



2015/16

STATEMENT OF ACCOUNTS

**FOR THE CHIEF CONSTABLE OF
STAFFORDSHIRE POLICE**

CHIEF CONSTABLE OF STAFFORDSHIRE POLICE

STATEMENT OF ACCOUNTS 2015/16

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Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF STAFFORDSHIRE

Opinion on the Chief Constable for Staffordshire financial statements

We have audited the financial statements of the Chief Constable of Staffordshire for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Chief Constable of Staffordshire Movement in Reserves Statement;
- Chief Constable of Staffordshire Comprehensive Income and Expenditure Statement;
- Chief Constable of Staffordshire Balance Sheet;
- Police Pension Fund Account
- Chief Constable of Staffordshire Cash Flow Statement and the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 6 the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable of Staffordshire circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Staffordshire as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report if:

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

We have nothing to report in these respects

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

Chief Constable's responsibilities

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

Auditor's responsibilities

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Basis for Qualified Conclusion

A robust process was not in place in the year to ensure there was adequate financial leadership for timely and accurate financial reporting and effective budget reporting and monitoring arrangements, which has led to inaccurate and fragmented reporting. We consider these to be evidence of weak arrangements for the provision of:

- Reliable and timely financial reporting that supports the delivery of strategic priorities; and
- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

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



*Hassan Rohimun (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Manchester
30 September 2016*

Narrative Report and Introduction

Introduction

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

The policing area covers more than 2,600 square kilometres reaching from the Peak District National Park in the north to the West Midlands conurbation border in the south, serving approximately 1,107,000 people living in more than 463,000 households. The people of Staffordshire live within diverse communities, ranging from the sparsely populated area of the Moorlands to densely populated areas such as the city of Stoke-on-Trent and Newcastle-under-Lyme in the north, the county town of Stafford at the heart of the county, Tamworth and Burton-upon-Trent in the east, and Cannock and Lichfield in the south. Source: Staffordshire Observatory and Stoke-on-Trent City Council.



At the end of the financial year, Staffordshire Police employed 3,078 full time equivalent staff, consisting of 1,698 police officers, 220 police community support officers (PCSO's) and 1,160 police staff. The force is also supported by 297 volunteer Special Constables, who give up their own time to provide an enhanced service to Staffordshire communities. Source: Staffordshire Police human resources stock take report.

Local policing teams (LPTs) are the bedrock of service across the county and each has its own commander of Chief Inspector or Inspector rank. Local police officers and PCSO's work together within these teams and are available at the times when communities need them the most. LPTs are supported by specialist central departments consisting of police officers and police staff that are based strategically across the force area.

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

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

The values within the financial statements are disclosed with roundings which are appropriate to their individual presentation. Consequently, the tables in the Statement of Accounts may contain rounding differences.

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How we performed operationally in 2015/16

Key performance data for 2015/16 shows that all recorded crime was 68,212 crimes for the year, a 10.77% increase on last year or 7,351 more offences. This is 61 crimes per 1000 population and is equal to our peers, and is lower than the national average of 67 crimes per 1000 population. Source: IQuanta (note - satisfaction data from IQuanta does not include RTC).

85.6% of victims of crime are satisfied with the service they receive. We have the third highest satisfaction levels when compared with our peers, and when compared nationally are ranked 13th out of the 43 forces in England and Wales. Source: IQuanta (note - satisfaction data from IQuanta does not include RTC).

Financial Performance in 2015/16

The Revenue Outturn

In January 2015 the OPCC approved a budget of £177.794m for the group for 2015/16. This was funded by Government Grants of £118.998m, Precepts £58.731m and Other Grants and Contributions. There was a reduction in government grants on the previous year of 4.10%. There was no increase in council tax with the Band D equivalent average remaining at £177.61 per household.

A budget of £172,064m in 2015/16 was delegated to the Chief Constable for operational policing and pensions. Net expenditure against the Chief Constable's budget was £173.174m resulting in an overspend of £1.110m due to non-achievement of savings.

There are two pension schemes operated within the Chief Constable's accounts. The Local Government Pension Scheme (Staffordshire County Council pension scheme) for police staff is a funded defined benefits scheme paid for by contributions from both staff and the employer and investment assets. The police officer scheme is an unfunded defined benefits scheme where police officers pay a contribution and the cash balance is met on an annual basis by the Home Office, therefore the statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy. In assessing the pension liabilities the actuaries use a set of assumptions including a discount rate linked to long term gilt yields (the assumptions are detailed in the notes to the CC accounts). The assumptions used by the actuary in 2015/16 together with the revision to commutation factors for lump sum payments for retired police officers result in a total net pensions liability of £1.808m. This has a substantial effect on the net assets of the CC as recorded in the balance sheet.

Reserves

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

Financial outlook for the future

As has been the case for several years, the funding regime for the public sector continues to be challenging. However, the police service was protected from significant budget reductions in the Comprehensive Spending Review (CSR) 2015. But the future will continue to be really challenging and an organisational transformation programme is being undertaken to reshape the way in which services are provided within the anticipated future funding.

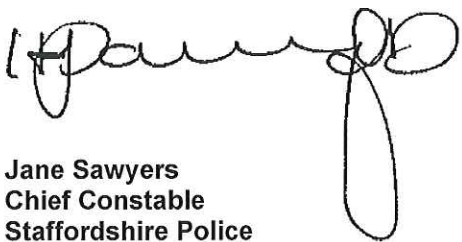
Statement of Responsibilities

Responsibilities of the Chief Constable of Staffordshire Police

The Chief Constable is required to:

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

I accept the above responsibilities and approve these Statement of Accounts for 2015/16.

A handwritten signature in black ink, appearing to read 'Jane Sawyers', with a large loop at the end.

**Jane Sawyers
Chief Constable
Staffordshire Police**

Date: 29th September 2016

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

The Chief Financial Officer is required to:

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

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

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Financial Officer has also:

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

CHIEF FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Corporation Sole of the Chief Constable of Staffordshire Police as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.



Jeff Abbott
Head of Finance
Staffordshire Police

Date: 30th September 2016

Chief Constable Annual Governance Statement

SCOPE OF RESPONSIBILITY

The Chief Constable is accountable not only for how much is spent across the organisation, but also for the stewardship of how resources are used. This includes accountability for outputs, both positive and negative, and for the outcomes that have been achieved. In addition, the Chief Constable has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, appropriateness of all actions can be demonstrated and mechanisms are in place to encourage and enforce adherence to ethical values and to respect the rule of law.

In discharging this overall responsibility the Chief Constable is required to put in place proper arrangements for the governance of the Force's affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

The Chief Constable has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLCAE framework Delivering Good Governance in Local Government. The Framework which was originally published by CIPFA in conjunction with SOLACE in 2007, sets the standard for local authority governance in the UK. The Framework was reviewed in 2015, and an updated edition published in Spring 2016. A copy of the Joint (with the Office of the Police and Crime Commissioner – OPCC) code can be accessed via the force website www.staffordshire.police.uk

REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE ARRANGEMENTS

1. Developing, communicating and embedding codes of conduct which define standards of behaviour for leadership and staff, and policies dealing with whistleblowing and conflicts of interest

There is strong leadership from the Chief Constable with the tone and culture of the Force clearly set out and demonstrated by the Executive Officer Team. Staff are aware of the standards expected of them and the importance of the national Code of Ethics (introduced nationally across the service in July 2014). The code of ethics is built on the Nolan principles of public life. The People Services Department has brought together the Human Resources (HR) department, the Performance and Standards Unit (PSU) and the training department to co-ordinate activity and work together to oversee people activity effectively. The Anti-Corruption Unit (ACU) remains separate.

The Force actively examines information and intelligence from a broad range of sources in an innovative and productive way; triggering timely interventions and early identification of staff who may be at risk of wrongdoing or vulnerable to susceptible. A quarterly PSU newsletter is circulated to all staff outlining clearly standards of behaviour along with highlighting outstanding standards of performance and communicating where individuals have fallen below the standards which are expected of them which have resulted in misconduct hearings and in some cases dismissal.

The Force has a whistleblowing policy which is supported by a whistle blowing system (Bad Apple). Reports on the Bad Apple statistics are presented to the Ethics, Transparency and Audit Panel (ETAP). Clearly defined processes are in place for dealing with complaints. Complaints and investigations are undertaken by the PSU and ACU. The Force has an effective, ongoing dialogue with the Independent Police Complaints Commission (IPCC) who also have a confidential hotline.

The force requires that all gifts and gratuities are logged for transparency, even where declined. Executive officers expenses are available publicly and PSU undertake regular dip samples of expenses and other systems. Secondary employment is recorded, and by agreement via supervisors, additionally, a new business interests authorisation process is now in place.

HMIC judged the force overall as 'Good' in terms of legitimacy for 2015.

2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Force has direct links to the College of Policing and reviews all Authorised Professional Practice in the context of its own policies and procedures. All policies and procedures are subject to an Equality Impact Assessment (EIA) and are reviewed in the context of the code of ethic and signed off at Executive Officer level. The Force has a Policy Development Officer to oversee this process. Governance for this area sits with the Policy Steering Group, which feeds into the Force Police Efficiency, Effectiveness and Legitimacy Board by exception to ensure the Force is compliant and lawful. In addition there is a dedicated Policy Review and Development Team for the area of Public Protection which ensures that all local and national lessons learned and recommendations around serious case and safeguarding reviews for both adults and children are used to enhance service provision to those most vulnerable in our communities. There is an annual programme of inspections by Her Majesty's Inspectorate of Constabulary (HMIC) and internal and external audit give assurance or raise issues to ensure that laws, regulations, policy and expenditure are complied with lawfully.

During 2015/16 a number of areas for improvement were highlighted by the internal audit process, these have all been reviewed and either completed ahead of the sign off of the specific internal audit report, or are subject to review and scrutiny via the Force's action plan system to monitor progress. HMIC also highlighted during this period a cause for concern around how the Force was assessing risk around some vulnerable victims. The Force has responded immediately to address this matter and reviewed policy, culture and process under the lead of an Executive Officer. HMIC have since revisited the Force and reported on the quality of service now being given to the Force's most vulnerable victims. ETAP regularly review progress made against external recommendations.

3. Documenting a commitment to openness and acting in the public interest

The code of ethics is embedded across the Force and is a key strand in training and policy development. The Chief Constable has made clear expectations of standards of behaviour in line with the code and has publically signed a pledge to meet these at all times. The code requires all those employed by the policing organisation to act with openness, fairness and respect. The standards within the code are accessible to the public and staff and are those by which the public assess the level of professionalism in how services are provided. Matters of gross misconduct may now be heard in public and the Chief Constable makes clear the message that we are here to keep communities safe a reassured and to protect those who are most vulnerable.

Staffordshire Police publishes a number of key documents in line with the Force publication scheme, this includes Executive Officer expenses and responses to inspection activity.

4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Police and Crime Commissioner (PCC) has a programme of consultation with the public, partners and other stakeholders. The Force conducts specific consultation with victims of crime which will influence how services are delivered going forward. In addition Safer Neighbourhood Panels have been established as an extension of ETAP to hold local policing commanders to account for service delivery in the communities for which they are responsible. The Force has a well-established citizen's panel and also records face to face interviews with residents on its bespoke citizen focus toolkit which enables the Force to understand crime and disorder issues being faced by residents. There have been over 1,300 local community meetings open to the public during the course of 2015/16 and there is a commissioned policing, public safety and quality of life survey which tracks trends and issues over time by locality. The Force uses social media to communicate and consult quickly and effectively with large groups of the community via Twitter and Facebook.

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Work is ongoing to enhance and develop the Force's engagement strategy to build on current methods and broaden reach across communities.

During 2015 HMIC judged the Force as 'Outstanding' in terms of how it engages with and treats fairly its communities.

5. Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning

The Chief Constable's policing plan 2013-18 sets out the vision, mission and strategic objectives, and core values for Staffordshire Police.

Our Vision

We'll work even more closely with partners to deliver excellent policing services for the county's residents, businesses and visitors. At all times, we'll strive to keep them safe, prevent, them from becoming victims and reduce their fear of crime and anti-social behaviour.

Our Mission

Keeping our communities safe and reassured.

Our Strategic Objectives

Deal with what matters to communities

Provide outstanding service

Prevent crime and disorder.

Our Core Values

Honest, Impartiality, Fairness, and Respect in all we do

The policing plan supports the Police and Crime Commissioners broader Safer, Fairer United Communities strategy, which looks to bring public agencies, the voluntary sector, businesses and the community together to reduce crime and anti-social behaviour and improve community safety.

The joint (with the OPCC) 'Our vision for transforming policing in Staffordshire by 2020' document clearly outlines the need for change recognising that the Force is operating in the most challenging of times in the history of the service. These challenges are financial as well as requiring the organisation to adapt to changing public expectations and deal with current and emerging threats and risks to public safety. The Force will have to become a radically different organisation in the next few years. It will need to be smaller yet more effective, lean, agile, focused on dealing with what matters to people and be far more engaged with the community and other partners.

All of the strategic documents as detailed above are available to the public and underpin the transformational change work which is ongoing. Strategic direction is made clear internally via a number of methods including Chief Constable roadshows, transformation updates and briefings to ensure that our staff understand and are engaged with the direction of the Force.

6. Translating the vision into courses of action for the organisations and their partnerships

The 'Our vision for transforming policing in Staffordshire by 2020' document outlines how the Force will change for the better of communities, those with which it works and for the officers, staff and volunteers across the organisation.

In February 2016, the PCC awarded a contract for Strategic IT Partnership with Staffordshire Police to Boeing Defence UK. This represents an innovative opportunity to develop new systems and new ways of working that will help police officers and police staff work more effectively and provide a more streamlined service for the communities of Staffordshire. The partnership will bring transformational capability to the

Force, providing cutting-edge technology and greater opportunities to work more effectively with partner organisations and local communities, as well as greater capability in fighting crime. Also during this period the force has put in place arrangements with Kier to provide facilities management. Other collaborative partnerships are successfully in place with other blue light services and local authorities. The Force has undertaken partnerships with academic establishments to help understand and develop culture and is leading the national agenda with Staffordshire University to develop upstream solutions to digital forensics which assist around safeguarding issues and increase capability and capacity.

During 2015/16 prototype work has been undertaken across one of the Force's 11 Local Policing Team areas to identify transformational change opportunities that can be applied across the wider force area. This learning has been fed into a new holistic business transformation approach which is supported by external expertise along with using the internal innovative capability of officers and staff.

7. Reviewing the effectiveness of the decision making framework, including delegation arrangements, decision making in partnerships, information provided to decision makers and robustness of data quality

There is a clear decision making framework within the organisation with all key strategic decisions being taken at the Chief Officer Management Meeting (COMM). This is supported by the Strategic Coordination Group and a series of operational performance and strategy meetings to co-ordinate resources based on threat risk and harm. The Strategic Coordination Group has thus far overseen the transformational change programme, providing direction, monitoring progress and ensuring that projected outcomes and benefits are delivered in a consistent and cohesive way. As the Force moves into the next phase of the transformational change programme this structure will be reviewed to ensure that the decision making framework is as effective and robust as appropriate. This will include ensuring that partnership and integration is a core principle for all projects. There is a joint (with the OPCC) decision making mechanism through Strategic Executive Group (SEG) which is held monthly and has all Force and OPCC executive level officers and staff in attendance.

The Chief Constable is responsible for maintaining the Queen's peace and for the direction and control of the Force's police officers, police staff, Special Constabulary and volunteers. The Chief Constable is accountable to the law for the exercise of police powers and to the Police and Crime Commissioner for the delivery of efficient and effective policing and management of resources and expenditure by the Force. Senior managers have powers of delegation to undertake the management of staff employed by the Chief Constable in line with agreed policies and procedures. All matters properly delegated by the Chief Constable to identified individuals may be further delegated where appropriate to role and responsibility.

Data quality is audited both internally and externally by Her Majesty's Inspectorate of Constabulary (HMIC). The Deputy Chief Constable is the named officer responsible for data quality. The Force seeks assurance via its Information Assurance Board that data is being used and shared appropriately and in line with data protection and information assurance requirements. In the event of any potential data breaches, the force has a record of early self-referral to the Information Commissioners Office for independent review and to ensure openness and transparency.

HMIC recognised in their November 2014 Force inspection report that the Force record crime both ethically and accurately.

8. Measuring the performance of services and projects and ensuring they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money

Force performance and outcomes are scrutinised at a quarterly public performance meeting, chaired by the PCC to hold the Chief Constable to account. Strategic level partnership meetings with Local

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Authorities, Health and other blue light services form part of the wider governance arrangements and set the direction for broader County and City wide issues.

The Force has a Benefits Realisation Team which is intrinsically linked to the transformational change activity by monitoring outcomes, aligning finance, human resources and demand to deliver value for money.

A centralised Service Development Unit, monitors operational performance and reports directly to the Deputy Chief Constable. A monthly scrutiny session around performance is led by the Chief Constable and COMM.

The Force was given an overall judgement of 'good' from HMIC in 2015 for 'how efficient the Force is at keeping people safe and reducing crime'. This looked at demand management, sustainability and affordability, and the financial position for the short and long term. However this position will not be sustainable for the long term without further extensive transformation activity.

9. Defining and documenting the roles and responsibilities of leadership and management, with clear protocols for effective communication in respect of the organisations and partnership arrangements

Role profiles are used as part of the ongoing continuous development of staff and for conducting the Force's internal performance review process of 'i-matter'. As the force has moved away from the traditional performance review over the previous years, it is closely monitoring the use of the 'i-matter' process to ensure that supervisors and leaders are having regular appropriate and relevant conversations with staff in terms of performance and development within their current and future role. Communication is a core capability for leaders and managers and all are required to:

- Put victims and communities at the heart of everything they do;
- Deliver positive outcomes for them;
- See policing as a vocation - public service before self service;
- Coach, motivate and inspire their teams to achieve and improve;
- Lead with enthusiasm and optimism – even when it's hard to;
- Be available and accessible to their staff – engage with them;
- Consult and involve staff – especially over change;
- Innovate. Think outside the box rather than just ticking it;
- Be an effective negotiator.

Where appropriate, the Force has standard operating procedures and information sharing agreements to enhance partnership working especially in order to identify vulnerability. The Multi Agency Safeguarding Hub is a good example where together with other agencies, the Force is jointly located and sharing information effectively.

As new partnerships are formed with external provider such as Boeing and Kier, governance arrangements are being reviewed and revised to ensure effective decision making and clarity of roles and responsibilities.

10. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement of the Roles of the Chief Financial Officers in Policing and, where they do not, explain why and how they deliver the same impact

The organisation's financial governance and management arrangements are all based on the CIPFA Financial Management Code of Practice for the Police Service of England and Wales as presented to Parliament pursuant to Section 39A(5) of the Police Act 1996 and Section 17(6) of the Police Reform and Social Responsibility Act 2011. This identifies the roles and responsibilities of the Chief Constable and

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the Chief Constable's Chief Finance Officer separately from those of the Police and Crime Commissioner and the Police and Crime Commissioner's Chief Finance Officer.

11. Providing induction and identifying the development needs of leadership and senior officers in relation to their strategic roles, supported by appropriate training

Executive Officers at Assistant Chief Constable level and above (including police staff equivalent) must successfully complete a national standard of Strategic Command. Business heads for HR, Finance and Legal services are all professionally trained and qualified. The Force holds a quarterly Strategic Leadership Group to develop skills internally and consult with colleagues. There is a leadership blue print that underpins the Policing Plan and a recently developed leadership framework encompassing vocational and professional leadership and management development activities.

There has been a recent elevation of overall Senior Responsible Officers for covert policing activity to the Deputy Chief Constable, this allows independent scrutiny of this business area.

The Force has developed a recruitment and promotion prediction product that details the time line from 2016/17 to 2019/20 with respect to officers retiring across all ranks. The report details specifically officer within the next 12 months and an accompanying booklet details those officers with specific skills and capabilities that may retire in each year to 2019/20. The products are reviewed regularly through the Force's Establishment Panel to ensure that recruitment and promotion plans are in line with succession planning needs.

The Force ensures that prospective senior leaders achieve their potential via mechanisms such as:

- Mentorship Programmes;
- Fast Track promotion;
- High Potential Development Scheme;
- Senior leader team development events.

All officers and staff have a formal induction process which is supported by HR professionals.

12. Reviewing the effectiveness of the framework for identifying and managing risks and for performance, demonstrating clear accountability

The Force manages risk in a variety of ways to ensure that both operational and business risks are identified, controlled / mitigated and managed as appropriate and in accordance with Force policy. The following measures are in place to ensure effectiveness in this area:

- Quarterly Joint Strategic Risk Management Group chaired by the Deputy Chief Constable;
- Individual risk registers for each key areas of the Force including the transformation programme;
- Regular internal audit reports which identify the risks in those areas examined;
- The Section 151 Officer ensuring the propriety and legality of financial transactions and recognising risk when setting the budget;
- Financial regulations and contract standing orders supported by appropriately qualified finance and procurement staff;
- Professionally qualified staff and business area leads in all key areas across the organisation;
- HR procedures supporting terms and conditions of employment for staff supported by qualified HR specialists;
- Reporting mechanisms and trained staff reviewing and taking action to address Health and Safety risks;
- Risks from complaints and internal conduct issues investigated by the PSU or the Anti-Corruption Unit and appropriate action taken.

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How the Force identifies and manages risk is regularly monitored by both the Police and Crime Commissioner and ETAP along with external insurers and internal auditors upon their request for additional assurances. A recent internal audit report has reviewed the force's approach to risk management and a number of recommendations have been made. The force will review these and drive any further improvement activity through the Joint Strategic Risk Management Group.

13. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained

The PSU directs investigations on a day-to-day basis. The ACU team has successfully identified and brought proceedings against officers and staff during 2015/16 where they have fallen below the standards that are expected of them. Counter-fraud arrangements are independently reviewed by ETAP.

The Force uses the National Crime Agency (NCA) threat assessment process to consider the risks and identified three areas around which harm reduction strategies should be based: information management; abuse of powers or police authority; and organised crime groups.

The closed session of the monthly PSU co-ordination meeting provides an opportunity to identify harm reduction strategies and to develop preventive or proactive methods to investigate and identify corrupt practice.

14. Ensuring an effective scrutiny function is in place

The Force has its own internal decision making and scrutiny arrangements with COMM being the Force's equivalent to a board meeting. At the strategic level matters are escalated up by exception via the Force's Efficiency, Effectiveness, and Legitimacy meetings to the Force PEEL (Police, Efficiency, Effectiveness, and Legitimacy) Board – all meetings are chaired at Executive Level. Each meeting scrutinises key areas of business in line with the HMIC and other inspection frameworks. The Force has reviewed its current meeting structures and framework for decision making and the recommendations from this will be aligned with new governance requirements to drive the next phase of the transformational change programme.

Beyond the Force's own scrutiny arrangements, independent assessments are made via HMIC, Internal and external auditors, ETAP and Safer Neighbourhood Panels. Any recommendations resulting from external reporting are recorded onto the Force's action planning system and are monitored via internal scrutiny mechanisms and assurance provided to ETAP and other independent reviewers where appropriate. Peer inspections are also undertaken where appropriate to provide additional scrutiny outside of the formal inspection framework.

The Chief Constable is held to account by the PCC formally via a number of scrutiny meetings including closed sessions where the matter may be of operational sensitivity and a public quarterly performance meeting.

15. Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit and, where they do not, explain why and how they deliver the same impact

The organisation's financial governance and management arrangements are all based on the CIPFA Financial Management Code of Practice for the Police Service of England and Wales as presented to Parliament pursuant to Section 39A(5) of the Police Act 1996 and Section 17(6) of the Police Reform and Social Responsibility Act 2011. This identifies the roles and responsibilities of the Chief Constable and the Chief Constable's Chief Finance Officer separately from those of the Police and Crime Commissioner and the Police and Crime Commissioner's Chief Finance Officer. The role of internal audit and Head of Internal Audit is provided to the Force via contracted arrangement.

16. Undertaking the core functions of an audit committee, as identified in the CIPFA statement: Audit Committees: Practical Guidance for Local Authorities and Police Bodies

There is a joint Audit Panel (ETAP) for the Chief Constable and the Police and Crime Commissioner. The remit of the Panel is to provide "overall independent assurance of the adequacy of the corporate governance and risk management framework and the associated control environment and independent scrutiny of the Police and Crime Commissioner's and Chief Constable's financial and non-financial performance" The remit of the Panel was extended in 2013 to include:

- Ethics and Professional Standards;
- Governance and Irregularity;
- Transparency.

The Panel will be undertaking a self-assessment during the early part of 2016/17 to identify areas where any additional training needs and good practice may need to be developed. This review activity, will ensure that the panel is undertaking all of the requirements of an Audit Committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities and Police (2013).

17. Ensuring that the organisations provide timely support, information, and responses to external auditors, and properly considers audit findings and recommendations

Within the last annual audit letter (with reference to 2014/15) the external Auditors for Staffordshire Police (PWC) concluded that "We did not identify any significant weaknesses in internal controls". A number of recommendations were made within the statement in respect of financial team resilience, which have since been responded to and progressed.

The external auditors (PWC) commented in the 2014/2015 annual audit letter, that they did not identify any significant weaknesses in internal controls during the 2014/2015 audit. These findings were considered by ETAP during their formal meeting in September 2015. The letter recommended that Staffordshire Police should review the resilience of their finance team given the demands and resource constraints that were being felt. There was a specific recommendation to review procedures and the detailed accounts production timetable, to enable staff to pick up key tasks with limited handover, or understanding.

The Force has reviewed the finance team structure which will be fully implemented as the force-wide transformation programme is developed. Structural gaps are currently being filled with interim management.

18. Incorporating good governance arrangements in respect of partnerships and other joint working, and ensuring they are reflected across the overall governance structures of the PCC and the Force.

The governance framework comprises the systems and processes, culture and values by which the Force is directed and controlled and its activities, through which it accounts to, engages with and leads its communities. It enables the Chief Constable to monitor the achievements of the Force strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Staffordshire Police's policies, aims and objectives, including partnership and other joint working

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

arrangements to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

During 2015/16 the Force and OPCC have formulated a specific Joint Governance Working Group whose terms of reference include a continual review against the principal elements as detailed in this document.

OVERALL LEVEL OF ASSURANCE

The Chief Constable can provide an adequate level of assurance that appropriate stewardship is being applied to the use of resources by Staffordshire Police in order to serve the public interest and to adhere to legislation and policy, and ethical values and respect of the law. In doing so there is evidence to demonstrate that the force is providing value for money.

ACTIONS

The Force identified two issues for action from 2014/15. The first related to the financial sustainability and the latter to transformational change arrangements. Work has been undertaken and progress made around both of these issues, however these will be carried forward and are reflected below under issue 1.

Issue 1:

The OPCC and the Force both have a track record of achieving a balanced budget through effective change management. The MTFS identifies a budget gap of around £6 million up until 2019/2020 and although this is significantly less than in previous years, to continue to be efficient and to achieve the budget gap, efficiency savings will be needed through transforming services.

Action:

The transformation programme is moving into new governance arrangements. In order to achieve the budget gap and to continuously improve and achieve efficiencies, the transformation programmes will need to release sufficient savings.

Issue 2:

Resilience and capacity of the finance team were recommended for review in the annual audit letter from 2014/15

Action:

As part of the ongoing transformation work, a specific work stream will focus on the financial function across the Force, including any capacity issues.

Issue 3:

A recent review has taken place on the internal audit service to Staffordshire Police and the OPCC. The review highlighted areas for improvement and these are being implemented alongside the effectiveness review of ETAP.

Action:

It was agreed that Staffordshire County Council will continue to provide an internal audit service with a further review in 12 months. Both the internal audit service and the improvement work on ETAP will be subject to further review later in 2016/17.

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Issue 4:

A number of recommendations have been raised for the Force to consider from the internal audit process.

Action:

Robust monitoring and reporting against audit recommendations will ensure continual progress against the internal audit process.

Issue 5:

The governance arrangements of the Force come into sharp focus each year in order to produce the Annual Governance Statement. It is intended for 2016/17 that the document will be used broadly across the force to evaluate how the organisation is achieving against its objectives.

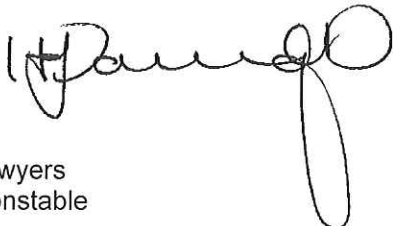
Action:

The Annual Governance Statement will be elevated in status across the force and be used as a 'living document' to highlight throughout the year what is working effectively and where there may be need for improvement.

CONCLUSION

The detail given within this statement represents a sound approach to ensuring that appropriate governance arrangements are in place for Staffordshire Police and that for 2015/16 these have been on the whole effective. There are a number of areas where further review and implementation of recommendations will continue as part of ongoing continuous improvement and transformational change. A refresh of internal audit arrangements and enhancement of the Audit Panel skills and capabilities will add further robust scrutiny to the Forces arrangements over the forthcoming year and beyond. The force values the independent views of other and where a need to improve is identified, the force acts quickly to address these.

Signed:

A handwritten signature in black ink, appearing to read 'Jane Sawyers', with a large, stylized loop at the end.

Jane Sawyers
Chief Constable

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Financial Statements

Comprehensive Income and Expenditure Statement

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

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure / (Income) £000		2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure / (Income) £000
74,972	(913)	74,059	Local Policing	76,954	(1,038)	75,916
15,282	(96)	15,186	Dealing with the Public	16,734	(48)	16,686
14,150	(1,065)	13,085	Criminal Justice Arrangements	15,522	(1,397)	14,125
6,416	(367)	6,049	Road Policing	5,003	(1,252)	3,751
10,135	(1,239)	8,896	Specialist Operations	10,171	(475)	9,696
6,531	(31)	6,500	Intelligence	7,444	(33)	7,411
31,841	(510)	31,331	Specialist Investigation	34,130	(434)	33,696
7,458	(27)	7,431	Investigative Support	8,563	(50)	8,513
3,544	(1,287)	2,257	National Policing	2,869	(1,209)	1,660
0	0	0	Corporate and Democratic Core	0	0	0
343	0	343	Non Distributed Costs	1,097	0	1,097
170,672	(5,535)	165,137	Cost of Services Before Intra-group Funding	178,487	(5,936)	172,551
		(183,681)	Intra-group Funding			(187,358)
		(18,544)	Total Cost of Services			(14,807)
		83,772	Financing and Investment Net Expenditure (Note 6)			72,230
		(29,838)	Grant received from the Home Office in respect of the pension fund account (Note 19)			(33,894)
		35,390	Deficit on Provision of Services (Note 5)			23,529
		220,105	Re-measurements of the net defined benefit (Assets) /Liabilities (Note 19)			(271,752)
		220,105	Other Comprehensive Net Expenditure / (Income)			(271,752)
		255,495	Total Comprehensive Net Expenditure / (Income)			(248,223)

**Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Financial Statements**

Movement in Reserves Statement

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

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

	<u>General Fund</u>	<u>Total Usable Reserves</u>	<u>Unusable Reserves</u>	<u>Total CC Reserves</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance as at 1 April 2014	0	0	(1,800,704)	(1,800,704)
<i>Movement in Reserves During 2014/15:</i>				
Deficit on the Provision of Services (Note 5)	(35,390)	(35,390)	0	(35,390)
Other Comprehensive Income and (Expenditure) (Note 19)	0	0	(220,105)	(220,105)
Total Comprehensive Income and (Expenditure)	(35,390)	(35,390)	(220,105)	(255,495)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	35,390	35,390	(35,390)	0
Net Increase before Transfers to Earmarked Reserves	0	0	(255,495)	(255,495)
Transfers To/From Earmarked Reserves	0	0	0	0
Increase in 2014/15	0	0	(255,495)	(255,495)
Balance at 31 March 2015 Carried Forward	0	0	(2,056,199)	(2,056,199)
<i>Movement in Reserves During 2015/16:</i>				
Deficit on the Provision of Services (Note 5)	(23,529)	(23,529)	0	(23,529)
Other Comprehensive Income and (Expenditure) (Note 19)	0	0	271,752	271,752
Total Comprehensive Income and (Expenditure)	(23,529)	(23,529)	271,752	(248,223)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	23,529	23,529	(23,529)	0
Net Decrease before Transfers to Earmarked Reserves	0	0	248,223	248,223
Transfers To/From Earmarked Reserves	0	0	0	0
(Decrease) in 2015/16	0	0	248,223	248,223
Balance at 31 March 2016 Carried Forward	0	0	(1,807,976)	(1,807,976)

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Financial Statements

Balance Sheet

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

31 March 2015 £000			31 March 2016 £000
0	Long Term Assets		0
3,996	Short Term Debtors	<i>Note 15</i>	3,928
3,996	Current Assets		3,928
0	Bank Overdrafts		0
0	Short Term Borrowing		0
(6,093)	Short Term Creditors	<i>Note 16</i>	(6,039)
(6,093)	Current Liabilities		(6,039)
(1,459)	Provisions	<i>Note 17</i>	(1,400)
(2,052,643)	Liability Related to Defined Benefit Pension Schemes	<i>Note 19</i>	(1,804,465)
(2,054,102)	Long Term Liabilities		(1,805,865)
(2,056,199)	Net Liabilities		(1,807,976)
	Financed by:		
2,056,199	Unusable Reserves	<i>Note 3</i>	1,807,976
2,056,199	Total Reserves		1,807,976

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting year. The Chief Constable did not have a bank account nor hold any cash balances or make any banking transactions during 2015/16. However, as the Cost of Services in the CC's CIES is funded by an Intra-Group transfer there is clearly a notional transfer of cash being made between the two Single Entities and the Cash Flow Statement reflects this.

2014/15			2015/16	
£000	£000		£000	£000
		Cash Flows from Operating Activities:		
		Cash Outflows		
139,957		Cash Paid To and On Behalf of Employees	143,897	
69,613		Other Operating Cash Payments	77,250	
	209,570			221,147
		Cash Inflows		
(31,528)		Other Government Grants and Reimbursements	(34,865)	
(175,643)		Intra-Group Funding	(178,092)	
(2,399)		Cash Received For Goods and Services	(8,190)	
	(209,570)			(221,147)
	(0)	Net Cash Flows From Operating Activities		(0)
		Cash Flows from Investing Activities:		
		Cash Outflows		
0		Purchase of Non-Current Assets	0	
0		Purchase of short-term and long-term investments	0	
	0			0
		Cash Inflows		
0		Sale of Non-Current Assets	0	
0		Capital Grants Received	0	
0		Proceeds from short-term and long-term investments	0	
0		Other Capital Cash Receipts	0	
	0			0
	0	Net Cash Flows from Investing Activities		0
		Cash Flows from Financing Activities:		
0		Cash Receipts of Short Term and Long Term Borrowing		0
0		Other Receipts from Financing Activities		0
0		Repayments of Short Term and Long Term Borrowing		0
0		Other Payments for Financing Activities		0
	0	Net Cash Flows from Financing Activities		0
	0	Net Decrease/(increase) in Cash and Cash Equivalents		0
	0	Cash and Cash Equivalents at the beginning of the Reporting Year	0	
	0	Cash and Cash Equivalents at the end of the Reporting Year	0	

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
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Adjustments between Accounting Basis and Funding Basis under Regulations

2014/15	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments Primarily Involving the Pensions Reserve:				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement (notes 3 (ii) and 19)	132,957	0	0	(132,957)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year (notes 3 (ii) and 19)	(67,448)	0	0	67,448
Additional Contribution to the Pension Fund to the Deficit on the Fund Account (notes 3 (ii) and 19)	(29,838)	0	0	29,838
Adjustment Involving the Accumulated Absences Account				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements (note 3 (i))	(281)	0	0	281
Total Adjustments	35,390	0	0	(35,390)

2015/16	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments Primarily Involving the Pensions Reserve:				
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement (notes 3 (ii) and 19)	120,794	0	0	(120,794)
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year (notes 3 (ii) and 19)	(63,326)	0	0	63,326
Additional Contribution to the Pension Fund to the Deficit on the Fund Account (notes 3 (ii) and 19)	(33,894)	0	0	33,894
Adjustment Involving the Accumulated Absences Account				
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements (note 3 (i))	(47)	0	0	47
Total Adjustments	23,529	0	0	(23,529)

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

Notes to the Financial Statements

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

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

The 2015/16 Statement of Accounts is the fourth to be presented under the new arrangement. In accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16, the CIPFA LAAP Bulletin 98a and guidance from the Audit Commission, the transactions for 2014/15 and 2015/16 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."

The Comprehensive Income and Expenditure Statement reflects the fact that the OPCC sets the budget for the Chief Constable who consumes resources in line with that budget. 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. Unusable Reserves

	Balance 1 April 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance 31 March 2016
	£000	£000	£000	£000
Accumulated Absences Account	3,558	(47)	0	3,511
Pensions Reserve	2,052,643	(368,972)	120,794	1,804,465
Total	2,056,199	(369,019)	120,794	1,807,796

(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.

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Notes to the Financial Statements

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

The Reserve relates to Police Officers and Staff who are under the direction and control of the Chief Constable. The Opening Balance of the Reserve as at 1 April 2012 was transferred to the CC Single Entity with effect from that date. The entries for the CC Single Entity below relate to the balances on the Reserve that relate to those staff that were under the direct control of the CC as at 31 March 2015 and 31 March 2016.

2014/15			2015/16	
	£000			£000
	3,838	Balance as at 1 April		3,558
(3,838)		Settlement or Cancellation of Accrual Made at the End of the Preceding Year	(3,558)	
3,558		Amounts Accrued at the End of the Current Year	3,509	
	(280)	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.		(47)
	3,558	Balance as at 31 March		3,511

(ii) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for the funding of benefits in accordance with statutory provisions. The CC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the CC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the CC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15			2015/16	
	£000			£000
	1,796,868	Balance as at 1 April		2,052,643
220,105		Re-measurement of the net defined benefit Liability		(271,752)
132,957		Reversal of Items Relating to Retirement Benefits Debited or Credited to the Comprehensive Income and Expenditure Statement		120,794
(67,449)		Employers Pensions Contributions and Direct Payments to Pensioners Payable in the Year		(63,326)
(29,838)		Additional Contribution to the Pension Fund to Balance the Deficit on the Fund Account		(33,894)
	2,052,643	Balance as at 31 March		1,804,465

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Notes to the Financial Statements

4. Service Expenditure Analysis

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

2014/15 £000		2015/16 £000
	Financial resources of OPCC consumed at the request of the Chief Constable	
75,541	Police Officer Pay and Allowances	73,259
44,927	Police Staff Pay and Allowances	53,798
2,639	Other Employee Expenses	3,041
4,577	Police Pensions	4,961
5,475	Premises	4,778
4,009	Transport	3,869
18,506	Supplies and Services	21,231
5,796	Third Party Payments	5,420
9,202	Depreciation, Amortisation and Impairment Losses**	8,130
170,672	Total Financial resources of OPCC consumed at the request of the Chief Constable	178,487
(5,535)	Total Income	(5,936)
165,137	Net Cost of Policing Services before Intra-Group Funding	172,551

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

5. Amounts Reported for Resource Allocation Decisions

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

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

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Notes to the Financial Statements

Income and Expenditure as Reported to the Chief Constable

2014/15				2015/16		
Operational	Pensions	Total		Operational	Pensions	Total
£000	£000	£000		£000	£000	£000
(4,935)	0	(4,935)	Grants and Contributions	(4,602)	0	(4,602)
(2,822)	0	(2,822)	Reimbursements	(1,909)	0	(1,909)
(1,428)	0	(1,428)	Sales, Fees and Charges	(1,592)	0	(1,592)
(39)	0	(39)	Other Income	(26)	0	(26)
(9,224)	0	(9,224)	Total Income	(8,129)	0	(8,129)
139,805	4,577	144,382	Employee Expenses	142,759	4,961	147,720
35,877	0	35,877	Other Operating Expenses	36,701	0	36,701
(448)	0	(448)	Carry Forwards	(3,360)	0	(3,360)
175,234	4,577	179,811	Total Expenditure	176,100	4,961	181,061
166,010	4,577	170,587	Net Expenditure	167,971	4,961	172,932

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

2014/15			2015/16	
£000	£000		£000	£000
	170,587	Net Expenditure as Reported to the Chief Constable		172,932
	(3,761)	Reported to Management, Not Included in Net Cost of Services		(116)
		Not Reported to Management for Decision Making:		
(18,008)		IAS 19 – Retirement Benefits	(14,762)	
9,204		Depreciation, Amortisation and Impairment	8,130	
(266)		Employee Benefits	47	
7,355		Reported elsewhere in the Group	6,320	
26		Other	0	
	(1,689)			(265)
	165,137	Cost of Services in Comprehensive Income and Expenditure Statement		172,551

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Notes to the Financial Statements

Reconciliation to Subjective Analysis 2014/15

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

Reconciliation to Subjective Analysis 2015/16

	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	147,720	0	(15,010)	132,710	(147,517)	0	(14,807)
Other Service Expenses	33,341	(116)	4,422	37,647	(37,647)	0	0
Depreciation, Amortisation and Impairment	0	0	8,130	8,130	(8,130)	0	0
Pensions Interest and Expected Return on Pensions Assets	0	0	0	0	0	72,230	72,230
Total Expenditure	181,061	(116)	(2,458)	178,486	(193,294)	72,230	57,423
Government Grants and Contributions	(4,602)	0	2,301	(2,301)	2,301	(33,894)	(33,894)
Fees, Charges and Other Service Income	(3,527)	0	(108)	(3,635)	3,635	0	0
Total Income	(8,129)	0	2,193	(5,936)	5,936	(33,894)	(33,894)
Surplus or Deficit on the Provision of Services	172,932	(116)	(265)	172,551	(187,358)	38,336	23,529

6. Financing and Investment Income and Expenditure

2014/15		2015/16
£000		£000
83,772	Pensions Net Interest Cost	72,230
83,772	Total	72,230

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7. Specific Grants

Included within the Gross Income figure in the Net Cost of Services in the CIES for the CC are contributions of £0.824m. There are no specific grants included as these were all paid to the PCC during the year.

8. Taxation and Non-Specific Grant Income

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

9. Audit Fees

Audit fees payable to the Auditors during 2015/16 are:

2014/15		2015/16
£		£
20,000	External Audit Fees	18,555
20,000	Total Before Rebate	18,555
0	Rebate from Audit Commission	0
20,000	Total Audit Fees within Net Cost of Services	18,555

10. Termination Benefits and Exit Packages

During 2015/16 the CC approved 36 voluntary redundancies and early retirements (22 in 2014/15) at a total cost of £0.849m (£0.778m in 2014/15).

Exit Package Cost Band	Number of Exit Packages		Total Cost of Exit Packages in each Band	
	2014/15	2015/16	2014/15	2015/16
			£	£
£0 - £20,000	4	17	61,651	143,948
£20,001 - £40,000	10	14	302,241	455,248
£40,001 - £60,000	7	5	329,922	223,086
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	1	0	83,689	0
£100,001 - £120,000	0	0	0	0
Total	22	36	777,503	822,282

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11. Employees Remuneration

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

Remuneration Band	Number of Employees	
	2014/15	2015/16
£50,000 - £54,999	66	97
£55,000 - £59,999	45	46
£60,000 - £64,999	9	15
£65,000 - £69,999	9	12
£70,000 - £74,999	1	1
£75,000 - £79,999	0	3
£80,000 - £84,999	2	3
£85,000 - £89,999	0	1
£90,000 - £94,999	1	0
£95,000 - £99,999	1	0
£100,000 - £104,999	0	1
£105,000 - £109,999	0	0
£110,000 - £114,999	1	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	1
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	1	0
£140,000 - £144,999	0	0
£145,000 - £149,999	0	1
£150,000 - £155,000	0	0
Total	136	181

12. Disclosure of Remuneration for Senior Executives 2015/16

Post Holder Information	Note	Salary £	Bonuses and Expense Allowances £	Benefits in Kind £	Other Payments £	Total Remuneration Excluding Pension Contributions 2015/16 £	Pension Contributions £	Total Remuneration Including Pension Contributions 2015/16 £
Chief Constable	1, 5 & 7	142,743	0	1,748	3,066	147,557	12,595	160,152
Deputy Chief Constable	2, 5 & 7	117,761	0	1,770	2,635	122,166	25,083	147,249
Assistant Chief Constable A	5	101,885	0	1,688	2,635	106,208	21,702	127,910
Temporary Deputy Chief Constable	3, 5 & 6	72,828	939	0	1,997	75,764	13,477	89,241
Assistant Chief Constable B	4, 5, & 6	23,370	300	551	637	24,858	4,978	29,836
Head of Business Services		75,840	0	0	0	75,840	11,755	87,595
Sub Total Chief Constable		534,427	1,239	5,757	10,970	552,393	89,590	641,983

Note (1): Promoted from Temporary Chief Constable on 08th June 2015

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

Note (3): Temporary Assistant Chief Constable until 03rd January 2016

Note (4): Promoted to Assistant Chief Constable until 04th January 2016

Note (5): Other Payments represent Housing Allowance

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

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

Disclosure of Remuneration for Senior Executives 2014/15

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

Note (1): Left employment on 31st August 2014.

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

Note (3): Left employment on 3rd June 2014.

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

Note (5): Other payments represent housing allowance.

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

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

Note (8): Promoted to Temporary ACC on 9th August 2014

13. Related Party Transactions

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

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

Details of our related party transactions are as follows:

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

14. Pooled Budgets and Joint Operations

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

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

As from 1st October 2013, the joint arrangement with West Mercia Police for the provision of air support ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2015/16 amounted to £531k (2014/15 £531k).

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

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

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

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

The revenue account for the Unit covers all operating costs. The details for 2015/16 are as follows

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2014/15		2015/16
£000		£000
	Funding Provided to the Pooled Budget:	
3,953	Contribution from West Midlands PCC	3,965
1,971	Contribution from West Mercia PCC	1,989
1,858	Contribution from Staffordshire PCC	1,873
7,782	Total Funding Provided to the Pooled Budget	7,827
	Expenditure Met from the Pooled Budget:	
7,140	Pay and Allowances	7,032
58	Premises Costs	68
466	Transport Costs	539
127	Communication & Computing	125
89	Supplies and Services	71
7,880	Total Expenditure	7,835
(98)	Income Received to the Pooled Budget	(8)
(98)	Total Income	(8)
7,782	Total Net Expenditure	7,827
0	Net Surplus/(deficit) arising during the year	0
0	West Midlands PCC share of 50.7% 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 Midlands Police Forces. This is for work on the Early Adopter project which is funded by the Department of Health who issue a grant to each force. This project deals with the medical assessment of people held in custody. Staffordshire Police act as the lead force for this project and any related expenditure is held within the Comprehensive Income and Expenditure account for Staffordshire Police. The responsibility for commissioning this work and the budget for it will transfer to the Department of Health from 1 April 2016. Details of the expenditure for 2015/16 are as follows:

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2014/15		2015/16
£000		£000
	Funding Provided to the Pooled Budget:	
50	Contribution from West Midlands Police	0
0	Contribution from Staffordshire Police	0
50	In Year Funding Provided to the Pooled Budget	0
68	Surplus carried forward from previous year	199
118	Total Funding to the Pooled Budget	199
	Expenditure Met from the Pooled Budget:	
(2)	Premises	0
34	Contracted Professional Support	0
(1)	Supplies and Services	1
31	Total Expenditure	1
50	Income Received to the Pooled Budget	0
199	Net Surplus/(deficit) arising during the year	198
(199)	Surplus carried forward as a creditor on the balance sheet of OPCC Staffordshire	(198)
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. In 2015/16 a contribution of £0.171m (£0.358m in 2014/15) 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 2016, 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 £0.163m has been made by West Midlands Police towards the cost of the service during 2015/16 (£0.122m 2014/15). This figure is included in the Comprehensive Income and Expenditure Statement of the CC. A formal agreement is in place.

15. Short Term Debtors

A breakdown of the Debtors figure in the balance sheet is provided below. The balance per debtor category is shown net of any impairment. The Intra-Group Funding amount relates to the balances of the insurance provision (£1,400m) (£1,459m in 2014/15) and the PAYE / NI creditor £2,528m (£2,537m in 2014/15) that are shown on the CC's Balance Sheet. No cash funding has been paid over from the PCC to the CC for these as at 31 March 2016 and an equal and opposite entry is included within Creditors in the PCC's Single Entity Accounts.

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2014/15		2015/16
£000		£000
3,996	Intra-Group Funding not yet paid over from the PCC in cash	3,928
3,996	Total Short Term Debtors	3,928

16. Short Term Creditors

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

2014/15		2015/16
£000		£000
2,537	Central Government Bodies	2,530
3,556	Other Entities and Individuals	3,509
6,093	Total Short Term Creditors	6,039

17. Provisions

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

(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.

2014/15		2015/16
£000		£000
811	Balance as at 1 April	0
0	Transfer of control of Provision from the PCC to the CC	0
0	Contribution to Provision in Year	0
(811)	Net Expenditure in the Year	0
0	Balance as at 31 March	0

(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.

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2014/15		2015/16
£000		£000
1,336	Balance as at 1 April	1,461
919	Contribution to Provision in Year	867
15	Interest on balances transferred to the Provision	13
(811)	Net Expenditure in the Year	(941)
1,459	Balance as at 31 March	1,400

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

The only grant shown on the CC's Cash Flow Statement relates to the Police Pensions Top-up Grant that is paid from the Home Office to the Pension Fund via the OPCC to meet the shortfall for the year where income to the Fund is less than its expenditure. All items in the Cash Flow are shown on a cash basis, that is opening and closing accruals are excluded, and the amount of £31.976m (£31.528m in 2014/15) therefore differs to that shown in the CIES, which is prepared on an accruals basis.

19. Pensions

Participation in Pension Schemes

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

The Chief Constable participates in two post employment schemes:

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

The LGPS elements of the tables below set out the estimated Pensions Charges, Assets and Liabilities relating to the Staff under the direction and control of the Chief Constable as at 31 March 2016 (based on the agreed transfer of Staff under Stage 2, as explained in note 1) that were LGPS members at this date. These amounts have been calculated using an estimate based on the Chief Constable's Staff as a proportion of the total OPCC Group membership of the Scheme, that is, 98.6% (98.5% in 2014/15).

Transactions Relating to Retirement Benefits

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

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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		PPS	
	£000		£000	
	2014/15	2015/16	2014/15	2015/16
Cost of Services:				
<i>Service cost comprising:</i>				
Current Service Cost	(7,872)	(11,019)	(41,250)	(36,450)
Past Service Cost (including curtailments)	(200)	(125)	0	(570)
Pension Transfers In	0	0	(140)	(400)
Financing and Investment Income and Expenditure:				
Interest Cost on defined benefit obligation	(9,722)	(9,236)	(80,510)	(68,740)
Interest Income on Plan Assets	6,508	5,746	0	0
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on Provision of Services</i>	<i>(11,284)</i>	<i>(14,634)</i>	<i>(121,900)</i>	<i>(106,160)</i>

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

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

Comprising:	LGPS		PPS	
	£000		£000	
	2014/15	2015/16	2014/15	2015/16
Return on plan assets (excluding the amount Included in the net interest expense)	16,180	3,894	n/a	n/a
Re-measurement of the net defined benefit liability - demographic assumptions	0	0	83,650	(32,960)
Re-measurement of the net defined benefit liability - financial assumptions	(46,335)	(32,121)	(321,230)	(180,420)
Actuarial gains and losses on liabilities - experience	1,300	(2,102)	46,330	(28,150)
<i>Total Post-employment Benefits (charged)/credited to the CIES:</i>	<i>(28,855)</i>	<i>(30,329)</i>	<i>(191,250)</i>	<i>(241,530)</i>

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	LGPS £000		PPS £000	
	2014/15	2015/16	2014/15	2015/16
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	11,284	14,634	121,900	106,160
<i>Actual Amounts Charged Against the General Fund Balance for Pensions in the Year:</i>				
Employers' Contributions Payable to Scheme Retirement Benefits Payable to Pensioners	(8,818)	(6,056)	(58,630)	(57,270)
Total	2,466	8,578	63,270	48,890

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2014/15 £000	2015/16 £000
Present Value of defined benefit obligations		
• PPS	(1,946,229)	(1,719,695)
• LGPS	(283,800)	(268,244)
Fair Value of LGPS Assets	177,386	183,474

Deficit in the Scheme		
• PPS	(1,946,229)	(1,719,695)
• LGPS	(106,414)	(85,303)
Total	(2,052,643)	(1,804,465)

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

	Funded Liabilities: LGPS		Unfunded Liabilities: PPS	
	£000		£000	
	2014/15	2015/16	2014/15	2015/16
Opening Balance at 1 April	(224,137)	(283,800)	(1,721,497)	(1,946,229)
Obligations relating to staff transferred to the control of the PCC	681	(287)	0	0
Current Service Cost	(7,872)	(11,019)	(32,350)	(28,540)
Interest Cost	(9,722)	(9,236)	(80,510)	(68,740)
Contributions by Scheme Participants	(2,227)	(2,427)	(8,900)	(7,910)
Re-measurement (loss)/gain	(44,985)	34,223	(191,250)	241,530
Pension Transfers In	0	0	(140)	(400)
Benefits Paid	4,662	4,428	58,630	57,270
Past Service Costs (including curtailments)	(200)	(125)	0	(570)
Top-up Grant	0	0	29,788	33,894
Closing Balance at 31 March	(283,800)	(268,244)	(1,946,229)	(1,719,695)

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

	LGPS	
	£000	
	2014/15	2015/16
Opening Balance at 1 April	148,766	177,386
Transfer of responsibility for the Assets from PCC to CC	0	0
Assets relating to: staff transferred to the control of the PCC; and new PCC staff in the year	(451)	179
Interest Income	6,508	5,746
Re-measurement (loss)/gain: The return on plan assets, excluding the amount included in the net interest expense	16,180	(3,893)
Employer Contributions	8,818	6,056
Contributions by Scheme Participants	2,227	2,427
Benefits Paid	(4,662)	(4,428)
Closing Balance at 31 March	177,386	183,473

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

The net liabilities show the underlying commitments that the CC has in the long term to pay post-employment (retirement) benefits. In assessing the liabilities for retirement benefits, the actuaries use a set of assumptions including a discount rate set by reference to long term gilt yields. The assumptions used by the actuaries in 2015/16 and the potential effect of changes in these assumptions are set out below. The total net liability of £1,805m has a substantial impact on the net assets of the CC as recorded in the Balance Sheet.

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

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

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

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

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

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The Local Government Pension Scheme's assets comprised:

Asset Category	Year Ended 31 March 2015		Year Ended 31 March 2016	
	Fair Value of Scheme Assets £'000	%age of Total Assets	Fair Value of Scheme Assets £'000	%age of Total Assets
Equity Securities:				
Consumer	15,443.7	9	13,260.0	7
Manufacturing	0	0	10,848.1	6
Energy and Utilities	4,682.0	3	4,243.5	2
Financial Institutions	11,493.7	6	11,999.9	6
Health and Care	7,558.1	4	9,999.7	5
IT	6,985.6	4	11,332.7	6
Other	13,844.1	8	220.3	0
Debt Securities:				
Corporate Bonds (investment grade)	13,670.3	8	9,363.4	5
Corporate Bonds (non-investment grade)	0	0	0	0
UK Government	0	0	0	0
Other	0	0	0	0
Private Equity:				
All	5,721.4	3	5,822.8	3
Real Estate:				
UK Property	14,656.9	8	16,518.0	9
Overseas Property	0	0	0	0
Investment Funds and Unit Trusts:				
Equities	59,679.7	33	63,245.8	34
Bonds	9,627.2	5	9,503.2	5
Hedge Funds	4,304.9	2	4,355.2	2
Commodities	0	0	0	0
Infrastructure	0	0	0	0
Other	5,303.8	3	5,206.9	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	7,115.6	4	10,162.5	5
Totals:	180,087	100	186,082	100

Approximately 1.4% (1.5% in 2014/15) of the value of these Assets relates to the PCC Single Entity and 98.6% (98.5% in 2014/15) relates to the Chief Constable.

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

Source: Hymans Robertson LLP

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Notes to the Financial Statements

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

	LGPS		PPS	
	2014/15	2015/16	2014/15	2015/16
Mortality Assumptions				
Longevity at 65 for Current Pensioners				
Men	22.1yrs	24.3yrs	23.3yrs	23.1yrs
Women	24.3yrs	26.6yrs	25.7yrs	25.1yrs
Longevity at 65 for Future Pensioners				
Men	24.3yrs	22.1yrs	25.4yrs	25.1yrs
Women	26.6yrs	24.3yrs	27.9yrs	27.2yrs
Rate of Inflation	2.4%pa	2.2%pa	2.2%pa	2.2%pa
Rate of Increases in Salaries	4.3%pa	4.2%pa	4.2%pa	1.0%pa
Rate of Increases in Pensions	2.4%pa	2.2%pa	2.2%pa	0.0%pa
Rate for Discounting Scheme Liabilities	3.2%pa	3.5%pa	3.3%pa	3.55%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

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

Sensitivity Analysis.

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

LGPS

Change in assumptions at 31 March 2016	Approximate % Increase in Employer Liability	Approximate monetary amount (000's)
0.5 decrease in Real Discount Rate	13%	35,591
1 year increase in member life expectancy	3%	8,162
0.5% increase in the salary Increase rate	5%	14,454
0.5% increase in the pension Increase Rate	7%	20,266

PPS

Change in assumptions at 31 March 2016	Approximate % Increase in Employer Liability	Approximate monetary amount (000's)
0.5 decrease in Real Discount Rate	10.9%	200,400
1 year increase in member life expectancy	2.4%	44,600
0.5% increase in the salary Increase rate	0.8%	15,300
0.5% increase in the pension Increase Rate	8.9%	20,266

20. Events after the Balance Sheet Date

There are currently no events after balance sheet date to report.

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

Under the CIPFA Code of Practice 2015/16, there is a requirement to set out the impact of an accounting change required by the new accounting standard that has been issued but not yet adopted by the Code.

The CIPFA Code of Practice on Transport Infrastructure Assets takes effect from 1 April 2016. The code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustments to the accounts. Under the infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost.

22. Prior period Restatements

No prior period adjustments.

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

23. Statement of Accounting Policies

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

a. General Principles

The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations. The Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practice. The Statement of Accounts summarises the Chief Constable's transactions for the financial year and its position at the year end. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the CIPFA Service Reporting Code of Practice standard classification of expenditure at the mandatory level, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

The financial year runs 1 April to 31 March.

b. 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 Chief Constable provides the relevant service.
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the Force.
- Expenses in relation to services received (including services by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

c. Charges to Revenue for Non-Current Assets

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

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

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

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

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.

d. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements and time off in lieu (TOIL) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at the start of the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The accumulated cost is carried to the Chief Constable's Balance Sheet where it is held as a liability and is matched by an unusable reserve.

Termination Benefits

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

Post-Employment Benefits

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

- Police Officer Pension Schemes

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

Both schemes are accounted for as defined benefit schemes:

- The liabilities of the schemes are attributable to the Group and to the CC and are included in the CC and OPCC Group's Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds
- The change in the net pensions liability is analysed into seven components:

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

- (i) Current service cost: the increase in liabilities arising from employee service in the current year, debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement.
- (ii) Past service cost: the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- (iii) Interest cost: the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to the Financing and Investment Income and Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement.
- (iv) Expected return on assets: the annual investment return on the fund assets attributable to the Group and the CC, based on an average of the expected long term return; credited to the Financing and Investment Income and Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement (not applicable to the unfunded Police Pension Schemes).
- (v) Gains/losses on settlements and curtailments: the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- (vi) Actuarial gains and losses: changes in the net pensions' liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions are debited to the Pensions Reserve.
- (vii) Contributions paid to the pension schemes: cash paid as employer's contributions to the pension funds.

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

Discretionary Benefits

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

Injury Awards

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

e. Exceptional Items

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

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

f. Events after the Balance Sheet Date

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

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

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

g. Overheads and Support Services

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

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

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

h. Prior Year Adjustments and Changes in Accounting Policies

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

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

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

i. VAT

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

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Notes to the Financial Statements

j. 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 Force when there is reasonable assurance that the Force will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the Force are not credited to the 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 transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Force'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 Comprehensive Income and Expenditure Statement.

k. 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 Chief Constable may hold capital assets under operating leases. Rentals paid under operating leases are charged to the 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 of the lease, even if this does not match the pattern of payments.

The Chief Constable does not have any finance leases.

l. 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 Chief Constable'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 insurance provision was established to meet liability claims which are not covered by external insurers. The balance reflects an 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.

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Notes to the Financial Statements

m. Reserves

The Chief Constable is required to set aside specific amounts within unusable reserves, reflecting the need to manage the accounting processes for employee and retirement benefits and do not represent usable resources.

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police
Supplementary Financial Statement

Police Pension Scheme for England and Wales

Pensions Fund Accounts

FUND ACCOUNT 2014/15 £000		FUND ACCOUNT 2015/16 £000	
	Contributions Receivable:		
(15,381)	Contributions at 24.2% of Pensionable Pay	(13,909)	
(1,468)	Early Retirements	(1,689)	
(40)	Other – Pre 1974 Recharge Receipts	0	
(8,908)	Officers' Contributions	(8,638)	
			(23,636)
(25,797)			
	Transfers in from Other Schemes		(144)
(145)			
	Benefits Payable:		
44,211	Pensions	45,932	
11,016	Commutations and Lump Sum Retirement Benefits	11,692	
112	Lump Sum Death Benefits	75	
			57,699
55,339			
	Payments to and on Account of Leavers:		
17	Refunds of Contributions	(26)	
424	Individual Transfers Out to Other Schemes	0	
			(26)
441			
29,838	Net Amount Payable for the Year		33,894
(29,838)			
0	Additional Contribution from the OPCC		(33,894)
			0
	<u>NET ASSETS STATEMENT AS AT 31 MARCH 2016</u>		
5,589	Recoverable from the Home Office via the OPCC		0
(5,589)	Additional Lump sums due		0
0	Net (Liabilities)		0

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police Supplementary Financial Statement

Notes to the Supplementary Financial Statement

1. The Chief Constable is required by law to operate a pension fund and the Pension Fund for Police in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI2007 No.1932). Due to the fact that the Chief Constable does not hold assets or liabilities, no cash is transacted by the Chief Constable. All payments and receipts into and out of the fund are made by the OPCC such that the Chief Constable can fulfil the administration of the fund. The Fund is accounted for in the following ways:
 - All receipts and payments relating to the 1987 and 2006 Police Pensions Regulations are generally receivable into and payable out of the Pension Fund, unless otherwise specified in the 2007 Regulations
 - Specific provision is made for officers' contributions and inward transfer values to be paid into the Fund and for awards payable and outward transfer values to be paid out of the Fund
 - The OPCC is required to make a transfer from the Police Fund to the Pension Fund for employer's contributions. The level of these contributions and the officers contributions are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department
 - Transfers are required from the Police Fund to the Pension Fund on the event of specified ill health retirements and where discretionary pension payments are made
 - With some exceptions, awards payable under the Police (Injury Benefit) Regulations 2006 are met from the Police Fund rather than the Pension Fund.
2. The 2007 Regulations provide that the OPCC must transfer an amount from the Police Fund to the Pension Fund where income to the Pension Fund is less than its expenditure so that the Fund will be balanced to nil at the end of each financial year. In the year ended the 31 March 2016 the OPCC transferred £34.531m into the Fund to meet the excess expenditure in the year (£29.838m in 2014/15). 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 2015/16 was £34.531m (£29.838m in 2014/15).
3. **Accounting policies**
 - (a) *Transfer values*

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

The CC include debtors and creditors at the end of the financial year for employer's pension contributions paid in advance, top-up grant due but not received and for commuted lump sum payments to retiring police officers that have been paid but not processed through the payroll. The pension scheme financial statements do not take account of liabilities to pay pensions and other benefits after the year end.
 - (c) *IAS 19*

Relevant information from the pension accounts has been supplied to the Government Actuary Department (GAD), so the necessary information is available to help us meet IAS19. The Statements of Accounts for the CC and OPCC Group contain details of the long-term pension obligations in note 20 and of the Financial Statements respectively.

GLOSSARY

Accounting Policies

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

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

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

Actuarial Gains and Losses

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

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

Amortisation

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

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

Budget

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

CIPFA

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

Corporate and Democratic Core

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

Creditors

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

Current Service Cost (Pensions)

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

Debtors

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

Defined Benefit Scheme

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

Depreciation

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

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

Fair Value

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

Financial Regulations

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

IAS19

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

IFRS

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

Statement of Accounts 2015/16 for the Chief Constable of Staffordshire Police

Glossary

Impairment

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

Medium Term Financial Strategy (MTFS)

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

Non Distributed Costs

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

Office of the Police and Crime Commissioner (OPCC)

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

Present Value

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

Relevant Police Officer

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

Remuneration

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

Senior Employee

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

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