officer is the Chief Financial Officer;
- manage the PCC's affairs to secure economic, efficient and effective use of resources and safeguard the PCC's assets;
- approve the Statement of Accounts.

I accept the above responsibilities and approve these Statement of Accounts for 2013/14.

Matthew Ellis
Police and Crime Commissioner for Staffordshire

Date: 24 September 2014

Responsibilities of the Chief Financial Officer to the PCC

The Chief Financial Officer is responsible for the preparation of the PCC single entity and OPCC Group Statement of Accounts, 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 this 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 PCC and OPCC Group at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Simon Crick BA (Hons.) CPFA
Chief Financial Officer to The Office of the Police and Crime Commissioner for Staffordshire

Date: 24 September 2014

PCC Single Entity Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. 2012/13 figures have been restated as explained fully in note 39.

2012/13 Restated Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Restated Net Expenditure £000		2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000
43	(5,909)	(5,866)	Local Policing	61	(236)	(175)
8	(75)	(67)	Dealing with the Public	8	(18)	(10)
15	(878)	(863)	Criminal Justice Arrangements	16	(15)	1
3	(1,460)	(1,457)	Road Policing	3	(1,055)	(1,052)
5	(2,184)	(2,179)	Specialist Operations	4	(14)	(10)
4	(147)	(143)	Intelligence	3	(19)	(16)
15	(501)	(486)	Specialist Investigation	14	(667)	(653)
3	(42)	(39)	Investigative Support	3	(8)	(5)
0	(1,201)	(1,201)	National Policing	1	(634)	(633)
817	0	817	Corporate and Democratic Core	1,138	0	1,138
3	0	3	Non Distributed Costs	4	0	4
916	**(12,397)**	**(11,481)**	**Cost of Services Before Intra-group Funding**	**1,255**	**(2,666)**	**(1,411)**
198,888	0	198,888	Intra-group Funding	191,980	(5,117)	186,863
199,804	**(12,397)**	**187,407**	**Total Cost of Services**	**193,235**	**(7,783)**	**185,452**
		123	Losses on the Disposal of Non-Current Assets *(Note 21)*			1,032
		1,839	Financing and Investment Net Expenditure *(Note 7)*			1,839
		(184,330)	Taxation and Non-Specific Grant Income *(Note 9)*			(187,457)
		5,039	**Deficit on Provision of Services** *(Note 11)*			**866**
		386	Deficit / (surplus) on Revaluation of Non Current Assets *(Note 5 ii)*			(146)
		85	Remeasurements of the net defined benefit Liabilities *(Note 36a)*			482
		471	**Other Comprehensive Net Expenditure**			**336**
		5,510	**Total Comprehensive Net Expenditure**			**1,202**

OPCC Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The OPCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2012/13 Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Net Expenditure £000		2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000
81,609	(5,909)	75,700	Local Policing	82,212	(1,032)	81,180
16,892	(75)	16,817	Dealing with the Public	17,358	(91)	17,267
15,357	(878)	14,479	Criminal Justice Arrangements	14,917	(685)	14,232
6,411	(1,460)	4,951	Road Policing	6,891	(1,576)	5,315
10,861	(2,184)	8,677	Specialist Operations	10,256	(1,246)	9,010
8,417	(147)	8,270	Intelligence	7,244	(64)	7,180
33,268	(501)	32,767	Specialist Investigation	33,446	(1,215)	32,231
7,843	(42)	7,801	Investigative Support	7,267	(32)	7,235
2,078	(1,201)	877	National Policing	3,508	(1,842)	1,666
817	0	817	Corporate and Democratic Core	1,138	0	1,138
630	0	630	Non Distributed Costs	621	0	621
184,183	**(12,397)**	**171,786**	**Total Cost of Services**	**184,858**	**(7,783)**	**177,075**
		123	(Gains) / Losses on the Disposal of Non-Current Assets *(Note 21)*			1,032
		81,458*	Financing and Investment Net Expenditure *(Note 7)*			84,048
		(209,831)	Taxation and Non-Specific Grant Income *(Note 9)*			(213,136)
		43,536*	**Deficit on Provision of Services** *(Note 11)*			**49,019**
		386	(Surplus) / Deficit on Revaluation of Non Current Assets *(Note 5 ii)*			(146)
		216,014*	Remeasurements of the net defined benefit Liabilities *(Note 36)*			(73,936)
		216,400*	**Other Comprehensive Net Expenditure / (Income)**			**(74,082)**
		259,936	**Total Comprehensive Net Expenditure / (Income)**			**(25,063)**

* 2012/13 figures restated due to IAS19 revised (effective from 2013/14), as detailed in notes 7 and 36. As a result of this, the Deficit on Provision of Services has increased by £1.086m from £42.450m, however the Total Comprehensive Net Expenditure remains unchanged.

Movement in Reserves Statement for the PCC Single Entity

This statement shows the movement in the year on the different reserves held by the PCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the PCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund before any discretionary transfers to or from earmarked reserves undertaken by the PCC. 2012/13 figures have been restated as explained fully in note 39.

	General Fund	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£000	£000	£000	£000	£000	£000	£000
Restated Balance as at 1 April 2012	**5,375**	**9,402**	**0**	**0**	**14,777**	**42,492**	**57,269**
Movement in Reserves During 2012/13:							
Restated Deficit on the Provision of Services	(5,039)	0	0	0	(5,039)	0	(5,039)
Restated Other Comprehensive Income and Expenditure	0	0	0	0	0	(471)	(471)
Total Comprehensive Income and Expenditure	**(5,039)**	**0**	**0**	**0**	**(5,039)**	**(471)**	**(5,510)**
Restated Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	4,951	0	0	0	4,951	(4,951)	0
Net decrease before Transfers to Earmarked Reserves	**(88)**	**0**	**0**	**0**	**(88)**	**(5,422)**	**(5,510)**
Transfers To/From Earmarked Reserves (Note 4)	88	(88)	0	0	0	0	0
Decrease in 2012/13	**0**	**(88)**	**0**	**0**	**(88)**	**(5,422)**	**(5,510)**
Restated Balance at 31 March 2013 Carried Forward	**5,375**	**9,314**	**0**	**0**	**14,689**	**37,070**	**51,759**
Movement in Reserves During 2013/14:							
Deficit on the Provision of Services	(866)	0	0	0	(866)	0	(866)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(336)	(336)
Total Comprehensive Income and Expenditure	**(866)**	**0**	**0**	**0**	**(866)**	**(336)**	**(1,202)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	6,372	0	0	0	6,372	(6,372)	0
Net increase / (decrease) before Transfers to Earmarked Reserves	**5,506**	**0**	**0**	**0**	**5,506**	**(6,708)**	**(1,202)**
Transfers To/From Earmarked Reserves (Note 4)	(4,572)	4,572	0	0	0	0	0
Increase / (Decrease) in 2013/14	**934**	**4,572**	**0**	**0**	**5,506**	**(6,708)**	**(1,202)**
Balance at 31 March 2014 Carried Forward	**6,309**	**13,886**	**0**	**0**	**20,195**	**30,362**	**50,557**

Movement in Reserves Statement for the OPCC Group

This statement shows the movement in the year on the different reserves held by the OPCC Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund before any discretionary transfers to or from earmarked reserves undertaken by the Group.

	General Fund	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total OPCC Group Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2012	**5,375**	**9,402**	**0**	**0**	**14,777**	**(1,524,462)**	**(1,509,685)**
Movement in Reserves During 2012/13:							
Deficit on the Provision of Services *	(43,536)	0	0	0	(43,536)	0	(43,536)
Other Comprehensive Income and Expenditure *	0	0	0	0	0	(216,400)	(216,400)
Total Comprehensive Income and Expenditure *	**(43,536)**	**0**	**0**	**0**	**(43,536)**	**(216,400)**	**(259,936)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	43,448	0	0	0	43,448	(43,448)	0
Net decrease before Transfers to Earmarked Reserves	**(88)**	**0**	**0**	**0**	**(88)**	**(259,848)**	**(259,936)**
Transfers To/From Earmarked Reserves (Note 4)	88	(88)	0	0	0	0	0
Decrease in 2012/13	**0**	**(88)**	**0**	**0**	**(88)**	**(259,848)**	**(259,936)**
Balance at 31 March 2013 Carried Forward	**5,375**	**9,314**	**0**	**0**	**14,689**	**(1,784,310)**	**(1,769,621)**
Movement in Reserves During 2013/14:							
Deficit on the Provision of Services	(49,019)	0	0	0	(49,019)	0	(49,019)
Other Comprehensive Income and Expenditure	0	0	0	0	0	74,082	74,082
Total Comprehensive Income and Expenditure	**(49,019)**	**0**	**0**	**0**	**(49,019)**	**74,082**	**25,063**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	54,525	0	0	0	54,525	(54,525)	0
Net increase before Transfers to Earmarked Reserves	**5,506**	**0**	**0**	**0**	**5,506**	**19,557**	**25,063**
Transfers To/From Earmarked Reserves (Note 4)	(4,572)	4,572	0	0	0	0	0
Increase in 2013/14	**934**	**4,572**	**0**	**0**	**5,506**	**19,557**	**25,063**
Balance at 31 March 2014 Carried Forward	**6,309**	**13,886**	**0**	**0**	**20,195**	**(1,764,753)**	**(1,744,558)**

* restated due to IAS19 revised (effective from 2013/14), as per the CIES and as detailed in notes 7 and 36.

Balance Sheet for the PCC Single Entity

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the PCC. The net assets of the PCC (assets less liabilities) are matched by the reserves held by the PCC. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the PCC is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statements line 'Adjustments between accounting basis and funding basis under regulations'. 2012/13 figures have been restated and the restated opening balances as at 1 April 2012 have also been shown on the Balance Sheet. The restatements are explained fully in note 39.

Restated 1 April 2012 £000	Restated 31 March 2013 £000			31 March 2014 £000
61,793	57,956	Land and Buildings	*Note 21*	52,871
18,269	17,181	Vehicles, Plant and Equipment	*Note 21*	14,183
3,228	2,831	Intangible Assets	*Note 22*	2,517
0	0	Long-Term Debtors	*Note 23*	444
83,290	**77,968**	**Long Term Assets**		**70,015**
8,780	8,150	Assets Held for Sale	*Note 24*	8,150
5,501	6,501	Short Term Investments	*Note 26*	9,234
17,756	15,964	Short Term Debtors	*Note 27*	18,619
3,847	3,865	Cash and Cash Equivalents	*Note 28*	617
35,884	**34,480**	**Current Assets**		**36,620**
(13)	(158)	Bank Overdrafts	*Note 28*	0
(3,209)	(1,195)	Short Term Borrowing	*Note 26*	(1,192)
(13,696)	(14,467)	Short Term Creditors	*Note 29*	(13,544)
(37)	(1,000)	Provisions	*Note 30*	0
(16,955)	**(16,820)**	**Current Liabilities**		**(14,736)**
(1,716)	(1,802)	Provisions	*Note 30*	0
(40,800)	(39,800)	Long Term Borrowing	*Note 26*	(38,800)
(2,170)	(1,898)	Other Long Term Liabilities	*Note 31*	(1,627)
(264)	(369)	Liability Related to Defined Benefit Pension Schemes	*Notes 36 and 36a*	(915)
(44,950)	**(43,869)**	**Long Term Liabilities**		**(41,342)**
57,269	**51,759**	**Net Assets**		**50,557**
		Financed by:		
		Usable Reserves:		
5,375	5,375	General Fund		6,309
9,402	9,314	Earmarked Reserves	*Note 4*	13,886
42,492	37,070	Unusable Reserves	*Note 5*	30,362
57,269	**51,759**	**Total Reserves**		**50,557**

The notes on pages 9 to 74 form part of the financial statements.

Balance Sheet for the OPCC Group

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the OPCC Group. The net assets of the OPCC Group (assets less liabilities) are matched by the reserves held by the OPCC Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the OPCC Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the OPCC Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statements line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2013 £000			31 March 2014 £000
57,956	Land and Buildings	*Note 21*	52,871
17,181	Vehicles, Plant and Equipment	*Note 21*	14,183
2,831	Intangible Assets	*Note 22*	2,517
0	Long-Term Debtors	*Note 23*	444
77,968	**Long Term Assets**		**70,015**
8,150	Assets Held for Sale	*Note 24*	8,150
6,501	Short Term Investments	*Note 26*	9,234
15,964	Short Term Debtors	*Note 27*	18,619
3,865	Cash and Cash Equivalents	*Note 28*	617
34,480	**Current Assets**		**36,620**
(158)	Bank Overdrafts	*Note 28*	0
(1,195)	Short Term Borrowing	*Note 26*	(1,192)
(19,741)	Short Term Creditors	*Note 29*	(15,242)
(1,000)	Provisions	*Note 30*	(802)
(22,094)	**Current Liabilities**		**(17,236)**
(1,802)	Provisions	*Note 30*	(1,336)
(39,800)	Long Term Borrowing	*Note 26*	(38,800)
(1,898)	Other Long Term Liabilities	*Note 31*	(1,627)
(1,816,475)	Liability Related to Defined Benefit Pension Schemes	*Note 36*	(1,792,194)
(1,859,975)	**Long Term Liabilities**		**(1,833,957)**
(1,769,621)	**Net Liabilities**		**(1,744,558)**
	Financed by:		
	Usable Reserves:		
5,375	General Fund		6,309
9,314	Earmarked Reserves	*Note 4*	13,886
(1,784,310)	Unusable Reserves	*Note 5*	(1,764,753)
(1,769,621)	**Total Reserves**		**(1,744,558)**

The notes on pages 9 to 74 form part of the financial statements.

Cash Flow Statement for the PCC Single Entity

The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC during the reporting period. The statement shows how the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC are funded by the way of taxation and grant income or from the recipients of services provided by the PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC. 2012/13 figures have been restated as explained fully in note 39.

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
		Cash Flows from Operating Activities:		
		Cash Outflows		
483		Cash Paid To and On Behalf of Employees	795	
499		Other Operating Cash Payments	267	
185,058		Intra-Group Funding	180,560	
1,922		Interest Paid	1,857	
	187,962			**183,479**
		Cash Inflows		
(64,366)		Precepts Received	(56,309)	
(46,913)		National Non-Domestic Rate Receipts	(43,607)	
(909)		Revenue Support Grant / Localisation of Council Tax	(8,413)	
(76,726)		Other Government Grants and Reimbursements (*Note 35*)	(78,380)	
(6,302)		Cash Received For Goods and Services	(622)	
(80)		Interest Received	(51)	
	(195,296)			**(187,382)**
	(7,334)	**Net Cash Flows From Operating Activities**		**(3,903)**
		Cash Flows from Investing Activities:		
		Cash Outflows		
6,090		Purchase of Non Current Assets	5,238	
6,500		Purchase of short-term and long-term investments	9,233	
	12,590			**14,471**
		Cash Inflows		
(980)		Sale of Non Current Assets	(643)	
(1,920)		Capital Grants Received	(1,606)	
(5,500)		Proceeds from short-term and long-term investments	(6,500)	
0		Other Capital Cash Receipts	0	
	(8,400)			**(8,749)**
	4,190	**Net Cash Flows from Investing Activities**		**5,722**
		Cash Flows from Financing Activities:		
0		Cash Receipts of Short Term and Long Term Borrowing	0	
0		Other Receipts from Financing Activities	0	
3,271		Repayments of Short Term and Long Term Borrowing	1,271	
0		Other Payments for Financing Activities	0	
	3,271	**Net Cash Flows from Financing Activities**		**1,271**
	127	**Net Decrease in Cash and Cash Equivalents**		**3,090**
	(3,834)	Cash and Cash Equivalents at the beginning of the Reporting Year		(3,707)
	(3,707)	**Cash and Cash Equivalents at the end of the Reporting Year**		**(617)**

Cash Flow Statement for the OPCC Group

The Cash Flow Statement shows the changes in cash and cash equivalents of the OPCC Group during the reporting period. The statement shows how the OPCC Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the OPCC Group are funded by the way of taxation and grant income or from the recipients of services provided by the OPCC Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the OPCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the OPCC Group.

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
		Cash Flows from Operating Activities:		
		Cash Outflows		
152,321		Cash Paid To and On Behalf of Employees	143,128	
59,901		Other Operating Cash Payments	66,549	
1,922		Interest Paid	1,857	
	214,144			211,534
		Cash Inflows		
(64,366)		Precepts Received	(56,309)	
(46,913)		National Non-Domestic Rate Receipts	(43,607)	
(909)		Revenue Support Grant / Localisation of Council Tax	(8,413)	
(102,908)		Other Government Grants and Reimbursements (*Note 35)*	(101,682)	
(6,302)		Cash Received For Goods and Services	(5,375)	
(80)		Interest Received	(51)	
	(221,478)			(215,437)
	(7,334)	**Net Cash Flows From Operating Activities**		**(3,903)**
		Cash Flows from Investing Activities:		
		Cash Outflows		
6,090*		Purchase of Non Current Assets	5,238	
6,500		Purchase of short-term and long-term investments	9,233	
	12,590			**14,471**
		Cash Inflows		
(980)		Sale of Non Current Assets	(643)	
(1,920)		Capital Grants Received	(1,606)	
(5,500)*		Proceeds from short-term and long-term investments	(6,500)	
0		Other Capital Cash Receipts	0	
	(8,400)			**(8,749)**
	4,190	**Net Cash Flows from Investing Activities**		**5,722**
		Cash Flows from Financing Activities:		
0		Cash Receipts of Short Term and Long Term Borrowing	0	
0		Other Receipts from Financing Activities	0	
3,271*		Repayments of Short Term and Long Term Borrowing	1,271	
0		Other Payments for Financing Activities	0	
	3,271	**Net Cash Flows from Financing Activities**		**1,271**
	127	**Net Decrease in Cash and Cash Equivalents**		**3,090**
	(3,834)	Cash and Cash Equivalents at the beginning of the Reporting Year		(3,707)
	(3,707)	**Cash and Cash Equivalents at the end of the Reporting Year**		**(617)**

* previously the items relating to the purchase of and proceeds from investments were incorrectly included within repayments of borrowing. The latter figure has now been restated from £4.271m and the £1.000m difference has been split out into its respective parts in the Investing Activities section.

Notes to the Financial Statements for the Police and Crime Commissioner for Staffordshire and the OPCC Group

This set of notes represents the consolidated notes for the 2013/14 Statement of Accounts presented in pages 1 to 8.

1. The Creation of the Single Entities of The Police and Crime Commissioner for Staffordshire and The Chief Constable of Staffordshire Police

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

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

On the 22 November 2012 all of the property, rights and liabilities of Staffordshire Police Authority transferred to and now vest in the Office of the Police and Crime Commissioner Staffordshire: this was called Stage 1 transfer. On 1 April 2014, Stage 2 transfer took effect whereby PCCs and CCs agreed a clear division of responsibility between the Chief Constable and the governing body (the PCC) and set out arrangements for who will employ which staff, who will own property and other assets, and who holds associated rights and liabilities. The model that was agreed in Staffordshire was that "all assets, liabilities and contractual arrangements will remain in the control of the PCC after 1 April 2014." An agreed transfer of employees took place on 1 April 2014 whereby the vast majority of Police Staff (1,552 posts) transferred to the employment of the Chief Constable; these staff had been under the direction and control of the Chief Constable since November 2012. A small number of staff (17) were retained by the PCC with a further 6 transferring to Staffordshire County Council.

In 2012/13 the single entity accounts of the Chief Constable showed a Balance Sheet, Movement on Reserves Statement and Cash Flow with all nil balances. Following further guidance received by the Audit Commission and taking into account the relevance of Stage 2 transfers to 2013/14, insofar as it may give further evidence of the underlying substance of the transactions at Stage 1, the Core Statements now show the relevant transactions, assets and liabilities for each of the Single Entities. Where appropriate, 2012/13's Statements and associated notes for the PCC Single Entity have been restated to reflect this and further explanation is provided at note 39. The governance framework effectively changed and became clearer during 2013/14 and certain items, namely Operational Income and Provisions, have now been shown on the CC's CIES and Balance Sheet as they are now under the direction and control of the Chief Constable. It is considered that this was not clear during 2012/13 and the decision has been taken not to restate for these items.

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

2. Critical Assumptions

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

3. Adjustments between Accounting Basis and Funding Basis under Regulations

PCC – 2012/13 COMPARATIVES RESTATED*	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments Primarily Involving the Capital Adjustment Account:				
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of Non-Current Assets	9,334	0	0	(9,334)
Amortisation of Intangible Assets	862	0	0	(862)
Revenue Expenditure Funded from Capital Under Statute	(271)	0	0	271
Insertion of items not Debited or Credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Financing of Capital Investment	(1,859)	0	0	1,859
Capital Expenditure Charged Against the General Fund	(3,581)	0	0	3,581
Adjustments Primarily Involving the Capital Receipts Reserve:				
Transfer of Cash Sale Proceeds Credited as Part of the Gains/Loss on Disposal to the Comprehensive Income and Expenditure Statement	123	980	0	(1,103)
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	0	(980)	0	980
Adjustments Primarily Involving the Pensions Reserve:				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement *	53	0	0	(53)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year *	(33)	0	0	33
Additional Contribution to the Pension Fund to the Deficit on the Fund Account *	0	0	0	0
Adjustments Involving the Collection Fund Adjustment Account:				
Amount by which Council Tax Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	321	0	0	(321)
Adjustment Involving the Accumulated Absences Account				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements *	2	0	0	(2)
Total Adjustments	**4,951**	**0**	**0**	**(4,951)**

* restated to reflect the adjustments to the Core Statements, as explained in Note 39. All of the above figures were originally the same as the note for the OPCC Group in 2012/13; further explanation is also provided in Notes 5 (i) and 36a.

OPCC Group - 2012/13 COMPARATIVES RESTATED*	**General Fund**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£000	**£000**	**£000**	**£000**
Adjustments Primarily Involving the Capital Adjustment Account:				
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of Non-Current Assets	9,334	0	0	(9,334)
Amortisation of Intangible Assets	862	0	0	(862)
Revenue Expenditure Funded from Capital Under Statute	(271)	0	0	271
Insertion of items not Debited or Credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Financing of Capital Investment	(1,859)	0	0	1,859
Capital Expenditure Charged Against the General Fund	(3,581)	0	0	3,581
Adjustments Primarily Involving the Capital Receipts Reserve:				
Transfer of Cash Sale Proceeds Credited as Part of the Gains/Loss on Disposal to the Comprehensive Income and Expenditure Statement	123	980	0	(1,103)
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	0	(980)	0	980
Adjustments Primarily Involving the Pensions Reserve:				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement, as amended per notes 7 and 36.	125,750*	0	0	(125,750)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(62,575)	0	0	62,575
Additional Contribution to the Pension Fund to the Deficit on the Fund Account	(25,501)	0	0	25,501
Adjustments Involving the Collection Fund Adjustment Account:				
Amount by which Council Tax Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	321	0	0	(321)
Adjustment Involving the Accumulated Absences Account				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	845	0	0	(845)
Total Adjustments	**43,448***	**0**	**0**	**(43,448)**

* restated due to IAS19 revised (effective from 2013/14), as per the CIES and as detailed in notes 7 and 36.

PCC - 2013/14	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments Primarily Involving the Capital Adjustment Account:				
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of Non-Current Assets	10,278	0	0	(10,278)
Amortisation of Intangible Assets	773	0	0	(773)
Revenue Expenditure Funded from Capital Under Statute	(271)	0	0	271
Insertion of items not Debited or Credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Financing of Capital Investment	(1,765)	0	0	1,765
Capital Expenditure Charged Against the General Fund	(3,300)	0	0	3,300
Adjustments Primarily Involving the Capital Receipts Reserve:				
Transfer of Cash Sale Proceeds Credited as Part of the Gains/Loss on Disposal to the Comprehensive Income and Expenditure Statement	1,032	643	0	(1,675)
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	0	(643)	0	643
Adjustments Primarily Involving the Pensions Reserve:				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement	131	0	0	(131)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(67)	0	0	67
Additional Contribution to the Pension Fund to the Deficit on the Fund Account	0	0	0	0
Adjustments Involving the Collection Fund Adjustment Account:				
Amount by which Council Tax Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	(451)	0	0	451
Adjustment Involving the Accumulated Absences Account				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	12	0	0	(12)
Total Adjustments	**6,372**	**0**	**0**	**(6,372)**

OPCC Group - 2013/14	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments Primarily Involving the Capital Adjustment Account:				
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement				
Charges for Depreciation and Impairment of Non-Current Assets	10,278	0	0	(10,278)
Amortisation of Intangible Assets	773	0	0	(773)
Revenue Expenditure Funded from Capital Under Statute	(271)	0	0	271
Insertion of items not Debited or Credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Financing of Capital Investment	(1,765)	0	0	1,765
Capital Expenditure Charged Against the General Fund	(3,300)	0	0	3,300
Adjustments Primarily Involving the Capital Receipts Reserve:				
Transfer of Cash Sale Proceeds Credited as Part of the Gains/Loss on Disposal to the Comprehensive Income and Expenditure Statement	1,032	643	0	(1,675)
Use of the Capital Receipts Reserve to Finance New Capital Expenditure	0	(643)	0	643
Adjustments Primarily Involving the Pensions Reserve:				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement	136,879	0	0	(136,879)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(61,545)	0	0	61,545
Additional Contribution to the Pension Fund to the Deficit on the Fund Account	(25,679)	0	0	25,679
Adjustments Involving the Collection Fund Adjustment Account:				
Amount by which Council Tax Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	(451)	0	0	451
Adjustment Involving the Accumulated Absences Account				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	(1,426)	0	0	1,426
Total Adjustments	**54,525**	**0**	**0**	**(54,525)**

4. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14. All Usable Reserves are held by the PCC.

PCC and OPCC Group	Balance 1 April 2012 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Balance 31 March 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance 31 March 2014 £000
Earmarked Reserve Pensions	743	0	0	743	0	2,735	3,478
Net Operational Underspends	631	(631)	298	298	(298)	1,098	1,098
Capital Reserve	492	(479)	2,306	2,319	(1,494)	1,150	1,975
Insurance Reserve	2,250	(939)	550	1,861	0	481	2,342
Air Operations Unit Maintenance	100	0	0	100	(100)	0	0
Reshaping the Future	5,186	(2,077)	884	3,993	0	1,000	4,993
Total	**9,402**	**(4,126)**	**4,038**	**9,314**	**(1,892)**	**6,464**	**13,886**

5. Unusable Reserves

PCC Restated	Balance 1 April 2012 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Restated Balance 31 March 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance 31 March 2014 £000
Accumulated Absences Account *	0	0	(2)	(2)	2	(14)	(14)
Revaluation Reserve	5,501	16	(695)	4,822	4,061	(4,198)	4,685
Capital Adjustment Account	36,570	6,984	(11,299)	32,255	8,074	(14,982)	25,347
Deferred Capital Receipts Reserve	0	0	0	0	0	444	444
Pensions Reserve *	(264)	33	(138)	(369)	67	(613)	(915)
Collection Fund Adjustment Account	685	(321)	0	364	0	451	815
Total	**42,492**	**6,712**	**(12,134)**	**37,070**	**12,204**	**(18,912)**	**30,362**

* restated to reflect the adjustments to the Core Statements, as explained in Note 39. All of the above figures were originally the same as the note for the OPCC Group in 2012/13; further explanation is also provided in Notes 5 (i) and 36a.

OPCC Group	Balance 1 April 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance 31 March 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance 31 March 2014
	£000	£000	£000	£000	£000	£000	£000
Accumulated Absences Account	(4,431)	4,431	(5,276)	(5,276)	5,276	(3,850)	(3,850)
Revaluation Reserve	5,501	16	(695)	4,822	4,061	(4,198)	4,685
Capital Adjustment Account	36,570	6,984	(11,299)	32,255	8,074	(14,982)	25,347
Deferred Capital Receipts Reserve	0	0	0	0	0	444	444
Pensions Reserve	(1,562,787)	88,076	(341,764)	(1,816,475)	161,160	(136,879)	(1,792,194)
Collection Fund Adjustment Account	685	(321)	0	364	0	451	815
Total	**(1,524,462)**	**99,186**	**(359,034)**	**(1,784,310)**	**178,571**	**(159,014)**	**(1,764,753)**

(i) Accumulated Absences Account

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

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

The majority of the Reserve relates to Police Officers and Staff who are under the direction and control of the Chief Constable. Therefore 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 PCC Single Entity below relate to the balances on the Reserve that relate to those staff that were under the direct control of the PCC as at 31 March 2013 and 31 March 2014.

PCC:

	Restated 2012/13 £000			2013/14 £000
	(4,431)	**Balance as at 1 April**		**(2)**
	4,431	Transfer of responsibility for the Reserve from PCC to CC		0
0		Settlement or Cancellation of Accrual Made at the End of the Preceding Year	2	
(2)		Amounts Accrued at the End of the Current Year	(14)	
	(2)	Amount by Which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements.		(12)
	(2)	**Balance as at 31 March**		**(14)**

OPCC Group:

	2012/13 £000			2013/14 £000
	(4,431)	**Balance as at 1 April**		**(5,276)**
4,431		Settlement or Cancellation of Accrual Made at the End of the Preceding Year	5,276	
(5,276)		Amounts Accrued at the End of the Current Year	(3,850)	
	(845)	Amount by Which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements.		1,426
	(5,276)	**Balance as at 31 March**		**(3,850)**

(ii) Revaluation Reserve

The Revaluation Reserve contains the gains made by the PCC and OPCC Group arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
	5,501	**Balance as at 1 April**		**4,822**
16		Upward Revaluation of Assets	4,061	
(402)		Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus/Deficit on the Provision of Services	(3,915)	
0		Reversal of Impairment Which Should have been Charged to Income and Expenditure Statement Following Restatement	0	
0		Additional Adjustment to Depreciation as a Result of Restatement of Impairments	0	
0		Reversal of Previous Impairments Written Out to the Capital Adjustment Account Following Restatement	0	
	(386)	**Surplus or Deficit on Revaluation of Non Current Assets**		**146**
	(153)	Difference Between Fair Value Depreciation and Historical Cost Depreciation		(128)
	(140)	Accumulated Gains on Assets Sold or Scrapped		(155)
	4,822	**Balance as at 31 March**		**4,685**

(iii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with amounts set aside by the PCC and OPCC Group as finance for the cost of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2012/13			2013/14	
£000	£000		£000	£000
	36,570	**Balance as at 1 April**		32,255
		Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:		
(5,987)		Charges for Depreciation and Impairment of Non Current Assets	(5,671)	
(1,334)		Derecognition and Write Off of Impairments of Non Current Assets using Revaluation Gains in Year	1,812	
(2,013)		Revaluation Losses on Property, Plant and Equipment	(6,419)	
(862)		Amortisation of Intangible Assets	(773)	
271		Revenue Expenditure Funded from Capital Under Statute	271	
(963)		Amounts of Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the CIES	(1,964)	
153		Adjusting Amounts Written Out of the Revaluation Reserve	128	
	(10,735)	**Net Written Out Amount of the Cost of Non Current Assets Consumed in the Year**		(12,616)
		Capital Financing Applied in the Year:		
980		Use of Capital Receipts Reserve to Finance New Capital Expenditure	643	
1,920		Capital Grant and Contributions Credited to the CIES that have been Applied to Capital Financing	1,606	
0		Application of Grants to Capital Financing from the Capital Grants Unapplied Account	0	
1,859		Statutory Provision for the Financing of Capital Investment Charged Against the General Fund	1,765	
1,661		Capital Expenditure Charged Against the General Fund	1,694	
	6,420			5,708
	32,255	**Balance as at 31 March**		25,347

(iv) 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 PCC and OPCC Group 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 OPCC 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 PCC and OPCC Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The restatement of the 2012/13 figures for the PCC Single Entity is fully explained in Note 36a.

PCC Restated 2012/13 £000	Group 2012/13 £000		PCC 2013/14 £000	Group 2013/14 £000
(1,562,787)	**(1,562,787)**	**Balance as at 1 April**	**(369)**	**(1,816,475)**
1,562,523	0	Transfer of responsibility for the Reserve from PCC to CC	0	0
(85)	(216,014)*	Remeasurement of the net defined benefit Liability	(482)	73,936
(53)	(125,750)*	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement	(131)	(136,879)
33	62,575	Employers Pensions Contributions and Direct Payments to Pensioners Payable in the Year	67	61,545
0	25,501	Additional Contribution to the Pension Fund to Balance the Deficit on the Fund Account	0	25,679
(369)	**(1,816,475)**	**Balance as at 31 March**	**(915)**	**(1,792,194)**

* restated due to IAS19 revised (effective from 2013/14), as per the CIES and as detailed in notes 7 and 36.

(v) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2012/13 £000		2013/14 £000
685	**Balance as at 1 April**	**364**
(321)	Amount by which Council Tax Income Credited to the Comprehensive Income and Expenditure Statement is Different From Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	451
364	**Balance as at 31 March**	**815**

6. Material Items of Income and Expenditure

There are no material items of Income or Expenditure in 2013/14 or 2012/13 that require specific disclosure.

7. Financing and Investment Income and Expenditure

PCC Restated 2012/13 £000	Group 2012/13 £000		PCC 2013/14 £000	Group 2013/14 £000
1,908	1,908	Interest Payable and Similar Charges	1,854	1,854
13	79,632*	Pensions Net Interest Cost	34	82,243
(82)	(82)	Interest Receivable and Similar Income	(49)	(49)
1,839	**81,458**	**Total**	**1,839**	**84,048**

* The 2012/13 amount for Net Interest relating to the LGPS has been increased by £1.086m to reflect the changes under IAS19, as explained in Note 36. This change does not impact on the Total Comprehensive Net Expenditure as there is an equal and opposite adjustment to the Remeasurements of the net defined benefit liabilities amount (previously called Actuarial Gain/ (Loss).

8. Specific Grants

Included within the Gross income figure in the Net Cost of Services for the OPCC Group are specific grants and contributions of £3.637m (PCC Single Entity £2.594m). A breakdown of these by awarding body is listed below:

PCC 2012/13 £000	Group 2012/13 £000	Grant	Awarding Body	PCC 2013/14 £000	Group 2013/14 £000
4,452	4,452	Police Community Support Officer Grant	Home Office	0	0
618	618	Counter Terrorism	Home Office	597	597
197	197	Loan Charges	Home Office	176	176
44	44	Local Criminal Justice Board	Ministry of Justice	0	0
9	9	Truevision	Ministry of Justice	13	13
0	0	Victim Support Service Grant	Ministry of Justice	133	133
0	0	Radio Frequency Propagation Survey	College of Policing	9	9
948	948	Safety Camera	Staffordshire County Council	1,044	1,044
24	24	Neighbourhood Watch Grant	Staffordshire County Council	0	0
60	60	Early Adopter Grant	Department of Health	0	0
117	117	Youth and Crime Substance Abuse	Home Office	0	0
27	27	Localisation of Council Tax Benefits Grant (New Burden)	Department for Communities and Local Government	0	0
6,496	**6,496**	**Total Specific Grants**		**1,972**	**1,972**
1,385	1,385	Contributions		622	1,665
7,881	**7,881**	**Total Grants and Contributions**		**2,594**	**3,637**

9. Taxation and Non Specific Grant Income

PCC Restated 2012/13 £000	Group 2012/13 £000		PCC 2013/14 £000	Group 2013/14 £000
64,045	64,045	Precepts	56,760	56,760
0	25,501	Home Office Grant towards Cost of Retirement Benefits*	0	25,679
1,920	1,920	Council Tax Freeze Grant	2,237	2,237
68,623	68,623	Police Revenue Grant	73,824	73,824
909	909	Revenue Support Grant**	0	0
0	0	Localisation of Council Tax	8,413	8,413
46,913	46,913	Non-Domestic Rates Redistribution**	43,607	43,607
0	0	Community Safety Fund	1,010	1,010
1,920	1,920	Capital Grants and Contributions	1,606	1,606
184,330	**209,831**	**Total**	**187,457**	**213,136**

* restated to reflect the adjustments to the Core Statements, as explained in Note 39. All of the above figures were originally the same as the note for the OPCC Group in 2012/13; this grant is now shown in the accounts of the CC Single Entity to reflect the accounting for the Police Pension Schemes liabilities.

** In 2012/13, the Government revised the way it distributes Formula Grant to OPCCs with a higher amount being paid as Non-Domestic Rates Redistribution (this includes the third year of Council Tax Freeze Grant relating to 2012/13) and with Revenue Support Grant now being phased out.

10. Service Expenditure Analysis

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

Service Expenditure Analysis – PCC Single Entity Statement

The table below shows income and expenditure incurred by the PCC. This excludes the intra-group transfer of expenditure incurred by the Chief Constable at the request of the PCC. 2012/13's figures have been restated to reflect the changes to the CIES, as explained in Note 39.

Restated 2012/13 £000		2013/14 £000
	Expenditure	
0	Police Officer Pay and Allowances	0
483	Police Staff Pay and Allowances	799
10	Other Employee Expenses	41
0	Police Pensions	0
4	Premises	0
12	Transport	18
216	Supplies and Services	238
191	Third Party Payments	159
916	**Total Expenditure**	**1,255**
(12,397)	**Total Income**	**(2,666)**
(11,481)	**Net Expenditure**	**(1,411)**

Service Expenditure Analysis – Group Statement

The table below shows income and expenditure incurred by the group, including expenditure incurred by the Chief Constable at the request of the OPCC.

2012/13 £000		2013/14 £000
	Expenditure	
86,479	Police Officer Pay and Allowances	85,391
47,739	Police Staff Pay and Allowances	47,027
3,177	Other Employee Expenses	4,973
5,748	Police Pensions	5,248
5,994	Premises	5,930
4,380	Transport	4,133
16,575	Supplies and Services	16,185
3,895	Third Party Payments	4,919
10,196	Depreciation, Amortisation and Impairment Losses	11,052
184,183	**Total Expenditure**	**184,858**
(12,397)	**Total Income**	**(7,783)**
171,786	**Net Expenditure**	**177,075**

11. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocations are taken by the PCC, CC and the OPCC Group on the basis of budget reports structured in a different way. In addition to the difference in presentation, the budget reports presented to the PCC, CC and the OPCC Group are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement;
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- other accounting adjustments such as the charge for short-term accumulating compensated absences are not reported to the PCC, CC or OPCC Group but are included in the Net Cost of Services.

The tables below show how the figures reported to the PCC, CC and the OPCC Group in the budget reports relate to the figures reported in the Comprehensive Income and Expenditure Statement (along with prior year comparatives). The note now includes separate tables for the PCC Single Entity to reflect the restatements to the Core Statements that are explained in Note 39.

2013/14 Income and Expenditure as Reported to the PCC, CC and the OPCC Group

	CC			PCC			Group Total
	Operational	Pensions	Total Force	PCC	Capital	Total PCC	
	£000	£000	£000	£000	£000	£000	£000
Grants and Contributions	(3,460)	0	(3,460)	0	0	0	(3,460)
Reimbursements	(2,124)	0	(2,124)	0	0	0	(2,124)
Sales, Fees and Charges	(1,745)	0	(1,745)	0	0	0	(1,745)
Other Income	(61)	0	(61)	0	0	0	(61)
Total Income	**(7,390)**	**0**	**(7,390)**	**0**	**0**	**0**	**(7,390)**
Employee Expenses	144,587	6,368	150,955	798	0	798	151,753
Other Operating Expenses	31,572	0	31,572	415	3,681	4,096	35,668
Carry Forwards	(298)	0	(298)	0	0	0	(298)
Total Expenditure	**175,861**	**6,368**	**182,229**	**1,213**	**3,681**	**4,894**	**187,123**
Net Expenditure	**168,471**	**6,368**	**174,839**	**1,213**	**3,681**	**4,894**	**179,733**

2012/13 Income and Expenditure as reported to the PCC, CC and the OPCC Group

	CC			PCC			Group Total
	Operational	Pensions	Total Force	OPCC	Capital	Total OPCC	
	£000	£000	£000	£000	£000	£000	£000
Grants and Contributions	(7,684)	0	(7,684)	0	0	0	(7,684)
Reimbursements	(2,495)	0	(2,495)	0	0	0	(2,495)
Sales, Fees and Charges	(1,748)	0	(1,748)	(5)	0	(5)	(1,753)
Other Income	(127)	0	(127)	0	0	0	(127)
Total Income	**(12,054)**	**0**	**(12,054)**	**(5)**	**0**	**(5)**	**(12,059)**
Employee Expenses	152,878	6,313	159,191	484	0	484	159,675
Other Operating Expenses	32,480	0	32,480	423	3,776	4,199	36,679
Carry Forwards	(2,745)	0	(2,745)	0	0	0	(2,745)
Total Expenditure	**182,613**	**6,313**	**188,926**	**907**	**3,776**	**4,683**	**193,609**
Net Expenditure	**170,559**	**6,313**	**176,872**	**902**	**3,776**	**4,678**	**181,550**

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

Restated 2012/13 £000	£000		2013/14 £000	£000
	4,678	Net Expenditure as Reported to the OPCC		4,894
	0	Reported to Management, Not Included in Net Cost of Services		0
		Not Reported to Management for Decision Making:		
7		IAS 19 – Retirement Benefits	30	
0		Depreciation, Amortisation and Impairment	0	
2		Employee Benefits	12	
(16,168)		Reported elsewhere in the Group	(6,347)	
0		Other	0	
	(16,159)			(6,305)
	(11,481)	**Cost of Services in Comprehensive Income and Expenditure Statement**		**(1,411)**

2012/13's figures have been restated to reflect the changes to the CIES, as explained in Note 39.

Reconciliation of Income and Expenditure Reported to OPCC Group to Cost of Services in the Comprehensive Income and Expenditure Statement

2012/13 £000	£000		2013/14 £000	£000
	181,550	Net Expenditure as Reported to the OPCC		179,733
	(4,672)	Reported to Management, Not Included in Net Cost of Services		(4,837)
		Not Reported to Management for Decision Making:		
(16,457)		IAS 19 – Retirement Benefits	(6,909)	
10,196*		Depreciation, Amortisation and Impairment	11,052	
845		Employee Benefits	(1,426)	
324*		Other	(538)	
	(5,092)			2,179
	171,786	**Cost of Services in Comprehensive Income and Expenditure Statement**		**177,075**

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

Reconciliation to Subjective Analysis 2012/13 PCC (restated to reflect the changes to the CIES, as explained in Note 39)

	As Per Service Analysis	Not Included in Net Cost of Services	Not Reported to Management for Decision Making	Net Cost Of Services	Intra-Group Funding	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Employee Expenses	484	0	9	493	157,554	0	158,047
Other Service Expenses	4,199	0	(3,776)	423	31,138	0	31,561
Depreciation, Amortisation and Impairment	0	0	0	0	10,196	0	10,196
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	0	123	123
Interest Payments	0	0	0	0	0	1,908	1,908
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	0	13	13
Total Expenditure	**4,683**	**0**	**(3,767)**	**916**	**198,888**	**2,044**	**201,848**
Government Grants and Contributions	0	0	(7,881)	(7,881)	0	(120,285)	(128,166)
Fees, Charges and Other Service Income	(5)	0	(4,511)	(4,516)	0	(82)	(4,598)
Interest and Investment Income	0	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	0	(64,045)	(64,045)
Total Income	**(5)**	**0**	**(12,392)**	**(12,397)**	**0**	**(184,412)**	**(196,809)**
Deficit on the Provision of Services	**4,678**	**0**	**(16,159)**	**(11,481)**	**198,888**	**(182,368)**	**5,039**

Reconciliation to Subjective Analysis 2012/13 OPCC Group

	As Per Service Analysis	Not Included in Net Cost of Services	Not Reported to Management for Decision Making	Net Cost Of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Employee Expenses	159,675	(1,395)	(15,854)	142,426	0	142,426
Other Service Expenses	33,934	(3,080)	707	31,561	0	31,561
Depreciation, Amortisation and Impairment	0	0	10,196	10,196	0	10,196
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	123	123
Interest Payments	0	0	0	0	1,908	1,908
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	79,632*	79,632
Total Expenditure	**193,609**	**(4,475)**	**(4,951)**	**184,183**	**81,663**	**265,846**
Government Grants and Contributions	(7,684)	(197)	0	(7,881)	(145,786)	(153,667)
Fees, Charges and Other Service Income	(4,375)	0	(141)	(4,516)	(82)	(4,598)
Interest and Investment Income	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	(64,045)	(64,045)
Total Income	**(12,059)**	**(197)**	**(141)**	**(12,397)**	**(209,913)**	**(222,310)**
Surplus or Deficit on the Provision of Services	**181,550**	**(4,672)**	**(5,092)**	**171,786**	**(128,250)***	**43,536***

* restated due to IAS19 revised (effective from 2013/14), as per the CIES and as detailed in notes 7 and 36.

Reconciliation to Subjective Analysis 2013/14 PCC

	As Per Service Analysis	Not Included in Net Cost of Services	Not Reported to Management for Decision Making	Net Cost Of Services	Intra-Group Funding	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Employee Expenses	798	0	42	840	149,210	0	150,050
Other Service Expenses	4,096	0	(3,681)	415	31,718	0	32,133
Depreciation, Amortisation and Impairment	0	0	0	0	11,052	0	11,052
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	0	1,032	1,032
Interest Payments	0	0	0	0	0	1,854	1,854
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	0	34	34
Total Expenditure	**4,894**	**0**	**(3,639)**	**1,255**	**191,980**	**2,920**	**196,155**
Government Grants and Contributions	0	0	(2,594)	(2,594)	(1,043)	(130,697)	(134,334)
Fees, Charges and Other Service Income	0	0	(72)	(72)	(4,074)	(49)	(4,195)
Interest and Investment Income	0	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	0	(56,760)	(56,760)
Total Income	**0**	**0**	**(2,666)**	**(2,666)**	**(5,117)**	**(187,506)**	**(195,289)**
Deficit on the Provision of Services	**4,894**	**0**	**(6,305)**	**(1,411)**	**186,863**	**(184,586)**	**866**

Reconciliation to Subjective Analysis 2013/14 OPCC Group

	As Per Service Analysis	Not Included in Net Cost of Services	Not Reported to Management for Decision Making	Net Cost Of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Employee Expenses	151,753	(1,520)	(8,560)	141,673	0	141,673
Other Service Expenses	35,370	(3,140)	(97)	32,133	0	32,133
Depreciation, Amortisation and Impairment	0	0	11,052	11,052	0	11,052
Gain or Loss on Disposal of Non Current Assets	0	0	0	0	1,032	1,032
Interest Payments	0	0	0	0	1,854	1,854
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	82,243	82,243
Total Expenditure	**187,123**	**(4,660)**	**2,395**	**184,858**	**85,129**	**269,987**
Government Grants and Contributions	(3,460)	(177)	0	(3,637)	(156,376)	(160,013)
Fees, Charges and Other Service Income	(3,930)	0	(216)	(4,146)	(49)	(4,195)
Interest and Investment Income	0	0	0	0	0	0
Income from Council Tax	0	0	0	0	(56,760)	(56,760)
Total Income	**(7,390)**	**(177)**	**(216)**	**(7,783)**	**(213,185)**	**(220,968)**
Deficit on the Provision of Services	**179,733**	**(4,837)**	**2,179**	**177,075**	**(128,056)**	**49,019**

12. Audit Fees

The fees payable to our Auditors in relation to the audit of the PCC Single Entity and OPCC Group accounts were as follows:

PCC 2012/13 £	Group 2012/13 £		PCC 2013/14 £	Group 2013/14 £
47,000	67,000	Fees Payable to PricewaterhouseCoopers LLP with Regard to External Audit Services Carried out by the Appointed Auditor for the Year	42,310	62,310
20,000	20,000	Additional Fees Payable in Respect of External Audit Services in relation to the new Finance System carried out by PricewaterhouseCoopers LLP during the Year	6,330	9,102
67,000	**87,000**	**Total Before Rebate**	**48,640**	**71,412**
(2,900)	(2,900)	Rebate from Audit Commission	(7,632)	(10,369)
64,100	**84,100**	**Total Audit Fees within Net Cost of Services**	**41,008**	**61,043**

13. Operating Leases

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

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

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

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

The above costs are charged to the CC's Single Entity CIES.

14. Termination Benefits and Exit Packages

During 2013/14 the Group approved 21 voluntary redundancies and early retirements (56 in 2012/13) at a total cost of £1.278m (£2.236m in 2012/13). 13 of the employees will not leave the organisation until after 1 April 2014 and a provision of £0.781m has been set aside to meet these costs. No compulsory redundancies were approved during the year. A breakdown of the total cost and number of exit packages is shown below:

Exit Package Cost Band	Number of Exit Packages		Total Cost of Exit Packages in each Band	
	2012/13	2013/14	2012/13	2013/14
			£	£
£0 - £20,000	14	1	170,411	6,463
£20,001 - £40,000	16	7	482,408	226,646
£40,001 - £60,000	14	6	666,389	300,833
£60,001 - £80,000	10	3	699,894	211,723
£80,001 - £100,000	1	3	97,241	264,244
£100,001 - £120,000	1	1	119,607	267,780
Total	**56**	**21**	**2,235,950**	**1,277,689**

In 2013/14 none of the above packages related to staff under the direction and control of the PCC (one package, amounting to £97,241 in 2012/13).

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

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

Exit Package Cost Band	Number of Exit Packages		Total Cost of Exit Packages in each Band	
	2012/13	2013/14	2012/13	2013/14
			£	£
£0 - £20,000	0	9	0	151,366
£20,001 - £40,000	0	10	0	276,981
£40,001 - £60,000	0	12	0	616,676
£60,001 - £80,000	0	6	0	401,129
£80,001 - £120,000	0	1	0	117,511
Total	**0**	**38**	**0**	**1,563,663**

15. 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	Group Number of Employees		PCC Number of Employees	
	2012/13	**2013/14**	**2012/13**	**2013/14**
£50,000 - £54,999	94	76	1	0
£55,000 - £59,999	54	49	0	1
£60,000 - £64,999	14	19	0	0
£65,000 - £69,999	3	2	0	0
£70,000 - £74,999	5	2	0	0
£75,000 - £79,999	6	5	1	2
£80,000 - £84,999	1	2	0	0
£85,000 - £89,999	3	2	0	0
£90,000 - £94,999	0	0	0	0
£95,000 - £99,999	0	2	0	0
£100,000 - £104,999	1	0	0	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	2	1	0	0
£115,000 - £119,999	1	0	0	0
£120,000 - £124,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	0	0
£135,000 - £139,999	0	0	0	0
£140,000 - £144,999	0	1	0	0
£145,000 - £149,999	1	0	0	0
£150,000 - £155,000	0	0	0	0
Total	**185**	**161**	**2**	**3**

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

16. Disclosure of Remuneration for Senior Executives 2013/14

Post Holder Information	Note	Salary £	Bonuses and Expense Allowances £	Benefits in Kind £	Other Payments £	Total Remuneration Excluding Pension Contributions 2013/14 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2013/14 £
Senior Executives of the Chief Constable								
Chief Constable	(h) & (k)	139,931	0	6,404	3,543	149,878	33,863	183,741
Deputy Chief Constable	(h) & (k)	115,441	0	2,446	3,066	120,953	27,937	148,890
Assistant Chief Constable A	(h) & (k)	94,301	0	2,909	3,066	100,276	22,821	123,097
Assistant Chief Constable B	(h)	95,635	0	0	2,635	98,270	23,144	121,414
Assistant Chief Constable C	(a) & (h)	255	0	0	7	262	61	323
Director of Resources	(b) & (i)	51,243	0	0	4,733	55,976	8,250	64,226
Head of Business Services	(c)	37,100	0	0	0	37,100	5,973	43,073
Sub Total Chief Constable		**533,906**	**0**	**11,759**	**17,050**	**562,715**	**122,049**	**684,764**
Senior Executives of the OPCC								
Police and Crime Commissioner		75,000	0	0	0	75,000	0	75,000
Deputy Police and Crime Commissioner		25,000	0	0	0	25,000	4,025	29,025
Chief of Staff	(d) & (j)	78,093	0	0	1,143	79,236	12,573	91,809
Chief Finance Officer	(e)	46,949	0	0	0	46,949	7,559	54,508
Chief Executive	(f)	11,613	0	0	0	11,613	1,869	13,482
Treasurer	(g)	14,656	0	0	0	14,656	2,360	17,016
Sub Total OPCC		**251,311**	**0**	**0**	**1,143**	**252,454**	**28,386**	**280,840**
Group Total		**785,217**	**0**	**11,759**	**18,193**	**815,169**	**150,435**	**965,604**

Note (a): Promoted to Temporary Assistant Chief Constable from 31/03/2014
Note (b): Post made redundant on 30/09/2013
Note (c): Head of Business Services became The Chief Finance Officer for the CC with effect from 01/10/2013 following the Director of Resources post being made redundant
Note (d): New position within the OPCC with effect from 29/04/2013
Note (e): New position within the OPCC with effect from 29/08/2013
Note (f): Post made redundant on 23/05/2013
Note (g): End of fixed term contract 09/07/2013
Note (h): Other Payments represent Housing Allowance
Note (i): Other Payments represent Car Allowance paid in lieu of provision of Company Car
Note (j): Other Payments represent Essential Car User Allowance
Note (k): Benefit in Kind relates to private use of force asset (Company Car fitted with covert blue lights and siren)

Disclosure of Remuneration for Senior Executives 2012/13

Post Holder Information	Note	Salary £	Bonuses and Expense Allowances £	Benefits in Kind £	Other Payments £	Total Remuneration Excluding Pension Contributions 2012/13 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2012/13 £
Senior Executives of the Chief Constable								
Chief Constable	(g) & (i)	139,119	0	6,404	3,543	149,066	33,667	182,733
Deputy Chief Constable	(a), (g) & (i)	106,132	0	3,942	2,836	112,910	25,684	138,594
Temporary Deputy Chief Constable	(b), (g) & (i)	108,005	0	5,601	3,066	116,672	26,137	142,809
Assistant Chief Constable	(g) & (i)	93,753	0	2,423	3,066	99,242	22,688	121,930
Temporary Assistant Chief Constable	(c) & (g)	11,440	0	0	322	11,762	2,768	14,530
Director of Resources	(h)	102,315	0	6,630	3,944	112,889	15,961	128,850
Sub Total Chief Constable		**560,764**	**0**	**25,000**	**16,777**	**602,541**	**126,905**	**729,446**
Senior Executives of the OPCC								
Police and Crime Commissioner	(d)	26,875	0	0	0	26,875	0	26,875
Deputy Police and Crime Commissioner	(e)	7,258	0	0	0	7,258	975	8,233
Chief Executive		78,000	0	0	0	78,000	12,168	90,168
Treasurer	(f)	53,453	0	0	0	53,453	8,339	61,792
Sub Total OPCC		**165,586**	**0**	**0**	**0**	**165,586**	**21,482**	**187,068**
Group Total		**726,350**	**0**	**25,000**	**16,777**	**768,127**	**148,387**	**916,514**

Note (a): Deputy Chief Constable left the organisation 03/03/2013
Note (b): Assistant Chief Constable promoted to temporary Deputy Chief Constable 18/02/2013
Note (c): Promoted to Temporary Assistant Chief Constable from 18/02/2013; figure has been restated to show only the remuneration paid from this date
Note (d): Police and Crime Commissioner appointed 22/11/2012
Note (e): Deputy Police and Crime Commissioner appointed 17/12/2012 the post is 0.6 of a full time equivalent
Note (f): The Treasurer post is 0.6 of a full time equivalent
Note (g): Other Payments represent Housing Allowance
Note (h): Other Payments represent Car Allowance paid in lieu of provision of Company Car
Note (i): Benefit in Kind relates to private use of force asset (Company Car fitted with covert blue lights and siren)

17. Related Party Transactions

The Group is required to disclose material transactions with related parties, that is bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group. The OPCC's staff and members, senior officers and departmental heads were contacted to obtain the required declarations. The Group 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:

- Central Government – it has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Details of transactions with government departments are set out in a note relating to the Cash Flow Statement.

- Other Local Authorities and Public Bodies – transactions have been disclosed elsewhere in the notes to the Financial Statements.

- Members, senior officers and other employees – there are no known related party transactions.

- Partnerships, Trusts, and Associated Organisations – there has been a contribution to the charitable trust, The Royal Humane Society of £250 (£nil in 2012/13) which was made from money collected under the Police Property Act. In 2012/13 £12,500 was contributed to Partners Assuring a Safer Staffordshire (PASS) from this money. The governance arrangements for PASS have changed in 2013/14 and it is now being administered by Staffordshire Community Foundation. No decision has yet been made as to which charity the OPCC will be supporting from the Police Property Act money.

Precept funding was received from the following local authorities during the year (amounts are shown on an accruals basis):

2012/13 £000		2013/14 £000
5,217	Cannock Chase District Council	4,663
6,707	East Staffordshire Borough Council	6,075
6,803	Lichfield District Council	6,321
6,984	Newcastle-under-Lyme Borough Council	6,241
7,111	South Staffordshire District Council	6,440
8,157	Stafford Borough Council	7,614
6,174	Staffordshire Moorlands District Council	5,644
12,706	Stoke-on-Trent City Council	10,092
4,186	Tamworth Borough Council	3,670
64,045		**56,760**

18. 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:

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

As from 1st October 2013, the joint arrangement with West Mercia Police for the provision of air support has ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2013/14 amounted to £492k (£472k in 2012/13). Further information is contained in Note 23.

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

A pooled budget arrangement exists with West Midlands Police and West Mercia Constabulary for the Policing of the Motorway network in the West Midlands area known as the Central Motorway Police Group. West Midlands Police provides the financial administration service for this joint unit. The assets of the unit in respect of police vehicles, equipment and land and buildings are held individually by each OPCC and are shown on each OPCC's balance sheet.

The three OPCCs have an agreement in place for funding this unit with contributions to the agreed budget of 50.7% from West Midlands Police, 25.4% from West Mercia Police and 23.9% from Staffordshire. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year. The revenue account for the Unit covers all operating costs.

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

(iii) Early Adopter Project with West Midlands Police

A pooled budget arrangement was established during 2011/12 between Staffordshire and West Midland's Police Forces. This is for work on the Early Adopter project which is funded by the Department of Health who issue a grant to each force. This project deals with the medical assessment of people held in custody. Staffordshire Police act as the lead force for this project and any related expenditure is held within the Comprehensive Income and Expenditure account for Staffordshire Police. The responsibility for commissioning this work and the budget for it will transfer to the Department of Health from 1 April 2015. Details of the expenditure are as follows:

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

(iv) Legal Services

During 2011/12 a Section 22a collaboration agreement was signed with West Midlands Police for the joint delivery of a Legal Services Department. The collaborative working arrangement began in 2011/12 however no financial transactions (e.g. sharing of budgets / year end variances) took place during that year. In 2013/14 a contribution of £0.136m (£0.135m in 2012/13) was made to West Midlands Police towards the cost of legal services and this figure is included in the Comprehensive Income and Expenditure Statement of the Group. As of the Balance Sheet date of 31 March 2014, no formal arrangement is in place for the full sharing of legal services costs and the reallocation of any year end over or under spends.

(v) Firearms Licensing

On 1 August 2013 a collaborative working arrangement commenced with West Midlands Police for the joint delivery of a Firearms Licensing Department based in Staffordshire and with all Police Staff being employed by Staffordshire Police. A contribution of £0.075m has been made by West Midlands Police towards the cost of the service during 2013/14. This figure is included in the Comprehensive Income and Expenditure Statement of the Group. As of the Balance Sheet date of 31 March 2014, no formal agreement had yet been signed, but this was expected to happen during early 2014/15.

(vi) Justice Services

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

19. Member and PCC Allowances

Allowances and expenses for Audit Committee members, the PCC and the Deputy PCC in 2013/14 amounted to £8,842 (£153,124 in 2012/13). The reduction is due to the changes in the governance structure introduced under the Police Reform and Social Responsibility Act 2011: the former Police Authority Members were paid an annual allowance whereas the PCC and the Deputy PCC are paid an annual salary, as set out in Note 16.

20. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the OPCC, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the OPCC that has yet to be financed.

2012/13 £000		2013/14 £000
49,923	**Opening Capital Financing Requirement**	48,965
	Capital Investment	
5,269	Property, Plant and Equipment	4,153
464	Intangible Assets	474
(271)	Revenue Expenditure Funded from Capital Under Statute	(271)
	Sources of Finance:	
(1,920)	Capital Grants Received in Year	(1,606)
0	Capital Grants from Earmarked Reserves	0
(980)	Capital Receipts	(643)
	Sums Set Aside From Revenue:	
(1,182)	Direct Revenue Contributions	(199)
(479)	Direct Revenue Contribution from Earmarked Reserves	(1,494)
(1,859)	Minimum Revenue Provision	(1,766)
48,965	**Closing Capital Financing Requirement**	**47,613**
	Explanation of Movements in Year:	
0	Increase in Underlying Need to Borrow (Supported by Government Financial Assistance)	0
(958)	Decrease in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	(1,352)
(958)	**Decrease in Capital Financing Requirement**	**(1,352)**

21. Property, Land and Equipment - Movement on Balances

Movements in 2013/14

	Total Land and Buildings					
	Land and Buildings	Surplus Assets	Assets Under Construction	Total Land and Buildings	Vehicles, Plant and Equipment	Total Property Plant and Equipment
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2013	**61,558**	**910**	**0**	**62,468**	**41,973**	**104,441**
Additions	905	4	0	909	3,093	4,002
Donations	0	0	0	0	0	0
Revaluation Increases Recognised in the Revaluation Reserve	146	0	0	146	0	146
Revaluation Decrease as a Result of Depreciation Written Out Through the Revaluation Reserve	(2,374)	(3)	0	(2,377)	0	(2,377)
Revaluation (Decreases)/Increases Recognised in the Surplus / Deficit on the Provision of Services	(4,190)	12	0	(4,178)	0	(4,178)
De-recognition - Disposals	0	(250)	0	(250)	(3,892)	(4,142)
De-recognition – Other	(274)	(4)	0	(278)	0	(278)
Assets Reclassified To Held for Sale	0	0	0	0	0	0
Other Movements in Cost or Valuation	(149)	150	0	1	(1)	0
As at 31 March 2014	**55,622**	**819**	**0**	**56,441**	**41,173**	**97,614**
Accumulated Depreciation and Impairment						
As at 1 April 2013	**(4,498)**	**(14)**	**0**	**(4,512)**	**(24,792)**	**(29,304)**
Depreciation Charge	(1,418)	(17)	0	(1,435)	(4,236)	(5,671)
Depreciation Written Out to the Revaluation Reserve	2,374	3	0	2,377	0	2,377
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Impairment Losses (Reversals) Recognised in the Revaluation Reserve	0	0	0	0	0	0
Impairment Losses (Reversals)Recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
De-recognition – Disposals	0	0	0	0	2,038	2,038
De-recognition – Other	0	0	0	0	0	0
Other Movements in Depreciation and Impairment	3	(3)	0	0	0	0
As at 31 March 2014	**(3,539)**	**(31)**	**0**	**(3,570)**	**(26,990)**	**(30,560)**
Net Book Value 2014	**52,083**	**788**	**0**	**52,871**	**14,183**	**67,054**
Net Book Value 2013	**57,060**	**896**	**0**	**57,956**	**17,181**	**75,137**

Movements in 2012/13

	Total Land and Buildings				Vehicles, Plant and Equipment	Total Property Plant and Equipment
	Land and Buildings	Surplus Assets	Assets Under Construction	Total Land and Buildings		
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2012	**65,487**	**250**	**0**	**65,737**	**39,748**	**105,485**
Additions	1,636	0	0	1,636	3,633	5,269
Donations						
Revaluation Increases Recognised in the Revaluation Reserve	554	42	0	596	0	596
Revaluation Decrease as a Result of Depreciation Written Out Through the Revaluation Reserve	(935)	(47)	0	(982)	0	(982)
Revaluation Decreases Recognised in the Surplus / Deficit on the Provision of Services	(2,229)	(684)	0	(2,913)	0	(2,913)
De-recognition - Disposals	(190)	0	0	(190)	(1,408)	(1,598)
De-recognition – Other	(1,416)	0	0	(1,416)	0	(1,416)
Assets Reclassified To Surplus Assets	(1,349)	1,349	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0
As at 31 March 2013	**61,558**	**910**	**0**	**62,468**	**41,973**	**104,441**
Accumulated Depreciation and Impairment						
As at 1 April 2012	**(3,945)**	**0**	**0**	**(3,945)**	**(21,479)**	**(25,424)**
Depreciation Charge	(1,543)	(14)	0	(1,557)	(4,430)	(5,987)
Depreciation Written Out to the Revaluation Reserve	935	47	0	982	0	982
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Impairment Losses (Reversals) Recognised in the Revaluation Reserve	0	0	0	0	0	0
Impairment Losses (Reversals)Recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
De-recognition – Disposals	8	0	0	8	1,117	1,125
Other Movements in Depreciation and Impairment	47	(47)	0	0	0	0
As at 31 March 2013	**(4,498)**	**(14)**	**0**	**(4,512)**	**(24,792)**	**(29,304)**
Net Book Value 2013	**57,060**	**896**	**0**	**57,956**	**17,181**	**75,137**
Net Book Value 2012	**61,542**	**250**	**0**	**61,792**	**18,269**	**80,061**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Land and Building	15 to 60 years	Vehicles	3 to 10 years
IT Equipment	2 to 10 years	Other Plant and Equipment	3 to 20 years

Capital Commitments

As part of the capital programme the OPCC had in progress during 2013/14 a number of contracted schemes which were not completed before 31 March 2014. The potential budgeted capital commitment arising from those schemes is estimated to be £2.150m (£2.200m in 2012/13).

Revaluations

The OPCC carries out a rolling programme that ensure that all property plant and equipment required to be measured at fair value is revalued at least every 5 years. All valuations were carried out externally by P Holden BSc MRICS on behalf of Drivers Jonas Deloitte. The last full revaluation was 1 April 2009. Valuations of Assets under Construction are valued at current cost until the asset becomes operational and is then valued externally by Drivers Jonas Deloitte. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values are:

Vehicles - professional judgement on the expected life, including mileage estimations and expected use of a vehicle before replacement required, e.g. a Central Motorway Patrol Group (CMPG) vehicle will have a shorter life expectancy than a vehicle used for general patrol duties.

Other furniture, plant and equipment – professional judgement, including likely future replacement based on overall cost of the type of asset (e.g. as technology advances sometimes the lives of assets can increase if advancement has made the product more durable, or decrease if technology is moving faster, and therefore in order to keep assets up to date they are replaced more frequently).

	Land and Buildings	Surplus Assets	Assets Held for Sale	Assets Under Construction	Vehicles, Plant, Furniture and Equipment	Total
	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	**0**	**0**	**0**	**0**	**0**	**0**
Valued at Fair Value As At:						
31 March 2014	20,412	160	8,150	0	41,173	69,895
31 March 2013	10,140	362	0	0	0	10,502
31 March 2012	10,596	298	0	0	0	10,894
Up to 31 March 2011	14,472	0	0	0	0	14,472
Total Gross Cost or Valuation	**55,620**	**820**	**8,150**	**0**	**41,173**	**105,763**

Loss on Disposal of Non-Current Assets and Intangible Assets

	Receipts for Sale of Assets £000	Carrying Amount £000	Less Depreciation £000	Net Loss £000
31 March 2014	1,087	(4,395)	2,276	**(1,032)**
31 March 2013	980	(2,228)	1,125	**(123)**

22. Intangible Assets

The OPCC accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software. The OPCC does not have any internally generated intangible assets.

All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the OPCC. The useful lives assigned to the major software suites by the OPCC are three to 10 years.

The carrying amount of intangible assets is amortised on a straight-line basis. An amortisation of £0.773m was charged to revenue in 2013/14, (£0.861m in 2012/13), but it is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

2012/13 £000		2013/14 £000
	Balance at Start of Year:	
7,718	Gross Carrying Amounts	8,182
(4,490)	Accumulated Amortisation	(5,351)
3,228	Net Carrying Amount at Start of Year	2,831
464	Additions – Purchases	474
0	Assets Reclassified as Held for Sale	0
0	Other Disposals	(253)
0	Revaluation Increases or Decreases	0
0	Impairment Losses Recognised in the Revaluation Reserves	0
0	Impairment Losses Recognised in the Surplus/Deficit in the Provision of Services	0
0	Reversals of Past Impairment Losses Written Back to the Surplus/Deficit on the Provision of Services	0
(861)	Amortisation for the Period	(773)
0	Write Out Amortisation on Disposal	238
2,831	**Net Carrying Amount at End of Year**	**2,517**
	Comprising:	
8,182	Gross Carrying Amounts	8,403
(5,351)	Accumulated Amortisation	(5,886)
2,831		**2,517**

Due to the specialised nature and short lives of many of the licences, the OPCC values its intangible assets at cost.

23. Long-Term Debtors

From 1st October 2013, all air support for Staffordshire Police was transferred to NPAS, (the National Police Aviation Service). As a result NPAS also acquired Staffordshire Police's helicopter (which was shared with West Mercia Police). Part of the arrangement is that NPAS will pay set amounts each year in order to negate the effect of existing borrowing which will continue to be provided for in the accounts. The total of these credits amount to £920,700 and will be received over 11 years up to 2023/24. The credit received in 2013/14 of £365,252 has been treated as a capital receipt and used to fund the 2013/14 capital programme. All future receipts have been discounted at a rate of 3.5% to illustrate the 'real' loss from the disposal of the helicopter from the accounts and have been shown as a deferred capital receipt of £444,438 on the balance sheet. A corresponding long-term debtor is also shown on the balance sheet.

As future capital receipts are received the long-term debtor and deferred capital receipts will be reduced accordingly, and an additional charge in relation to the unwinding of the deferred capital receipt discount will be made to the CIES. The loss detailed in the accounts in relation to the disposal of non-current assets also reflects the discounted capital receipts amount. It is expected that the next payment in relation to the helicopter will not be received until 2017/18, hence there is no short term liability in the accounts for 2013/14.

The revenue account will still reflect the charges for the use of the air support service from NPAS, but will be shown as a charge for the service, rather than payments made to West Mercia as part of a joint arrangement.

24. Assets Held for Sale

2012/13 £000	Assets Held for Sale – Non Current	2013/14 £000
8,780	**Balance Outstanding at Start of Year**	**8,150**
	Assets Newly Classified as Held For Sale:	
0	Property, Plant and Equipment	152
0	Intangible Assets	0
0	Other	0
0	Revaluation Losses	(3,285)
0	Revaluation Gains	3,133
0	Impairment Losses	0
	Assets Declassified as Held For Sale:	
0	Property, Plant and Equipment	0
0	Intangible Assets	0
0	Other	0
(630)	Assets Sold	0
0	Transfers from Non-Current to Current	0
0	Other Movements	0
8,150	**Balance Outstanding at Year-End**	**8,150**

25. Statement of Major Non Current Assets

Number as at 31 March 2013		Number as at 31 March 2014
25	Police Stations / Posts	25
1	Headquarter Sites	1
7	Police Houses	7
9	Other Buildings	8
1	Radio Aerial Sites	1
548	Vehicles	548

The above figures do not include leased premises. The figures stated for vehicles include only those which are currently operational and do not include those awaiting commissioning or disposal.

26. Financial Instruments

Financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the new borrowing interest rates at the 31 March 2014 for all Public Works Loan Board (PWLB) loans and the market rate applicable at the 31 March 2014 for investments;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- short term debtors and creditors are carried at cost as this is an approximation of their fair value. Total short term financial assets and liabilities relating to debtors and creditors are included in Notes 27 and 29.
- The fair values calculated are as follows:

	31 March 2013		31 March 2014	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities				
PWLB Long Term Borrowing	39,800	44,156	38,800	40,724
PWLB Short Term Borrowing	1,000	1,000	1,000	1,000
Interest Owed on Loan	195	0	192	0
Total Liability	**40,995**	**45,156**	**39,992**	**41,724**

Financial Assets appear in two places on the Balance Sheet, either as Short Term Investments or as Cash Equivalents within the Cash and Cash Equivalents figure (see note 28). Their fair values are calculated by using the net present value approach, using a discount rate that should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation for an instrument with a duration that is equal to the outstanding period from valuation date to maturity.

	31 March 2013		31 March 2014	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Assets				
Short Term Investments				
Fixed Term Deposits	6,500	6,501	9,233	9,234
Total Short Term Investments	**6,500**	**6,501**	**9,233**	**9,234**
Cash Equivalents				
Cash	3,000	3,003	497	498
Fixed Term Deposits	796	796	0	0
Money Market Funds	0	0	0	0
Total Cash and Cash Equivalents	**3,796**	**3,799**	**497**	**498**
Total Assets	**10,296**	**10,300**	**9,730**	**9,732**

The OPCC's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due
- liquidity risk – the possibility that the OPCC might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the OPCC as a result of changes in such measures as interest rates and stock market movements.

The OPCC's Treasury Management function is sub-contracted to Staffordshire County Council and the Council's management of treasury risks actively works to minimise the OPCC's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Group has fully adopted the CIPFA's *Treasury Management in the Public Services: Code of Practice* and has written Treasury Management practice notes dealing with different aspects of the function.

Credit risk

Credit risk arises from the short term lending of surplus funds to banks, building societies and other local authorities, as well as credit exposure to customers. It is the policy of the OPCC to loan money with only a limited number of high quality banks and building societies and during the past financial year the OPCC has restricted lending to the following bodies with the amounts limited as shown:

- The UK Government directly (unlimited amount)
- Non- charge capped UK Local Authorities (unlimited amount)
- Part-nationalised UK Banks (£3 million)
- The OPCC's banker, the Co-operative Bank (£2 million) – see below.

Customers are assessed, taking into account their financial position, past experience and other factors. Due to the uncertainties surrounding the Co-operative Bank, it was decided during 2013/14 that the OPCC would not lend to the Bank and that the account balances would be reduced to as close to zero as possible at the end of each banking day. The OPCC has been instructed by the Co-operative Bank that they are pulling out of the Local Authority banking market and consequently a procurement exercise will be carried out during 2014 to appoint new bankers.

The following analysis summarises the potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Group expects full repayment on the due date of deposits placed with its counterparties.

	31 March 2014	Historical Experience of Default	Historical Experience Adjusted for Market Conditions as 31 March 2014	Estimated Maximum Exposure to Default and Uncollectability
	£000	%	%	£000
Deposits with Banks and Other Financial Institutions	9,730	N/A	N/A	N/A
Customers	1,252	0.3%	0.3%	10

The Group does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Group allows credit to some customers and £0.110m of the £1.252m balance (£0.175m of £0.719m in 2012/13) is past its due date for payment but has not been impaired. The past due amount can be analysed by age as follows:

	31 March 2013	31 March 2014
	£000	£000
Less than Three Months	118	86
Three to Six Months	53	8
Six Months to One Year	2	12
More Than One Year	2	4
Total	**175**	**110**

Liquidity risk

The OPCC has access to a facility to borrow from the Public Works Loan Board. As a result there is no significant risk of being unable to raise finance to meet its commitments. Safeguards are in place to ensure that a significant proportion of borrowing does not mature for repayment at any one time in the future, to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The policy is to ensure that no more than 10% of loans are due to mature within any financial year, through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The lender and maturity analysis of financial liabilities at nominal value is as follows:

	31 March 2013 £000	31 March 2014 £000
Analysis by lender		
Public Works Loan Board	40,800	39,800

	31 March 2013 £000	31 March 2014 £000
Analysis by maturity		
Less Than One Year	1,000	1,000
Between One and Two Years	1,000	500
Between Two and Five Years	4,250	5,000
More Than five years	34,550	33,300
Total	**40,800**	**39,800**

Market risk

Interest rate risk

The OPCC is exposed to interest rate risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the OPCC Group. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates - the fair value of the liabilities will fall
- investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund on a pound for pound basis.

The OPCC has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

At 31 March 2014, if interest rates had been 1% higher, with all other variables held constant, the financial effect would have been:

	£000
Increase in Interest Receivable on Variable Rate Investments	100
Impact on Comprehensive Income and Expenditure Statement	**100**
Decrease in Fair Value of Fixed Rate Borrowing Liabilities (No Impact on Comprehensive Income and Expenditure Statement)	4,852

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Foreign exchange risk

The Group or OPCC single entity has no financial assets, or liabilities, denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

27. 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. All Debtors were held on the Balance Sheet of the PCC and the OPCC Group during 2012/13 and 2013/14.

31 March 2013 £000		31 March 2014 £000
11,121	Central Government Bodies	13,503
2,680	Other Local Authorities	3,010
0	NHS Bodies	0
3	Public Corporations and Trading Funds	9
2,160	Other Entities and Individuals	2,097
15,964	**Total Short Term Debtors**	**18,619**

28. Cash and Cash Equivalents

A breakdown of the cash figure in the Balance Sheet is provided below. All cash was held by the PCC and the OPCC Group during 2012/13 and 2013/14.

31 March 2013 £000		31 March 2014 £000
	Current Assets:	
67	Cash in Hand and Bank Current Accounts	119
3,798	Short Term Deposits	498
3,865	**Total Current Cash and Cash Equivalents**	**617**
	Current Liabilities:	
(158)	Bank Overdraft	0
3,707		**617**

29. Creditors

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

PCC Restated 31 March 2013 £000	Group 31 March 2013 £000		PCC 31 March 2014 £000	Group 31 March 2014 £000
698	698	Central Government Bodies	748	3,285
4,913	4,913	Other Local Authorities	2,482	2,482
2,755	0	Intra-Group Funding not yet paid over to the CC in cash*	4,675	0
56	56	NHS Bodies	28	28
7	7	Public Corporations and Trading Funds	0	0
6,038	14,067	Other Entities and Individuals	5,611	9,447
14,467	**19,741**	**Total Short Term Creditors**	**13,544**	**15,242**

* This relates to the balances of the employee provision (£0.802m), insurance provision (£1.336m) and the PAYE / NI creditor (£2.537m) that are shown on the CC's Balance Sheet (PAYE / NI creditor only in 2012/13). No cash funding has been paid over from the PCC to the CC for these as at 31 March 2014 and an equal and opposite entry is included within Debtors in the CC's Single Entity Accounts. 2012/13's figures for the PCC Single Entity have been restated to reflect the adjustments to the Core Statements, as explained in Note 39. All of the above figures were originally the same for both the PCC and the OPCC Group in 2012/13.

30. Provisions

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

(a) Current Provisions

Force Restructuring Provision

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

Group & PCC 2012/13 £000		Group 2013/14 £000
37	**Balance as at 1 April**	1,000
1,000	Contribution to Provision in Year	802
(37)	Net Expenditure in the Year	(1,000)
1,000	**Balance as at 31 March**	**802**

(b) Long Term Liabilities

Insurance Provision

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

Group & PCC 2012/13 £000		Group 2013/14 £000
1,716	**Balance as at 1 April**	**1,802**
939	Contribution to Provision in Year	248
16	Interest on balances transferred to the Provision	15
(869)	Net Expenditure in the Year	(729)
1,802	**Balance as at 31 March**	**1,336**

31. Other Long Term Liabilities

Other Long Term Liabilities in the Balance Sheet of £1.627m (£1.898m 31 March 2013) relate to loans outstanding as at 31 March 2014, which are administered by Staffordshire County Council on behalf of the OPCC. Principal repayments of £0.271m have been made in 2013/14 (£0.272m in 2012/13).

32. Proceeds of Crime Act 2002

The Group has separate bank accounts for temporarily holding third party funds seized as suspected proceeds of crime. At 31 March 2014 the balance on this account was £457,903 (£388,604 at 31 March 2013). This sum does not appear on the Balance Sheet of the OPCC Group accounts.

33. Contingent Liabilities

A potential liability has been identified relating to Officers who left the Force under Regulation A19. Regulation A19 was applied to all officers of full pensionable service in Staffordshire Police from November 2011 until November 2012 and required them to retire. Officers from five Forces have taken a case to the Employment Tribunal (ET) claiming that use of this Regulation by Police Forces amounted to age discrimination and could not be lawfully justified. The Tribunal upheld the claims brought by the officers. An appeal against the decision of the ET has been issued by the five forces to the Employment Appeal Tribunal and this is waiting to be heard. Staffordshire Police Officers were not included in the original case, but have subsequently made later claims since the judgement of the ET was published. As there are a number of variable factors involved in the case it is not possible to estimate the potential liability to Staffordshire Police at this stage.

There is one other identified contingent liability that has been reported in previous years in respect of disputed Police Officer pension transfer valuations. The value of claims was estimated at £0.200m in 2012/13. All claims have now been settled during 2013/14 and amounted to £0.100m which was funded from the underspend on the Revenue Budget. However there are still legal costs outstanding which could amount to a further £0.100m; this will be met from the 2014/15 budget and no provision has been made in the 2013/14 accounts.

34. Events after the Balance Sheet Date

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

The implications of Stage 2 transfer and the new Local Government Pension Scheme have been set out in Notes 1 and 36 respectively.

35. Analysis of Government Grants and Reimbursements within Cash Flow Statement

All items in the Cash Flow Statement are shown on a cash basis, that is opening and closing accruals are excluded. The amounts below may therefore differ from those shown in notes 8 and 9, which are shown on an accruals basis.

PCCRestated 2012/13 £000	Group 2012/13 £000		PCC 2013/14 £000	Group 2013/14 £000
68,623	68,623	Police Revenue Grant	73,824	73,824
0	26,182	Police Pension Scheme Grant (now shown in CC Cash Flow)	0	23,302
4,452	4,452	Police Community Support Officer	0	0
1,920	1,920	Council Tax Freeze Grant	2,237	2,237
0	0	Community Safety Fund	126	126
643	643	Safety Camera	982	982
610	610	Counter Terrorism	590	590
190	190	Loan Charges	167	167
0	0	Victim Support Service Grant	405	405
0	0	Radio Frequency Propagation Survey Grant	9	9
117	117	Youth Crime and Substance Abuse	0	0
27	27	Localisation of Council Tax – New Burden Grant	0	0
24	24	Neighbourhood Watch Grant	0	0
60	60	Early Adopter Grant	0	0
60	60	Truevision Grant	40	40
76,726	**102,908**	**Total**	**78,380**	**101,682**

36. Pensions

Participation in Pension Schemes

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

The OPCC participates in two post employment schemes:

- The Local Government Pension Scheme for Police Staff (LGPS), administered by Staffordshire County Council. This is a funded defined benefit final salary scheme, meaning that the OPCC and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The Police Pension Scheme for Police Officers (PPS), which is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the 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 OPCC 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 OPCC 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:

Comprehensive Income and Expenditure Statement

	LGPS £000		PPS £000	
	Restated 2012/13	**2013/14**	**2012/13**	**2013/14**
Cost of Services:				
Service cost comprising:				
Current Service Cost (including Employee Contributions)	(6,118)	(7,785)	(39,370)	(46,230)
Past Service Cost (including curtailments)	(540)	(341)	(40)	(30)
Pension Transfers In	0	0	(50)	(250)
Financing and Investment Income and Expenditure:				
Interest Cost on defined benefit obligation	(7,936)	(9,242)	(77,490)	(79,420)
Interest Income on Plan Assets**	5,794	6,419	0	0
Total Post Employment Benefit Charged to the Surplus or Deficit on Provision of Services	(8,800)	(10,949)	(116,950)	(125,930)

	Restated 2012/13 £000	2013/14 £000
Other Post-employments Benefits charged to the CIES Service cost:		
Remeasurement of the net defined benefit Liability:*	216,014	73,936

Comprising:	LGPS £000 2012/13	2013/14	PPS £000 2012/13	2013/14
Return on plan assets (excluding the amount Included in the net interest expense)**	12,267	(377)	n/a	n/a
Actuarial gains and losses arising on changes in demographic assumptions	0	(5,898)	360	(200)
Actuarial gains and losses arising on changes in financial assumptions	(26,567)	(2,949)	(255,260)	58,380
Actuarial gains and losses on liabilities - experience	106	(170)	53,080	25,150
Total Post-employment Benefits charged to the CIES:	(14,194)	(9,394)	(201,820)	83,330

* Under IAS19 2011 revised (effective from 2013/14), the "Actuarial gain / (loss)" has now been renamed as the "Remeasurement of net defined benefit liability" and has been restated by £1.086m, as per the note below.
** Previously the "Interest on Income on Plan Assets" and the "Return on Plan Assets" were shown as "Expected Return on Scheme Assets" and "Actuarial Gains and (Losses)" respectively. Under IAS19 2011 revised these have now been renamed and restated and this has been reflected in the 2013/14 Accounts. The 2012/13 amounts were £6.880m and £11.181m and have now been reclassified as £5.794m and £12.267m respectively; the total amount remaining at £18.061m.

Movement in Reserves Statement	LGPS £000 2012/13	2013/14	PPS £000 2012/13	2013/14
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	8,800	10,949	116,950	125,930
Actual Amounts Charged Against the General Fund Balance for Pensions in the Year:				
Employers' Contributions Payable to Scheme	(5,525)	(5,585)		
Retirement Benefits Payable to Pensioners			(57,050)	(55,960)
Total	**3,275**	**5,364**	**59,900**	**69,970**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000
Present Value of defined benefit obligations					
• PPS	(1,715,908)	(1,754,947)	(1,518,728)	(1,447,331)	(1,560,483)
• LGPS	(226,859)	(202,514)	(162,617)	(145,190)	(175,841)
Fair Value of LGPS Assets	150,573	140,986	118,558	109,982	100,364

Deficit in the Scheme					
• PPS	(1,715,908)	(1,754,947)	(1,518,728)	(1,447,331)	(1,560,483)
• LGPS (Net)	(76,286)	(61,528)	(44,059)	(35,208)	(75,477)
Total	**(1,792,194)**	**(1,816,475)**	**(1,562,787)**	**(1,482,539)**	**(1,635,960)**

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

	Funded Liabilities: LGPS £000		**Unfunded Liabilities: PPS £000**	
	2012/13	**2013/14**	**2012/13**	**2013/14**
Opening Balance at 1 April	**(162,617)**	**(202,514)**	**(1,518,728)**	**(1,754,947)**
Current Service Cost	(6,118)	(7,785)	(30,810)	(37,420)
Interest Cost	(7,936)	(9,242)	(77,490)	(79,420)
Contributions by Scheme Participants	(2,173)	(2,147)	(8,560)	(8,810)
Remeasurement gain/(loss)	(26,461)	(9,017)	(201,820)	83,330
Pension Transfers In	0	0	(50)	(250)
Benefits Paid	3,331	4,187	57,050	55,960
Past Service Costs (including curtailments)	(540)	(341)	(40)	(30)
Top-up Grant	0	0	25,501	25,679
Closing Balance at 31 March	**(202,514)**	**(226,859)**	**(1,754,947)**	**(1,715,908)**

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

	LGPS £000	
	2012/13	**2013/14**
Opening Balance at 1 April	**118,558**	**140,986**
Interest Income*	5,794	6,419
Remeasurement gain/(loss): The return on plan assets, excluding the amount included in the net interest expense*	12,267	(377)
Employer Contributions	5,525	5,585
Contributions by Scheme Participants	2,173	2,147
Benefits Paid	(3,331)	(4,187)
Closing Balance at 31 March	**140,986**	**150,573**

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

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 OPCC has in the long term to pay post employment (retirement) benefits. In assessing the liabilities for retirement benefits, the actuaries use a set of assumptions including a discount rate set by reference to long term gilt yields. The assumptions used by the actuaries in 2013/14 and the potential effect of changes in these assumptions are set out below. The total net liability of £1,792m has a substantial impact on the net assets of the OPCC as recorded in the Balance Sheet, resulting in a negative overall balance of £1,745m.

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

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

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

The total contributions that were expected to be made to the Local Government Pension Scheme by the OPCC Group in the year to 31 March 2015 were £5.674m. However, from 1 April 2014 employer contributions are being expressed by the Actuary as a Future Service Rate and a cash lump sum deficit repair amount for each of the next three years. Both the CC and the PCC have decided to take up the Staffordshire Pension Fund's option of paying the deficit repair into the Fund in one lump sum in 2014/15, discounted by 4.6% (a saving of £0.226m) to cover the amounts relating to 2014/15, 2015/16 and 2016/17. The total amount for the Group is £2.735m; approximately £2.700m relates to the employees of the CC with the remaining £0.035m relating to employees of the PCC.

To ensure that the lump sum payment does not impact on the Revenue Budget in 2014/15, a transfer of £2.735m has been made into the Pensions Earmarked Reserve held by the OPCC Group / PCC in 2013/14 and this will be used to fund the payment in 2014/15.

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

Expected contributions for the Police Pension Scheme in the year to 31 March 2015 are £15.867m. The rate of employer contributions payable by the CC for PPS members will remain at 24.2%.

The Local Government Pension Scheme's assets comprised:

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

Approximately 1.2% of the value of these Assets relates to the PCC Single Entity and 98.8% relates to the Chief Constable, as explained in Note 36a.

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

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

	LGPS		PPS	
	2012/13	**2013/14**	**2012/13**	**2013/14**
Mortality Assumptions:				
Longevity at 65 for Current Pensioners:				
Men	21.2yrs	22.1yrs	23.4yrs	23.4yrs
Women	23.4yrs	24.3yrs	25.8yrs	25.9yrs
Longevity at 65 for Future Pensioners:				
Men	23.3yrs	24.3yrs	25.7yrs	25.6yrs
Women	25.6yrs	26.6yrs	27.9yrs	28.0yrs
Rate of Inflation	2.8% pa	2.8% pa	2.5% pa	2.5% pa
Rate of Increases in Salaries	5.1% pa	4.6% pa	4.75% pa	4.5% pa
Rate of Increases in Pensions	2.8% pa	2.8% pa	2.5% pa	2.5% pa
Rate for Discounting Scheme Liabilities	4.5% pa	4.3% pa	4.3% pa	4.4% pa
Take Up of Option to Convert Annual Pension into Retirement Grant:				
Pre-April 2008 Service	50%	50%	N/A	N/A
Post-April 2008 Service	75%	75%	N/A	N/A

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

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

	Impact on the Defined Benefit Obligation in the Scheme - LGPS	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	6,806	(6,806)
Rate of increase in salaries (increase or decrease by 1/2%)	12,500	(12,500)
Rate of increase in pensions (increase or decrease by 1/2%)	14,951	(14,951)
Rate for discounting scheme liabilities (increase or decrease by 1/2%)	(28,138)	28,138

36a. Pensions for the PCC Single Entity

The tables below set out the estimated Pensions Charges, Assets and Liabilities relating to the 15 Staff (8 Staff in 2012/13) directly under the control of the PCC as at 31 March 2014 (based on the agreed transfer of Staff under Stage 2) that were LGPS members at this date. These amounts have been calculated using an estimate based on the PCC's Staff as a proportion of the total OPCC Group membership of the Scheme, that is, 1.2% (0.6% in 2012/13) of the amounts shown in note 36.

Transactions Relating to Retirement Benefits

The OPCC 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 OPCC 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:

Comprehensive Income and Expenditure Statement

	2012/13 £000	2013/14 £000
***Cost of Services**:*		
Service cost comprising:		
Current Service Cost (including Employee Contributions)	(37)	(93)
Past Service Cost (including curtailments)	(3)	(4)
***Financing and Investment Income and Expenditure**:*		
Interest Cost on defined benefit obligation	(48)	(111)
Interest Income on Plan Assets	35	77
Total Post Employment Benefit Charged to the Surplus or Deficit on Provision of Services	(53)	(131)
Other Post-employments Benefits charged to the CIES Service cost :		
Remeasurement of the net defined benefit Liability comprising:		
Obligations relating to: staff previously under control of the Chief Constable; and new staff in the year	0	(369)
Return on plan assets (excluding the amount included in the net interest expense)	74	(5)
Actuarial gains and losses arising on changes in demographic assumptions	0	(71)
Actuarial gains and losses arising on changes in financial assumptions	(160)	(35)
Actuarial gains and losses on liabilities - experience	1	(2)
Total Post-employment Benefits charge to the CIES:	(85)	(482)

Movement in Reserves Statement

	2012/13 £000	2013/14 £000
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	53	131
Actual Amounts Charged Against the General Fund Balance for Pensions in the Year:		
Employers' Contributions Payable to Scheme Retirement Benefits Payable to Pensioners	(33)	(67)
Total	**20**	**64**

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2012/13 £000	2013/14 £000
Present Value of defined benefit obligations	(1,215)	(2,722)
Fair Value of Assets	846	1,807
Deficit in the Scheme	**(369)**	**(915)**

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

	Funded Liabilities: LGPS £000	
	2012/13	**2013/14**
Opening Balance at 1 April	**(162,617)**	**(1,215)**
Transfer of responsibility for the Liabilities from PCC to CC	161,642	0
Obligations relating to: staff previously under control of the Chief Constable; and new staff in the year	0	(1,215)
Current Service Cost	(37)	(93)
Interest Cost	(48)	(111)
Contributions by Scheme Participants	(13)	(26)
Remeasurement gain / (loss)	(159)	(108)
Benefits Paid	20	50
Past Service Costs (including curtailments)	(3)	(4)
Top-up Grant	0	0
Closing Balance at 31 March	**(1,215)**	**(2,722)**

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

	2012/13 £000	2013/14 £000
Opening Balance at 1 April	**118,558**	**846**
Transfer of responsibility for the Assets from PCC to CC	(117,847)	0
Assets relating to: staff previously under control of the Chief Constable; and new staff in the year	0	846
Interest Income	35	77
Remeasurement gain / (loss): The return on plan assets, excluding the amount included in the net interest expense	74	(5)
Employer Contributions	33	67
Contributions by Scheme Participants	13	26
Benefits Paid	(20)	(50)
Closing Balance at 31 March	**846**	**1,807**

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 PCC has in the long term to pay post employment (retirement) benefits. In assessing the liabilities for retirement benefits, the actuaries use a set of assumptions including a discount rate set by reference to long term gilt yields. The assumptions used by the actuaries in 2013/14 and the potential effect of changes in these assumptions are set out below. The total net liability of £0.915m reduces the net assets of the PCC as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the PCC 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.

The total contributions expected to be made to the Local Government Pension Scheme by the PCC in the year to 31 March 2015 are £0.105m. An additional amount of approximately £0.035m will be paid into the Fund as a deficit repair amount as explained in Note 36.

37. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

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

38. Assumptions Made 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 items in the Group's Balance Sheet at 31 March 2014 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation would increase and the carrying amount of the assets falls, however, the assets have reduced in value as a result of the full revaluation in 2009/10 and are now componentised, so the lives of the assets have already been reduced. This, along with the increase in disposals, should negate the need to reduce lives further in the coming year.
Insurance Reserve	The Insurance Fund was subject to a full revaluation in 2012/13. This review confirmed that there were sufficient funds for future liabilities. The only uncertainly is the potential increase in claims as a result of the current economic climate, e.g. increase in fraud claims.	The fund evaluation in 2012/13 reassured OPCC that there were sufficient funds in the insurance reserves for outstanding current and potential liabilities. In 2013/14, as known insurance liabilities for the group as at 31st March had decreased, a transfer was made to reduce the insurance provision. As a result of impending tribunals in relation to the use of A19 elevating the risk of an increase in insurance claims, a decision was made to transfer the saving back to the insurance reserve.
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 pensions liability of changes in individual assumptions can be measured and are shown in note 36.

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

39. Explanation of Adjustments from a Previous Period

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

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

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

Notes 5 (i) and 36a above set out the respective estimation techniques used to allocate the Accumulated Absences Reserve and the Pensions Liabilities between the two entities.

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

	2012/13 Gross Expendi-ture £000	2012/13 Gross Income £000	2012/13 Net Expendi-ture £000	Accum-ulated Absences Restate-ment £000	Pension Restate-ment £000	2012/13 Restated Gross Expendi-ture £000	2012/13 Restated Gross Income £000	2012/13 Restated Net Expendi-ture £000
Local Policing	37	(5,909)	(5,872)	2	4	43	(5,909)	(5,866)
Dealing with the Public	8	(75)	(67)	0	0	8	(75)	(67)
Criminal Justice Arrangements	15	(878)	(863)	0	0	15	(878)	(863)
Road Policing	3	(1,460)	(1,457)	0	0	3	(1,460)	(1,457)
Specialist Operations	5	(2,184)	(2,179)	0	0	5	(2,184)	(2,179)
Intelligence	4	(147)	(143)	0	0	4	(147)	(143)
Specialist Investigation	15	(501)	(486)	0	0	15	(501)	(486)
Investigative Support	3	(42)	(39)	0	0	3	(42)	(39)
National Policing	0	(1,201)	(1,201)	0	0	0	(1,201)	(1,201)
Corporate and Democratic Core	817	0	817	0	0	817	0	817
Non Distributed Costs	0	0	0	0	3	3	0	3
Cost of Services Before Intra-group Funding	**907**	**(12,397)**	**(11,490)**	**2**	**7**	**916**	**(12,397)**	**(11,481)**
Intra-group Funding	183,276	0	183,276	(845)	16,457	198,888	0	198,888
Total Cost of Services	**184,183**	**(12,397)**	**171,786**	**(843)**	**16,464**	**199,804**	**(12,397)**	**187,407**
Losses on the Disposal of Non-Current Assets *(Note 21)*			123	0	0			123
Financing and Investment Net Expenditure *(Note 7)**			80,372	0	(78,533)			1,839
Taxation and Non-Specific Grant Income *(Note 9)*			(209,831)	0	25,501			(184,330)
Deficit on Provision of Services *(Note 11)*			**42,450**	**(843)**	**(36,568)**			**5,039**
Deficit on Revaluation of Non Current Assets *(Note 5 ii)*			386	0	0			386
Remeasurements of the net defined benefit Liabilities *			217,100	0	(217,015)			85
Other Comprehensive Net Expenditure			**217,486**	**0**	**(217,015)**			**471**
Total Comprehensive Net Expenditure			**259,936**	**(843)**	**(253,583)**			**5,510**

* As explained in note 36, the Pensions adjustments for these items include a reclassification of £1.086m relating to accounting changes under IAS19 2011 revised.

(ii) The table below illustrates the restatement of the 2012/13 figures in the PCC Single Entity Movement In Reserves Statement:

	General Fund £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000
ORIGINAL MIRS:							
Balance as at 1 April 2012	**5,375**	**9,402**	**0**	**0**	**14,777**	**(1,524,462)**	**(1,509,685)**
Movement in Reserves During 2012/13:							
Deficit on the Provision of Services	(42,450)	0	0	0	(42,450)	0	(42,450)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(217,486)	(217,486)
Total Comprehensive Income and Expenditure	**(42,450)**	**0**	**0**	**0**	**(42,450)**	**(217,486)**	**(259,936)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	42,362	0	0	0	42,362	(42,362)	0
Net decrease before Transfers to Earmarked Reserves	**(88)**	**0**	**0**	**0**	**(88)**	**(259,848)**	**(259,936)**
Transfers To/From Earmarked Reserves (Note 4)	88	(88)	0	0	0	0	0
Decrease in 2012/13	**0**	**(88)**	**0**	**0**	**(88)**	**(259,848)**	**(259,936)**
Balance at 31 March 2013 Carried Forward	**5,375**	**9,314**	**0**	**0**	**14,689**	**(1,784,310)**	**(1,769,621)**

RESTATEMENTS:							
	£000	£000	£000	£000	£000	£000	£000
Opening Balance: Transfer of Responsibility of Pensions Reserve and Accumulated Absences Account from PCC to the CC (notes 5 (i) and (iv))	**0**	**0**	**0**	**0**	**0**	**1,566,954**	**1,566,954**
Adjustments to the Deficit on the Provision of Services, as per CIES restatement above:							
Accumulated Absences	843	0	0	0	843	0	843
Accumulated Absences	36,568	0	0	0	36,568	0	36,568
Adjustments to the Other Comprehensive Income and Expenditure as per CIES restatement above:							
Pensions	0	0	0	0	0	217,015	217,015
Adjustments to the Adjustments Between Accounting Basis and Funding Basis Under Regulations as per CIES restatement above:							
Accumulated Absences	(843)	0	0	0	(843)	843	0
Pensions	(36,568)	0	0	0	(36,568)	36,568	0

RESTATED MIRS:							
	General Fund £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000
Balance as at 1 April 2012	**5,375**	**9,402**	**0**	**0**	**14,777**	**42,492**	**57,269**
Movement in Reserves During 2012/13:							
Deficit on the Provision of Services	(5,039)	0	0	0	(5,039)	0	(5,039)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(471)	(471)
Total Comprehensive Income and Expenditure	**(5,039)**	**0**	**0**	**0**	**(5,039)**	**(471)**	**(5,510)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 3)	4,951	0	0	0	4,951	(4,951)	0
Net Increase before Transfers to Earmarked Reserves	**(88)**	**0**	**0**	**0**	**(88)**	**(5,422)**	**(5,510)**
Transfers To/From Earmarked Reserves (Note 4)	88	(88)	0	0	0	0	0
Increase / (Decrease) in 2012/13	**0**	**(88)**	**0**	**0**	**(88)**	**(5,893)**	**(5,510)**
Balance at 31 March 2013 Carried Forward	**5,375**	**9,314**	**0**	**0**	**14,689**	**37,070**	**51,759**

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

		31 March 2013 £000	Accumulated Absences Restatement £000	Pension Restatement £000	Restated 31 March 2013 £000
Land and Buildings	*Note 21*	57,956	0	0	57,956
Vehicles, Plant and Equipment	*Note 21*	17,181	0	0	17,181
Intangible Assets	*Note 22*	2,831	0	0	2,831
Long-Term Debtors	*Note 23*	0	0	0	0
Long Term Assets		**77,968**	**0**	**0**	**77,968**
Assets Held for Sale	*Note 24*	8,150	0	0	8,150
Short Term Investments	*Note 26*	6,501	0	0	6,501
Short Term Debtors	*Note 27*	15,964	0	0	15,964
Cash and Cash Equivalents	*Note 28*	3,865	0	0	3,865
Current Assets		**34,480**	**0**	**0**	**34,480**
Bank Overdrafts	*Note 28*	(158)	0	0	(158)
Short Term Borrowing	*Note 26*	(1,195)	0	0	(1,195)
Short Term Creditors	*Note 29*	(19,741)	5,274	0	(14,467)
Provisions	*Note 30*	(1,000)	0	0	(1,000)
Current Liabilities		**(22,094)**	**5,274**	**0**	**(16,820)**
Provisions	*Note 30*	(1,802)	0	0	(1,802)
Long Term Borrowing	*Note 26*	(39,800)	0	0	(39,800)
Other Long Term Liabilities	*Note 31*	(1,898)	0	0	(1,898)
Liability Related to Defined Benefit Pension Schemes	*Notes 36 and 36a*	(1,816,475)	0	1,816,106	(369)
Long Term Liabilities		**(1,859,975)**	**0**	**1,816,106**	**(43,869)**
Net Assets		**(1,769,621)**	**5,274**	**1,816,106**	**51,759**
Financed by:					
Usable Reserves:					
General Fund		5,375			5,375
Earmarked Reserves	*Note 4*	9,314			9,314
Unusable Reserves	*Note 5*	(1,784,310)	5,274	1,816,106	37,070
Total Reserves		**(1,769,621)**	**5,274**	**1,816,106**	**51,759**

(iv) The table below illustrates the restatement of the 2012/13 figures in the PCC Single Entity Cash Flow Statement:

	2012/13		Items now shown in CC Cash Flow Statement	Restated 2012/13	
	£000	£000	£000	£000	£000
Cash Flows from Operating Activities:					
Cash Outflows					
Cash Paid To and On Behalf of Employees	152,321		(151,838)	483	
Other Operating Cash Payments	59,901		(59,402)	499	
Intra-Group Funding	0		185,058	185,058	
Interest Paid	1,922		0	1,922	
		214,144	**(26,182)**		**187,962**
Cash Inflows					
Precepts Received	(64,366)		0	(64,366)	
National Non-Domestic Rate Receipts	(46,913)		0	(46,913)	
Revenue Support Grant / Localisation of Council Tax	(909)		0	(909)	
Other Government Grants and Reimbursements *Note 35*	(102,908)		26,182	(76,726)	
Cash Received For Goods and Services	(6,302)		0	(6,302)	
Interest Received	(80)		0	(80)	
		(221,478)	**26,182**		**(195,296)**
Net Cash Flows From Operating Activities		**(7,334)**	**0**		**(7,334)**
Cash Flows from Investing Activities:					
Cash Outflows					
Purchase of Non Current Assets	6,090		0	6,090	
Purchase of short-term and long-term investments	6,500		0	6,500	
		12,590	**0**		**12,590**
Cash Inflows					
Sale of Non Current Assets	(980)		0	(980)	
Capital Grants Received	(1,920)		0	(1,920)	
Proceeds from short-term and long-term investments	(5,500)		0	(5,500)	
Other Capital Cash Receipts	0		0	0	
		(8,400)	**0**		**(8,400)**
Net Cash Flows from Investing Activities		**4,190**	**0**		**4,190**
Cash Flows from Financing Activities:					
Cash Receipts of Short Term and Long Term Borrowing	0		0	0	
Other Receipts from Financing Activities	0		0	0	
Repayments of Short Term and Long Term Borrowing	3,271		0	3,271	
Other Payments for Financing Activities	0		0	0	
Net Cash Flows from Financing Activities		**3,271**	**0**		**3,271**
Net Decrease in Cash and Cash Equivalents		**127**	**0**		**127**
Cash and Cash Equivalents at the beginning of the Reporting Year		(3,834)	0		(3,834)
Cash and Cash Equivalents at the end of the Reporting Year		**(3,707)**	**0**		**(3,707)**

40. Statement of Accounting Policies

I. General Principles

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

II. Accruals of Income and Expenditure

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 PCC provides the relevant service.
- Revenue from the provision of services is recognised when the PCC can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the OPCC Group.
- 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.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- 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 PCC and OPCC Group's 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.
- Precept income included in the PCC and OPCC Group's Income and Expenditure Account is the accrued income for the year. The difference between the amount shown in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement and the amount required to be transferred to the Group under regulation is taken to the Collection Fund Adjustment Account on the PCC and OPCC Group's Balance Sheet. A reconciling item is also included on the PCC and OPCC Group's Movement in Reserves Statement.

III. Cash and Cash Equivalents

Cash is represented by cash in hand. Cash equivalents include the following classes of financial assets that can be called upon at very short-notice and turned into cash:

- Money Market Fund balances
- Call accounts with banks or building societies
- Overnight fixed term deposits with banks or building societies

Investment balances are typically longer-term commitments either where cash cannot be realised quickly or where there is a risk that the value of the investment will change over time:

- Fixed term deposits greater than one day in duration

In the PCC and OPCC Group's Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the OPCC's cash management.

IV. Charges to Revenue for Non-Current Assets

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

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

The PCC is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement of an amount considered to be prudent. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the General Fund, by way of an adjusting transaction with the Capital Adjustment Account in the PCC and OPCC Group's Movement in Reserves Statement for the difference between the two.

V. Contingent Assets and Liabilities

Contingent Assets

A contingent asset arises where an event has taken place that gives the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the PCC and OPCC Group's Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

VI. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements and time off in lieu (TOIL) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the PCC and OPCC Group's Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs but do not impact on Council Tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group 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 PCC and OPCC Group's Comprehensive Income and Expenditure Statement. They are charged when the Group is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the PCC and OPCC Group's Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

- Police Officers

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

- Other Employees

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, which is a funded defined benefit scheme administered by Staffordshire County Council. In accordance with IAS19 the charge to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement now represents the increase in the benefits earned by employees in the current period, including the related finance costs and any changes in the value of the assets and liabilities of the scheme. The new policies better reflect the Group's commitment in the long term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

Both schemes are accounted for as defined benefit schemes:

- The liabilities of the schemes attributable to the Group are included in the PCC and OPCC Group's Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the Local Government Pension Scheme fund attributable to the Group are included in the PCC and OPCC's Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – average of the bid and offer rates
  - Property – market value
- The change in the net pensions liability is analysed into seven components:

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

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

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

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

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

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

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

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

Discretionary Benefits

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

Injury Awards

The Group 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.

VII. Events after the Balance Sheet Date

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

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

Events taking place after the date of authorisation for issue are not reflected in the PCC and OPCC Group's Statement of Accounts.

VIII. Exceptional Items

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

IX. Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Group has, this means that the amount presented in the PCC and OPCC Group's Balance Sheet is the outstanding principal repayable and interest charged to the PCC and OPCC Group's Comprehensive Income and Expenditure Statements the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan, and the write-down to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund to be spread over future years. The Group has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the PCC and OPCC Group's Statement of Movement on the General Fund.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market. These are initially measured at fair value and carried at their amortised cost. Annual credits to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.
  For most of the loans that the Group has made this means that the amount presented in the PCC and OPCC Group's Balance Sheet is the outstanding principal receivable and interest credited to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

X. Foreign Currency Translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, monetary assets and liabilities are retranslated at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement.

XI. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the PCC when there is reasonable assurance that the PCC will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the PCC are not credited to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferer.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the PCC and OPCC Group's Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in Net Cost of Services (if ring-fenced revenue grants and contributions) or to Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund in the PCC and OPCC Group's Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the PCC and OPCC Group's Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the PCC and OPCC Group's Capital Adjustment Account. Amounts in the PCC and OPCC's Group's Capital Grants Unapplied Reserve are transferred to the PCC and OPCC Group's Capital Adjustment Account once they have been applied to fund capital expenditure.

XII. Intangible Assets

Intangible assets are assets that do not have physical substance, but are identifiable and controlled by the PCC. e.g. software licences. Expenditure is capitalised at cost when it will bring benefits to the Group for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Intangible assets, which are currently represented by software licences are amortised on a straight line basis over the life of the licences ranging over a number of years dependent on the license agreement. The PCC does not amortise assets in the year of acquisition, but a full year's charge is made in the year of disposal. The PCC does not have any internally generated intangible assets.

XIII. Inventories

All inventories are charged directly to the PCC and OPCC Group's Comprehensive Income and Expenditure Account on an accruals basis and are not held on the PCC and OPCC Group's Balance Sheet as stock.

XIV. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Group in conjunction with other ventures that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Group recognises on the PCC and OPCC Group's Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the PCC and OPCC's Group's Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other ventures, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Group accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint ventures and income that it earns from the venture.

XV. 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.

The PCC as a Lessee

The PCC may hold capital assets under operating leases. Rentals paid under operating leases are charged to the PCC and OPCC's Group's Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased property, plant or equipment. Charges are made on a straight line basis over the life if the lease, even if this does not match the pattern of payments.

The PCC does not have any finance leases.

The PCC as a Lessor

Where the PCC grants an operating lease over a property or an item of plant or equipment, the asset is retained in the PCC and OPCC Group's Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The PCC does not grant any finance leases.

XVI. Overheads and Support Services

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

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

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

XVII. Property, Plant and Equipment.

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure over the de-minimus level of £10,000 on the acquisition creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

The Group does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the PCC and OPCC Group's Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the PCC and OPCC Group's Comprehensive Income and Expenditure Statement, they are reversed out of the PCC and OPCC Group's General Fund to the PCC and OPCC Group's Capital Adjustment Account in the PCC and OPCC Group's Movement in Reserves Statement.

Assets are then carried in the PCC and OPCC Group's Balance Sheet at fair value, determined as the amount that would be paid for the asset in its existing use, with the exception of assets under construction which are depreciated on a historical cost basis.

Assets included in the PCC and OPCC Group's Balance Sheet at fair value are revalued where there have been material changes in the value, but as a minimum every 5 years. Increases in valuations are matched by credits to the PCC and OPCC Group's Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified they are accounted for by:

- where there is a balance of revaluation gains for the asset in the PCC and OPCC Group's Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement.

The PCC and OPCC Group's Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the PCC and OPCC Group's Capital Adjustment Account.

Impairment

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

Where impairment losses are identified, they are accounted for by:

- where there is balance in the revaluation gains for the asset in the PCC and OPCC Group's Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation (if material) that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without determinable finite useful life (i.e. freehold) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the Valuer;
- Vehicles, plant, furniture and equipment (including Information Technology) – a percentage of the value of each class of assets in the PCC and OPCC Group's Balance Sheet, as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the PCC and OPCC Group's Revaluation Reserve to the PCC and OPCC Group's Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to Other Operating Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on provision of services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the PCC and OPCC Group's Balance Sheet is written off to the Other Operating Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the PCC and OPCC Group's Revaluation Reserve are transferred to the PCC and OPCC Group's Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the PCC and OPCC Group's Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Group's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the PCC and OPCC Group's General Fund in the PCC and OPCC Group's Movement in Reserves Statement.

The written off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund in the PCC and OPCC Group's Movement in Reserves Statement.

XVIII. Prior Period Adjustments and Changes in Accounting Policies

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

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

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

XIX. Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are made where an event has taken place that gives the Group an obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service revenue account in the year that the Group becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the PCC and OPCC Group's Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not, that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant service revenue account.

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.

XX. Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund in the PCC and OPCC Group's Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund in the PCC and OPCC Group's Movement on Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, employee and retirement benefits and do not represent usable resources for the Group. These reserves are explained in the relevant policies that follow.

XXI. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service revenue account in the year. Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the PCC and OPCC Group's Movement in Reserves Statement from the General Fund to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

XXII. VAT

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

Police Pension Scheme for England and Wales

Pensions Fund Accounts

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

Notes to the Supplementary Financial Statement

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

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

2. The 2007 Regulations provide that the OPCC must transfer an amount from the Police Fund to the Pension Fund where income to the Pension Fund is less than its expenditure so that the Fund will be balanced to nil at the end of each financial year. In the year ended the 31 March 2014 the OPCC transferred £25.679m into the Fund to meet the excess expenditure in the year (£25.501m in 2012/13). Where the OPCC makes a transfer into the Pension Fund, the Home Office will pay a top-up grant to the OPCC and the OPCC acts as an intermediary for this grant receipt. The grant is shown on the CC'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 2013/14 was £25.679m (£25.501m in 2012/13).

3. **Accounting policies**

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

   (b) *Debtors and creditors*
   The OPCC include debtors and creditors at the end of the financial year for employer's pension contributions paid in advance, top-up grant due but not received and for commuted lump sum payments to retiring police officers that have been paid but not processed through the payroll. The pension scheme financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The top-up grant due but not received at 31 March 2014 was £11.098m (£8.720m at 31 March 2013).

   (c) *IAS 19*
   Relevant information from the pension accounts has been supplied to the Government Actuary Department (GAD), so the necessary information is available to help us meet IAS19. Further details of the long-term pension obligations are contained in note 36 of the Financial Statements.

Glossary

Accounting Policies

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

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

Accounting policies do not include estimation techniques.

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

Actuarial Gains and Losses

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

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

Agency Services

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

Amortisation

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

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

Appropriations

Amounts transferred to or from revenue or capital reserves.

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 Expenditure

Expenditure on the acquisition of a non current asset or expenditure which adds to and not merely maintains the value of an existing non current asset.

Capital Receipts

Proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rules set by Central Government.

CIPFA

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

Commuted 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.

Contingent Liabilities

A contingent liability is either:

(a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or

(b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

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

Creditors

Amounts owed by the PCC for work done, goods received or services rendered which have not been paid for by the end of the financial year.

Current Service Cost (Pensions)

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

Debtors

Sums of money due to the PCC for work done or services supplied but not received at the end of the financial year.

Deferred Liabilities

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 Scheme

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

Depreciation

The measure of the cost or revalued amount of the benefits of the non current 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.

Fair Value

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

Financial Regulations

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

Financial Year

The period of time commencing on the 1 April covered by the accounts.

IAS19

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

IFRS

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

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.

Impairment

A reduction in the value of a non current asset below the amount shown on the PCC's and OPCC's Group Balance Sheet.

Leasing

A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:

(a) finance leases which transfer all of the risks and rewards of ownership of a non current asset to the lessee and such assets are included within the non current assets in the balance sheet.

(b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the service revenue accounts.

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.

Minimum Revenue Provision

The minimum amount that the Group is statutorily required to set aside from revenue each year as a provision to meet credit liabilities. For the PCC this relates to a principal sum based on a prudent assessment of the useful life of the asset, which is used for the redemption of external debt.

Medium Term Financial Strategy (MTFS)

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

Net Book Value

The amount at which non current assets are included in the PCC and OPCC Group's Balance Sheet and being their historical cost or current value, less the cumulative amounts provided for depreciation.

Non Current Assets

Tangible and intangible assets that yield benefits to the Group for a period of more than one year.

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.

Precept

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

Present Value

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

Relevant Police Officer

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

Remuneration

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

Senior Employee

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

(a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989

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

(c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.