Nottinghamshire

POLICE & CRIME COMMISSIONER

& Group Statement of Accounts

2015-2016

The Nottinghamshire Office of the Police and Crime Commissioner & Group
Statement of Accounts
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Narrative Report

1 Purpose

The narrative report provides guidance to the most significant matters reported in the Accounts. It explains the purpose of the Financial Statements that follow, and an explanation of the Group's financial activities during the year, including the key influences and its financial position as at 31 March 2016. The values within the financial statements have been rounded appropriately, and the extent of rounding is clearly labelled. This rounding will in some cases cause a statement or note to be apparently mathematically incorrect.

2 Background

Nottinghamshire is a diverse County. It has a mixture of affluent areas and area with greater challenge developing from being former mining communities.

The County Council is part of a two tier local government system with 7 district councils. The City of Nottingham is a Core City with unitary status.

The Police Service works closely with local government partners and regional policing partners to provide a comprehensive service to the people of Nottinghamshire.

The majority of properties within Nottinghamshire fall within Council Tax Bands A and B.

The Commissioner & Group (Group) is responsible for providing policing services for approximately 1.1million people in Nottinghamshire, with a net budget of £191.2m for 2015-2016. The duties of the Police and Crime Commissioner for Nottinghamshire (Commissioner) also include crime prevention initiatives and responsibility for victim services. The Chief Constable is a separate legal entity with its own statement of accounts. This set of accounts shows the statement of accounts both for the Commissioner and also incorporates The Chief Constable to show the Group position.

3 Governance Arrangements

The Commissioner is responsible for ensuring conduct in accordance with the law and proper standards. The Commissioner is also responsible for ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at its disposal.

The Chief Constable is responsible for the operational activities of the Force. This responsibility is discharged in accordance with statutory requirements, Oath of Police Officers, the Police Discipline Code and Police Regulations. The Chief Constable is also required to ensure compliance with the Scheme of Delegation.

The annual review of the system of Governance and Internal Control is included within the arrangements for producing the Annual Governance Statement, and also takes account of the Chief Constable's governance arrangements. It details how the Commissioner is doing the right things, in the right way, for the people of Nottinghamshire, in a timely, inclusive, open, honest and accountable manner.

The problems of financial management resulting in revenue overspend impacts on the Accounts.

4 The Financial Statements

The Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting 2015-2016 (The Code) and the main sections are:

- **The Statement of Accounting Policies** states the policies adopted in compiling the Statement of Accounts
- **The Statement of Responsibilities** sets out the respective responsibilities of the Commissioner and the Chief Financial Officer and also includes the signed certificate of approval
- **The Comprehensive Income & Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with the Code, rather than the amount to be funded from taxation. The 'Surplus or (Deficit) on the Provision of Services' line shows the true economic cost of providing services. Note 17.2 shows the differences between taxation and accounting entries
- **The Movement in Reserves Statement (MIRS)** shows how the surplus or deficit in the year has been allocated to the appropriate reserve on the balance sheet
- **The Balance Sheet** shows the value of the assets and liabilities held as at the year end. The net assets are matched by the reserves held and are divided between usable reserves and unusable reserves, which are created for accounting purposes under the Code
- **The Cash Flow Statement** shows the changes in cash and cash equivalents during the year. It is calculated using the 'indirect method' from the Code. Cash flows are classified as operating, investing and financing activities
- **The Pension Fund Account** shows the year's transactions on the police officers pension account
- **The Notes to the Accounts** provide additional information concerning items in the above statements and additional relevant information
- **The Independent Auditor's Report** sets out the opinion of the external auditor as to whether these accounts present a true and fair view of the financial position and operations of the Commissioner and Group
- **The Annual Governance Statement** sets out governance arrangements in place and areas for improvement

5 Review of the Financial Statements

There are no changes to accounting policies this year and the main changes to the statements are as a result of amendments to the code. The major change in 2015-2016 is the replacement of the explanatory foreword with a narrative report.

The accounts are produced on a 'true economic cost basis' which differs from the cost required to be met from taxpayers. The Pension Reserve absorbs the timing differences between the difference in accounting and funding for post-employment benefits in accordance with statutory provisions. The CIES recognises the benefits earned by employees accruing service. The liabilities are adjusted for inflation, valuation assumptions and investment returns. Statutory arrangements require benefits to be financed as employers contributions are paid to pension funds and pensioners. The debit balance on the Pension Reserve represents a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements ensure that funding will meet payments. This has a significant impact on the surplus / deficit for the year and on the value of the Balance sheet, particularly in respect of pensions calculations which are based on actuarial valuations as opposed to the transactions which have taken place in the year. The impact on the CIES for the pensions adjustments alone was cost of £115.4m. The Balance Sheet without the accumulation of pensions adjustment would only total -£13.3m instead of £2,182.5m.

The Accounts have been prepared on the basis that the Group is a going concern.

6 Significant Events during the year

There has been a significant Employment Tribunal challenge against the use of the A19 Regulation. The decision was that the enforcement of retirement for officers with 30 years pensionable service contravened age discrimination legislation. Nottinghamshire were successful in appealing against this decision. There has been a counter appeal against this judgement. There is a contingent liability noted for this event.

In March an agreement has been signed to allow collaborative working with Northamptonshire and Leicestershire Police. The business case for closer collaboration is currently being prepared.

7 Key Message from Paddy Tipping, Police and Crime Commissioner

When you consider some of the huge issues facing the police such as terrorism, cyber-crime, the sexual exploitation of children, and then think about how much the public are rightly concerned about these things, I do find it surprising that more people are not talking about how the police are funded.

Compared to the endless public debate about NHS funding, little thought is given to how we pay for a service that we expect to keep us safe and protect us from harm.

Yet, police forces up and down the country are continuing to operate in a hugely challenging financial landscape.

In Nottinghamshire, thanks to the incredible efforts of our officers and staff, crime is falling faster than almost anywhere else in the UK and Nottinghamshire Police is the fastest improving force in England and Wales. I'm delighted at the progress made in terms of Stop and Search which now sees Nottinghamshire Police with one of the lowest stop and search rates in the country but the highest positive outcome rate.

These things don't happen by accident, especially when the purse strings have been drawn even tighter, as they have, over the last twelve months.

Last year's unexpected announcement in the Government's Comprehensive Spending Review that police budgets would not be subjected to further cut was welcome news. But it did not reverse the reductions in funding that had been previously announced and which continue to impact further on the way we deliver policing across Nottinghamshire.

There remain enormous pressures on Nottinghamshire's budget and we still need to find a further £12m savings over the next year.

That is a huge sum of money to find at a time when the force has already saved more than £42m since police budgets began to reduce back in 2010.

With careful management of the way money is spent, radically altering the way services are delivered without impacting on their effectiveness and continuing to search for ways of doing things differently, Nottinghamshire Police has demonstrated time and time again that it can adapt.

We again have had to use some reserves and it was not an easy decision for me to ask you as taxpayers to pay more towards policing in your Council Tax bills. But I can give you a firm commitment that your money will be spent wisely and effectively, ensuring policing across Nottinghamshire is of the highest quality.

The next year will be just as tough and I therefore remain committed to cost-effective policies and practices that work to bolster frontline policing and keep our residents and businesses safe. It does become more difficult to identify where further savings can be achieved but we are looking closely with other regional forces (and beyond) and with our local partners to deliver savings and maintain performance.

Approximately 80 per cent of Nottinghamshire's total policing budget is spent on staffing costs and facilities.

At the end of March 2016 the force will have an estimated 1,922 police officers, 1,221 police staff and 253 PCSOs. These are supported by volunteers within the force and the Commissioner's office.

The force is now moving towards a new delivery model of working where civilians will be used for non-warranted work so that officers can maintain a local presence and respond to our communities at time of need.

We have an agenda for action and change and I am confident that the force will continue to respond positively to the challenges ahead.

Paddy Tipping
June 2016

8 Financial Statement from Charlotte Radford - Commissioners Chief Finance Officer

2015 saw a major step in the Finance Department change programme. In April 2015 all transactional finance (payroll, creditors, debtors, ledger), became part of a Multi-Force Shared Service provision within Cheshire and Northants. This followed years of significant restructuring and redundancies within support services.

The financial challenges from austerity have required savings year on year of around £10m. 2014-2015 was the first year that indicated Nottinghamshire was struggling to achieve this continuing target for budgetary cuts; with an extra £2m above the planned use of reserves being required to balance the budget.

2015-2016 started well with a HMIC inspection commending the plans in place for a further £11m in efficiency savings. However, the pressure of delivering this level of savings coupled with a lack of continuity in the management of the department meant that the force budget was overspent by £7.7m at the end of the year. This has had a major impact on the level of reserves, and this has been raised as a significant strategic risk.

Across the region the implementation of Niche has had a hugely positive impact on operational policing. The benefits of borderless policing and improved records for evidential storage are just two of many benefits being achieved through this system. Looking forward increased collaboration with Leicestershire and Northamptonshire will deliver significant savings. These savings will not only contribute towards the shortfall in funding, but should also provide the opportunity to consider investment options, such as reinstating recruitment.

This collaborative work in progress is developing a shared control room provision with the capability of being part of the Emergency Services Network. Further work is being developing on “Enabling Services” (support functions).

The efficiency plans for 2016-2017 require savings of £12m to be delivered. There are plans in place to achieve this, with the requirement for robust monitoring reporting throughout the year. From 2017-2018 onwards, the level of efficiencies required reduce significantly and will provide opportunity to replenish the level of reserves.

The challenges to both the Force and Finance Department will continue. Legislative changes compressing the timetable for closure of the accounts will require the whole finance function, for both legal entities, to provide a professional timely service. The achievement of the statutory timetable will enable resources to be directed towards the financial challenges, to focus on front line service support, identifying budget options, financial modelling and advice.

The challenges relating to other statutory changes will also need to be achieved, such as the ‘Apprenticeship Programme’. The levy has been incorporated in to the medium term financial planning. The achievement of recruiting 2.3% equivalent of the establishment as apprentices will require detailed planning; particularly whilst the number of employees continues to reduce to meet savings.

Performance

The good news is that performance continues to improve, with Nottinghamshire recording amongst the highest falls in crime in the country (ranked 3rd for crime reduction). The first two months of 2016-2017 has seen further reductions with satisfaction rates remaining high at 84.8%. The highlights of 2015-2016 are:

- Total Crime reduced by 0.15%
- Anti –Social Behaviour reduced by 4.32%
- Burglary Dwelling reduced by 17.17%
- Robbery Business reduced by 16.00%
- Robbery Personal reduced by 9.77%
- Theft from Person reduced by 11.02%
- Possession of Drugs reduced by 15.91%
- Public Order Offences reduced by 7.39%

For more details on all performance measures please see the Annual Report published on the Commissioner's Website.

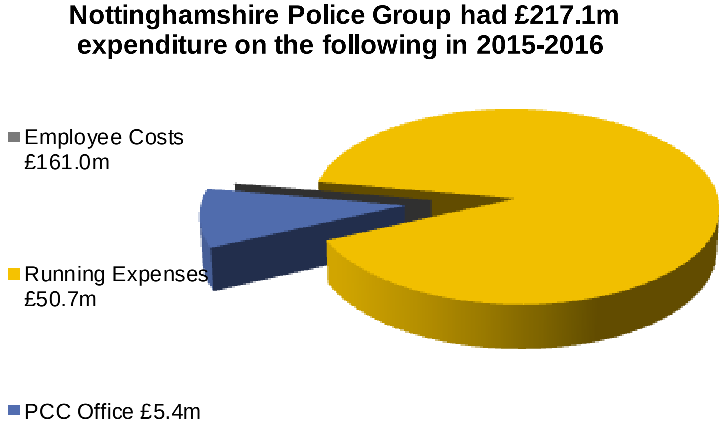
Financial Performance

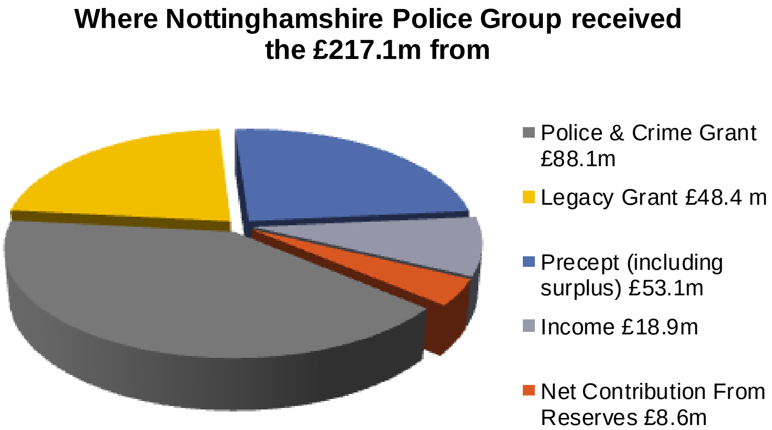
Economic Climate

Since 2010 Nottinghamshire Police has faced significant financial challenges due to reductions in funding from Central government together with cost pressures within services and greater volatility in financing. This process is on-going and will last at least until 2019-2020 and will be continuously reviewed. In November 2015 the Autumn Statement set out the strategic direction for public expenditure. For policing this was far better than anticipated, but pressures still exist and must be addressed.

The recent referendum, resulting in Great Britain's exit from the European Union, will have an impact. It is likely that there will be more cuts to public finances and tax increases. We will need to prepare for these possibilities.

Financial Management





2014-2015 Actual Comparator	Revenue Budget	2015-16 Budget £000	2015-16 Actual £000	2015-16 Variance £000
	Chief Constable			
165,250	**Employee Costs**	**158,272**	**161,040**	**2,769**
5,944	Premises	5,931	6,756	826
5,708	Transport	5,833	6,284	451
3,562	Collaboration Services	6,624	8,926	2,302
6,993	Capital Financing	4,742	3,474	-1,268
22,388	Other	16,907	25,145	8,238
44,595	**Running Costs total**	**40,037**	**50,586**	**10,549**
5,323	**PCC**	**4,725**	**5,442**	**717**
215,168	**Expenditure**	**203,034**	**217,068**	**14,035**
-16,615	CC Income & Other Grant	-11,833	-17,427	-5,594
-588	PCC Income & Other Grant	0	-1,416	-1,416
-17,203	**Income & Other Grant**	**-11,833**	**-18,843**	**-7,010**
-4,010	CC Contribution from Reserves	-1,600	-9,324	-7,724
290	PCC Contribution to Reserves	0	699	699
-3,720	**Net Contributions from Reserves**	**-1,600**	**-8,625**	**-7,025**
194,245	**Main Stream Funding**	**189,600**	**189,600**	**0**

Capital Expenditure

Capital expenditure on property continues to reflect the changing emphasis for greater partnership working, and with the placing of Police Officers in the heart of communities. Investment has also been made in updating computer systems. A major investment has been on new technology including Niche, an integrated crime management system. This has been the main change to operational policing in the year. The expenditure was far less than budgeted as many capital schemes were delayed or cancelled as all projects were checked to ensure that its aims and purposes were still relevant in the light of the potential strategic alliance with Leicestershire and Northamptonshire Police.

Capital Expenditure	**Budget 2015-2016 £m**	**Actual 2015-2016 £m**	**Variation 2015-2016 £m**
Building Projects	7.3	3.6	-3.7
Technology	4.8	2.2	-2.6
Other	8.1	3.0	-5.1
Total	**20.2**	**8.8**	**-11.4**
Intangible assets		0.1	
Operational Land & Buildings		3.5	
Plant Vehicles & Equipment		5.2	
Assets Under Construction		0.0	
Total		**8.8**	
Financed by			
Capital Receipts	-3.2	-1.4	1.8
Capital Grants	-3.3	-3.3	0.0
External Borrowing	-13.7	-4.1	9.6
Total	**-20.2**	**-8.8**	**11.4**

The 4 year Capital plan of expenditure and financing (excluding any slippage) as approved by the Commissioner is included in the table below. The programme for 2019-2020 has not yet been allocated to schemes in preparation for closer collaboration in the 5 year Capital Programme.

	Budget 2016-2017 £m	**Budget 2017-2018 £m**	**Budget 2018-2019 £m**	**Budget 2019-2020 £m**
Building Projects	6.6	3.5	0.0	0.0
Technology	3.8	0.1	4.0	4.0
Other	1.6	0.0	0.0	0.0
Total	**12.0**	**3.6**	**4.0**	**4.0**
Capital Receipts	-2.1	-3.1	0.0	0.0
Capital Grants	-0.9	-0.5	0.0	0.0
External Borrowing	-9.0	0.0	-4.0	-4.0
Total	**-12.0**	**-3.6**	**-4.0**	**-4.0**

Borrowing Facilities

Borrowing finances the capital expenditure that cannot be paid from other resources. The main source of borrowing is the Public Works Loan Board (PWLB), plus a £3.5m Market Loan which is due to mature in 2066. Long term borrowing of £3.0m from the PWLB repayable at maturity took place in December. It was at 3.2% for 48.5 years.

The majority of the borrowing is due to mature within the next 10 years.

The Treasury Management Strategy, ensures that borrowing is prudent and only for capital purposes. At 31 March 2016 the accumulated capital financing requirement from all previous capital expenditure was £57.7m. The associated outstanding borrowing is £38.5m (excluding finance lease liabilities).

Provisions and contingencies

Provisions have increased by £1.1m during the year. This increase is mainly for known costs of restructuring and medical retirement costs. Other provisions include amounts to meet estimated insurance claim liabilities outstanding.

The A19 legal action, which is pending counter-appeal is not certain enough to be designated as a provision or reserve but is noted as a contingent liability. Nottinghamshire currently has 23 claims lodged against them, with the Central London Employment Tribunal. This is a joint action including other forces and the Home Office. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum, and who will bear the cost (if successful) is also uncertain. It is therefore currently not possible to estimate the financial impact. For these reasons, no provision has been made in the 2015-2016 Accounting Statements. A breakdown of Provisions is provided in Note 7.3 and Contingent Liabilities in Note 10.

Treasury Management

The total cash equivalents which is either cash or other holdings which can be readily converted to cash totalled £9.2m at 31 March 2016. The main factors that would affect cash in the future are:

- Acquisition and disposals relating to the capital programme
- The level of debtors and creditors
- The achievement of efficiency programme and balanced budget

Levels of liquidity are carefully monitored and managed within the scope of the Treasury Management Policy.

C M H Radford CPFA
Chief Finance Officer to the Nottinghamshire Police and Crime Commissioner & Group

8 People

Overall Equality Characteristics

Gender	Headcount	%
Female	1,576	41.9%
Male	2,186	58.1%
Grand Total	**3,762**	**100.0%**

Age Band	Headcount	%
25 and under	279	7.4%
26 to 40	1,535	40.8%
41 to 55	1,658	44.1%
56 or over	290	7.7%
Grand Total	**3,762**	**100.0%**

Ethnicity	Headcount	%
Asian / Asian British - Any other Asian background	7	0.2%
Asian / Asian British - Chinese	4	0.1%
Asian / Asian British - Indian	44	1.2%
Asian / Asian British - Pakistani	27	0.7%
Black / African / Caribbean / Black British - African	6	0.2%
Black / African / Caribbean / Black British - Any other background	7	0.2%
Black / African / Caribbean / Black British - Caribbean	27	0.7%
Mixed / Multiple ethnic group - Any Other Mixed / multiple ethnic background	7	0.2%
Mixed / Multiple ethnic group - White and Asian	14	0.4%
Mixed / Multiple ethnic group - White and Black African	3	0.1%
Mixed / Multiple ethnic group - White and Black Caribbean	15	0.4%
Not known / not provided	100	2.7%
Other ethnic group - Any other ethnic group	2	0.1%
White - Any Other White background	55	1.5%
White - English / Welsh / Scottish / Northern Irish / British	3,431	91.2%
White - Irish	13	0.3%
Grand Total	**3,762**	**100.0%**

Self-Declared Disability	Headcount	%
No	3,580	95.2%
Yes	90	2.4%
Unspecified	92	2.4%
Grand Total	**3,762**	**100.0%**

9 Principal Risks and Uncertainties

A risk management strategy is in place to identify and evaluate risks. There are clearly defined steps to support decision making through the understanding of risk.

The top risks from the joint strategic risk register are:

Risk	Impact	Mitigation
Ability to deliver a balanced budget	Failure impacts on levels of reserves and financial viability	Rigorous budget management
Changes in operational demand	Negative impact on performance and crime reduction	Training to meet skills gaps (eg CSE and cyber crime)
Business Continuity	Ability to respond	Tested business continuity plans
Data loss/ information security	Ability of the organisation to provide a service. Breach of legislative requirements	Data back -up. Security marking of documents. Information security policy and procedures

10 Other Significant Events during the year

There has been a significant Employment Tribunal challenge against the use of the A19 Regulation. The decision is that the enforcement of retirement for officers with 30 years pensionable service contravenes age discrimination legislation. Nottinghamshire was successful in its appeal; however there has been a counter appeal. The outcome of this is expected in January 2017. There is a contingent liability noted for this event.

During the year an agreement has been signed with Northamptonshire and Cheshire Police to be part of MFSS from 27 April 2015. This shared service covers transactional services related to finance and human resources.

On 24th March 2016 Nottinghamshire Police signed a section 22 agreement with Northamptonshire Police and Leicestershire Police to investigate the further, closer collaboration specifically in relation to control room(s) and enabling services.

11 Post Balance Sheet Events

There are no adjusting post balance sheet events, however On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises transactions for the 2015-2016 financial year and its position as at 31 March 2016. Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise of the Code and the Best Value Accounting Code of Practice 2015-2016, supported by International Financial Reporting Standards (IFRS). The Accounts have been prepared on a going concern basis using the historic cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments. Under The Act 2011 the Commissioner and Chief Constable are separate ‘corporation sole’ bodies. Both are required to prepare a separate Statement of Accounts. The Financial Statements included here represent the Commissioner and the Commissioner as a group with the Chief Constable (The Group).

2 Accruals of Income and Expenditure

Revenue is measured at fair value in the year to which it relates, and not when cash payments are made or received. Whilst all the expenditure is paid for by the Commissioner including employee pay, the recognition in the Accounts is based on economic benefit of resources consumed. In particular:

- Fees, charges and rents due are accounted for as income at the date of supply
- Supplies are recorded as expenditure when they are used. When there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet
- Expenditure in relation to services received is recorded as services are received rather than when payments are made. If required a debtor or creditor for the relevant amount is recorded in the Balance Sheet
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where debts are doubtful, the debt is written off by a charge to the CIES

3 Cash and Cash Equivalents

Cash includes cash in hand and deposits of up 24 hours’ notice. Cash equivalents are investments that mature up to three months from acquisition date. These are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

4 Exceptional Items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the CIES or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Group financial performance.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current year and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative figures for the prior period 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 period.There are none in these Accounts.

6 Charges to Revenue for Non-Current Assets

The CIES is charged with the following amounts to record the true cost of holding fixed assets during the year:

- Depreciation of Non-Current Assets
- Revaluation and Impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Revaluation Gains reversing previous losses charged to the CIES
- Amortisation of Intangible Assets.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution, from revenue towards the reduction in its overall borrowing requirement in accordance with statutory guidance, the Minimum Revenue Provision (MRP).

7 Employee Benefits

Benefits Payable during Employment

Short-term Employee Benefits are those due to be settled within 12 months of the year-end. This includes wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars). An accrual is made for the cost of holiday entitlements or any form of leave, e.g. time off in lieu earned by employees, but not taken before the year-end, which employees can carry forward into the next financial year, (Accumulated Absences Account 4.2).

The accrual is made at the estimated salary rates applicable in the following accounting year, being when the employee takes the benefit. The accrual is charged to the CIES, but then reversed out through the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an acceptance of voluntary redundancy. These are charged to the Non Distributed Costs line in the CIES when the Group is demonstrably committed to the decision (Note 20). At 31st of March there had been several cases where redundancy had been agreed but the payments had not been made, totalling £0.5m which has been provided for.

Post Employment Benefits

Employees are members of two separate defined benefits pension schemes providing retirement lump sums and pensions, earned whilst employed by the Group (Note 15).

The Local Government Pensions Scheme (LGPS) for staff is administered by Nottinghamshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. This scheme is a multi-employer scheme and the underlying assets and liabilities cannot be directly identified with individual employers. Therefore assets and liabilities are incorporated within these accounts on an apportioned basis. The assets are included at fair value. The liabilities are included at current prices using a discount rate of 3.8% p.a. The discount rate is the annualised yield at the 22 year point on the Merrill Lynch AA-rated corporate bond yield curve which meets the requirements of IAS19.

The Police Pension Scheme for police officers is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, the Group must transfer amounts to reduce the balance on the Pension Fund to zero. This is reimbursed from Central Government by way of Pension Top-up grant.

Pension Costs are accounted for in accordance with IAS19. This requires an organisation to account for retirement benefits in the year in which they are earned, even if the actual payment of benefit will be in the future. From 1 April 2015 this is based on a career average value. Actuarial gains and losses are charged to the Pension Reserve.

Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements due to medical reasons or injury. 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.

8 Post Balance Sheet Events

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are 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.

9 Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Commissioner enters a contract. They are initially measured at fair value and carried at their amortised cost. This generally will equate to the principal outstanding plus accrued interest. The interest debited or credited to the CIES is the amount payable per the loan agreement.

Financial assets held by the Group comprise loans and receivables. These have determinable payments but are not quoted in an active market. The loans made by the Group consist of short-term investments. Impairment may be appropriate if it becomes likely that the contract may not be fulfilled.

10 Government Grants and Contributions

All revenue government grants, and third party contributions and donations are recognised as income when the Group satisfies the conditions of entitlement. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the CIES. Where grants and contributions are unconditional they are carried in the Balance Sheet as an Earmarked Reserve. A deminimis level of £50,000 exists whereby it is essential that income needs to be assessed whether it should form part of the Earmarked Reserves.

Capital grants are credited to the CIES, and they are reversed out of the General Fund Balance in the Movement in Reserves Statement. The grant is either used to finance capital expenditure or it is posted to the Capital Grants Unapplied Account to fund future capital expenditure.

11 Intangible Assets

Intangible assets do not have physical substance, but it is expected that future economic benefits or service potential will occur. Software licences are intangible assets, and are included at historic cost amortised over seven years, as there is no alternate method to ascertain a fair value.

12 Interests in Companies and Other Entities

The Nottinghamshire Office of the Police and Crime Commissioner is a separate entity to the Chief Constable and the relationship is clearly defined in the Governance Arrangements. The Commissioner has the lead controlling influence in the Group.

13 Joint Operations and Jointly Controlled Assets

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by Section 22 Agreements and incorporated on agreed proportions. More information about the collaborations is included in Note 12 to the Accounts.

14 Leases

The Code only uses the term lease, replacing all previous references to hire or rental. Under IAS 17, Leases are classified as finance leases if the terms of the lease transfer (substantially) all the risks and rewards incidental to ownership from the lessor to the lessee. Leases that do not meet the definition of finance leases are accounted for as operating leases. Where a lease covers both land and buildings, those elements are considered separately for classification. Major contracts are reviewed for the possibility of embedded leases within them.

Assets held under a finance lease are recognised on the Balance Sheet at fair value (or the present value of the minimum lease payments, if lower). There is a matching liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Lease payments are apportioned between finance charges debited to the CIES, and the acquisition charge applied to write down the lease liability. When incorporated into the balance sheet they are accounted for in the same way as other non - current assets. Rentals paid under operating leases are charged to the CIES.

15 Overhead Costs

The Service analysis is based on Service Reporting Code of Practice (SeRCOP) 2015-2016 as modified by the Police Objective Analysis (POA). The costs of overheads are fully allocated to the Group's services, with the exception of:

- Corporate and Democratic Core costs relating to being a single purpose, democratic organisation
- The cost of discretionary benefits awarded to employees retiring early, is a non-distributed cost

16 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services or for administrative purposes and that are expected to be used for more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that the cost of the item can be measured reliably and it is probable it can generate future economic benefits or service potential. Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred, to the CIES.

Deminimis levels are applied to allow sensible administration arrangements without materially affecting the figures presented. The deminimis levels applied for all property, plant and equipment is £15,000.

Component Accounting

Assets are included as separate components, with appropriate depreciation where this is significant. The following deminimis level applies. Only assets with a carrying value above £600,000 are considered and then components are included; if the item forms at least 5% of the asset value.

Measurement

Assets are initially measured at cost, comprising the purchase price plus costs in bringing the asset to the location and to be fit for purpose. The value of assets acquired other than by purchase is deemed to be its fair value. PFI and finance lease assets are capitalised at minimum lease payments over the term of the agreement.
Assets are then carried in the Balance Sheet using the following measurement bases:

- Fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value
- For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value
- Operational buildings have been valued on the basis of Existing Use Value
- Non-operational buildings have been valued on the basis of Open Market Value
- Bridewell custody suite is valued on a depreciated replacement cost (DRC) basis as this is deemed to be a specialised asset
- Plant, vehicles and equipment have been included at their depreciated historic valuation, as proxy for fair value. This is because the assets have relatively short lives and values
- Furniture and fittings are capitalised at cost
- Assets under construction are included at actual cost
- Investment properties are revalued annually at market value according to IFRS13
- Assets held for sale are held at market value

Increases in valuations have been matched by credits to the Revaluation Reserve since 1 April 2007, the date of its formal implementation. Gains prior to that date are consolidated into the Capital Adjustment Account. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES once the Revaluation Reserve is fully used

17 Investment Properties

Investment properties are used to earn rentals or for capital appreciation, and not used in any way to deliver services or is not held for sale. The carrying value is annually revalued under IFRS13 to current fair value. Rentals received in relation to investment properties are credited to the CIES.

18 Impairment

Assets are assessed at each year-end for potential impairment. Where it is estimated to be material an impairment loss is recognised for the deficit, as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES

Where an impairment loss is reversed subsequently by a revaluation gain, the reversal is credited to the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

19 Depreciation

Depreciation is provided for on all operational property, plant and equipment assets by the systematic allocation of their depreciable amounts, over their useful lives, after allowing for residual values on the following basis:

Asset Type	Depreciation Method	Period of Years
Land	Nil	Nil as will not reduce in value
Property	Straight Line	10-50 years as estimated by the valuer
Vehicles	Straight Line	1-20 years
Plant and Equipment	Straight Line	1-20 years
Finance Leases	Straight Line	Over the life of the finance lease

Where an item of property, plant and equipment has major components whose cost and life span is significantly different from the rest, the components are depreciated separately.

A full years charge is made in the year of acquisition, with no charge made in the year of disposal. Depreciation is charged to the CIES. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost. This is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

20 Disposals and Non-Current Assets Held for Sale

When a non-current asset is actively marketed, and the sale is reasonably expected in the next 12 months, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and revalued appropriately.

When an asset is disposed of, or decommissioned for less than £10,000 the receipt is credited to the CIES and the carrying amount of the asset is the loss on disposal.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve, and can then only be used to finance new capital investment or set aside to reduce the Commissioner’s underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

All Revaluation Reserve balances relating to disposed assets are transferred to the Capital Adjustment Account.

21 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment which provides the services remains with the PFI contractor. The Commissioner has entered into two PFI contracts. The first relates to the initial design and construction, and now the on-going maintenance of the Riverside building. The second contractor is responsible for the provision and maintenance of vehicles. The vehicles have been judged against IFRIC4 and those valued above the de-minimis, and where at the inception of the lease the minimum lease payments amounted to at least 75% of the fair value of the asset, are classified as finance leases. The majority of vehicles met these conditions and the small remainder are included within the Cost of Services in the CIES.

For Riverside the annual amounts payable to the PFI operators comprise five elements:

- Fair value of the services received during the year – debited to the relevant service in the CIES
- Finance cost – an interest charge on the outstanding Balance Sheet liability, has been debited to the Financing and Investment Income and Expenditure line in the CIES for the PFI building
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Lifecycle replacement costs – whereby a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

22 Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and also that a reliable estimate can be made of the amount of the obligation. This is charged to the CIES on becoming aware of the obligation. They are measured as the best estimate at the balance sheet date, taking into account relevant risks and uncertainties.

Settlement of the obligation is charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed and further transactions to or from the CIES are made appropriately.

23 Contingent Liabilities

A contingent liability arises where a past event gives a possible obligation which depends on the outcome of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but there is not the level of certainty on either likelihood or value. Contingent liabilities are not recognised in the Balance Sheet, but disclosed in a note to the Accounts.

24 Contingent Assets

A contingent asset arises where an event has taken place that gives the potential for an asset, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Group. They are not recognised in the Balance Sheet, but disclosed in a note to the Accounts.

25 Reserves

Reserves are set aside for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. Expenditure to be financed from a reserve is charged to the appropriate service and hence included within the Provision of Services in the CIES. The reserve is then appropriated back in the Movement in Reserves Statement to avoid impacting on council tax.

Other reserves are unusable and they are solely to manage the accounting processes for capital, financial instruments, retirement, and employee benefits.

26 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

27 Cash Flow Statement

This has been prepared using the 'Indirect Method', which adjusts the surplus or deficit on the provision of services adjusted for non-cash items.

28 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Revenue expenditure funded from capital under statute (REFCUS) represents expenditure that may be capitalised under statutory provisions, but does not result in the creation of tangible assets.

Statement of Responsibilities

The Responsibilities of the Commissioner

The Commissioner is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. The Commissioner has determined the Chief Finance Officer as that officer
- Manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets
- Ensure that there is an adequate Annual Governance Statement
- Approve the Statement of Accounts

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for the preparation of the Commissioner's Statement of Accounts and the incorporation of the Chief Constable's Accounts to form the Group Accounts. This is in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Commissioner and the Group at the accounting date and its Income and Expenditure for the year ended 31 March 2016.

In preparing the Accounts, the Chief Finance Officer has:

- Selected suitable Accounting Policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice
- Kept proper records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that in my opinion the Statement of Accounts present a true and fair view of the financial position of the Nottinghamshire Office of the Police and Crime Commissioner & Group at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

[redacted]

C M H Radford CPFA
Chief Finance Officer to the Nottinghamshire Police and Crime Commissioner & Group

I, the Commissioner certify that the Statement of Accounts presents a true and fair view of the financial position of The Nottinghamshire Office of the Police and Crime Commissioner & Group, at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Paddy Tipping
The Police and Crime Commissioner
15 September 2016

Core Financial Statements

CS1 Comprehensive Income and Expenditure Statement
CS2 Movement in Reserves Statement
CS3 Balance Sheet
CS4 Cash Flow Statement

P1 Pension Fund Account

CS1 Comprehensive Income and Expenditure Statement for the Group

In April 2015 the Force moved to a new Oracle based ERP (Enterprise Resource Planning) system and the transactional processing functions within Finance and Human Resources transferred to the Multi Force Shared Service (MFSS). As a result of this move a number of initiatives were implemented being work to rationalise the chart of accounts structure, this has led to a reduced number of budget areas; new methodology was used to record accounting entries with more costs held centrally rather than at local levels to enable better budgetary control; and a review of how costs/areas are to be allocated to the Police Objective Analysis (POA) categories. This may cause some differences year on year as it was not possible to restate 2014-2015 into the 2015-2016 basis. The budgets were also presented grossed up this year including externally funded projects. Support functions (ie Finance, Human Resources, etc) and central costs are allocated to POA categories directly where they are solely responsible for that cost or income, otherwise they are apportioned across categories based of each categories percentage of the total base cost.

2014-2015				2015-2016		
Gross Exp' £000	Gross Income £000	Net Exp' £000		Gross Exp' £000	Gross Income £000	Group Net Exp' £000
105,590	-5,629	99,961	Local Policing	99,146	-7,067	92,079
18,891	-406	18,485	Dealing with the Public	20,902	-715	20,187
19,396	-1,309	18,087	Criminal Justice Arrangements	17,538	-1,489	16,049
6,254	-2,046	4,208	Road Policing	7,038	-2,325	4,713
10,930	-1,123	9,807	Specialist Operations	13,093	-2,579	10,514
11,957	-1,174	10,783	Intelligence	13,595	-660	12,935
43,037	-1,457	41,580	Investigation	56,662	-2,899	53,763
7,506	-134	7,372	Investigative Support	7,057	-264	6,793
5,124	-3,312	1,812	National Policing	4,111	-3,291	820
1,550	-1,190	360	Corporate and Democratic Core	1,453	-1,416	37
3,857	0	3,857	Community Safety & Crime Prevention	4,110	0	4,110
777	0	777	Non Distributed Costs	289	0	289
234,869	**-17,780**	**217,089**	**Cost Of Services**	**244,994**	**-22,705**	**222,289**
1,737	0	1,737	Other Operating Expenditure - Gains (-) and Losses on Disposal of Non Current Assets	410	0	410
103,080	-19,024	84,056	Financing and Investment Income & Expenditure	90,879	-199	90,680
0	-225,936	-225,936	Taxation and Non-Specific Grant Income		-230,992	-230,992
339,686	**-262,740**	**76,946**	**Surplus (-) or Deficit on Provision of Services**	**336,283**	**-253,896**	**82,387**
		-109	Surplus (-) or deficit on revaluation of non-current assets			-150
		254,901	Pension Fund Adjustment under regulations			-363,154
		254,792	**Other Comprehensive Income & Expenditure**			**-363,304**
		331,738	**Total Comprehensive Income & Expenditure**			**-280,917**

CS1 Comprehensive Income and Expenditure Statement for the Commissioner and Chief Constable

2014-2015					2015-2016				
CCN	Commissioner		Group		CCN	Commissioner		Group	
Net Res'ces £000	Gross Exp' £000	Gross Income £000	Net Exp' £000		Net Res'ces £000	Gross Exp' £000	Gross Income £000	Net Exp' £000	Note
99,959	2	0	99,961	Local Policing	92,079	0	0	92,079	a
18,486	-1	0	18,485	Dealing with the Public	20,187	0	0	20,187	b
18,087	0	0	18,087	Criminal Justice Arrangements	16,049	0	0	16,049	c
4,207	1	0	4,208	Road Policing	4,713	0	0	4,713	d
9,808	-1	0	9,807	Specialist Operations	10,514	0	0	10,514	e
10,783	0	0	10,783	Intelligence	12,935	0	0	12,935	f
41,581	-1	0	41,580	Investigation	53,763	0	0	53,763	g
7,372	0	0	7,372	Investigative Support	6,793	0	0	6,793	h
1,812	0	0	1,812	National Policing	820	0	0	820	i
244	1,306	-1,190	360	Corporate and Democratic Core	168	1,285	-1,416	37	
0	3,857	0	3,857	Community Safety & Victim Support	0	4,110	0	4,110	
777	0	0	777	Non Distributed Costs	289	0	0	289	
-221,332	221,332	0	0	Funding within Group	-230,526	230,526		0	
-8,216	**226,495**	**-1,190**	**217,089**	**Cost Of Services**	**-12,216**	**235,921**	**-1,416**	**222,289**	
0	1,737	0	1,737	Other Operating Expenditure - Gains (-) and Losses on Disposal of Non Current Assets		410		410	3
82,681	1,771	-395	84,056	Financing and Investment Income & Expenditure	88,850	2,029	-199	90,680	3
	0	-225,936	-225,936	Taxation and Non-Specific Grant Income			-230,992	-230,992	3
74,465	**230,003**	**-227,521**	**76,946**	**Surplus (-) or Deficit on Provision of Services**	**76,634**	**238,360**	**-232,607**	**82,387**	
0	0	-109	-109	**Surplus (-) or deficit on revaluation of non-current assets**			-150	-150	4
252,424	2,477	0	254,901	Pension Fund Adjustment under regulations	-359,481		-3,673	-363,154	4
252,424	**2,477**	**-109**	**254,792**	**Other Comprehensive Income & Expenditure**	**-359,481**	**0**	**-3,823**	**-363,304**	
326,889	**232,480**	**-227,630**	**331,738**	**Total Comprehensive Income & Expenditure**	**-282,847**	**238,360**	**-236,430**	**-280,917**	

	Notes to the CIES: 2015-2016
a	Local policing year on year reductions is largely due to the majority of police officers leaving once they have completed their 30 year services and an increased number of natural leavers. This has been combined with the PCSO restructuring programme as part of the Designing the Future (DTF) which resulted in c76 FTE's leaving the organisation; and a voluntary redundancy (VR) programme which was opened to police staff in the second half of the year.
b	The increase year on year is largely the result of the allocation of support functions and central costs.
c	The reduction year on year is largely due to the realignment of analysts to Intelligence; and the command function of Crime & Intelligence Command function to Investigations;
d	The increase year on year is largely the result of the allocation of support functions and central costs.
e	The increase year on year is largely the result of the move towards the collaborative arrangement for East Midlands Operational Support Service (EMOpSS) where we now are
f	The increase year on year is partly due to analysts costs being previously reported within Criminal Justice Arrangements; combined with the allocation of support functions and central costs.
g	The increase year on year is largely due to the realignment of areas from Local Policing and Criminal Justice Arrangements (see comments above); combined with the allocation of support functions and central costs.
h	The year on year reduction is mainly due to savings on forensic and CSI costs; combined with the allocation of support functions and central costs.
i	The year on year reduction is largely due to a cross over with investigation for EMSOU officers.

CS2 Movement in Reserves Statement for the Group 2015-2016

2015-2016	General Fund £000	Earmarked Reserves £000	Capital Receipts £000	Capital Grants £000	Total Usable Reserves £000	Reval'n Reserve £000	Capital Adj' £000	Pensions Reserve £000	Collect' Fund £000	NPAS Def' cap' rec' £000	Accum' Absence £000	Total Unusable Reserves £000	Total Reserves £000
Note ref		4.1				4.3	4.5	4.4	11		4.2		
Balance at 1 April 2015	**-7,075**	**-16,172**	**-1,369**	**-356**	**-24,971**	**-1,704**	**2,837**	**2,483,100**	**-1,256**	**-45**	**5,410**	**2,488,344**	**2,463,373**
Surplus - (deficit) on the provision of services (accounting basis)	82,387	0	0	0	82,387	0	0	0	0	0	0	0	82,387
Other Comprehensive I & E - revaluation gains & losses	**0**	**0**	**0**	**0**	**0**	**-150**	**0**	**-363,154**	**0**	**0**	**0**	**-363,304**	**-363,304**
Total CIES	**82,387**	**0**	**0**	**0**	**82,387**	**-150**	**0**	**-363,154**	**0**	**0**	**0**	**-363,304**	**-280,917**
Depreciation/Amortisation of non-current assets	-7,171	0	0	0	**-7,171**	0	7,171	0	0	0	0	**7,171**	**0**
Impairment/Revaluation losses	-295	0	0	0	**-295**	0	295	0	0	0	0	**295**	**0**
Capital grants and contributions credited to the CIES	4,107	0	0	-4,107	**0**	0	0	0	0	0	0	**0**	**0**
Net gain / (- loss) on sale of non-current assets	133	0	-548	0	**-415**	0	415	0	0	0	0	**415**	**0**
Pension costs adj between calculated in accordance with IAS19 and the contributions due under pension scheme regulations	-135,765	0	0	0	**-135,765**	0	0	135,765	0	0	0	**135,765**	**0**
Amount by which council tax income included in the CIES	301	0	0	0	**301**	0	0	0	-301	0	0	**-301**	**0**
Minimum Revenue Provision	2,141	0	0	0	**2,141**	0	-2,141	0	0	0	0	**-2,141**	**0**
Minimum Revenue Provision (Finance Lease Liabilities)	643	0	0	0	**643**	0	-643	0	0	0	0	**-643**	**0**
Capital Expenditure charged against the General Fund	0	0	0	0	**0**	0	0	0	0	0	0	**0**	**0**
Employers contribution to Pension Scheme	59,984	0	0	0	**59,984**	0	0	-59,984	0	0	0	**-59,984**	**0**
Use of Capital Receipts Reserve to finance capital	0	0	1,369	0	**1,369**	0	-1,369	0	0	0	0	**-1,369**	**0**
Use of Capital grants unapplied for capital expenditure	0	0	0	4,133	**4,133**	0	-4,133	0	0	0	0	**-4,133**	**0**
Adj for depreciation between historical and revalued basis	0	0	0	0	**0**	26	-26	0	0	0	0	**0**	**0**
Loss on disposal of non current assets met from revaluation reserve	0	0	0	0	**0**	195	-195	0	0	0	0	**0**	**0**
Charges for Employee Benefits	1,484	0	0	0	**1,484**	0	0	0	0	0	-1,484	**-1,484**	**0**
Total adjustment between accounting basis & funding basis under regulations	**-74,438**	**0**	**821**	**26**	**-73,591**	**221**	**-626**	**75,781**	**-301**	**0**	**-1,484**	**73,591**	**0**
Net decrease / (- increase) before transfers to earmarked reserves	**7,949**	**0**	**821**	**26**	**8,796**	**71**	**-626**	**-287,373**	**-301**	**0**	**-1,484**	**-289,713**	**-280,917**
Transfers from / (- to) earmarked reserves	**-7,949**	**7,949**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2016	**-7,075**	**-8,223**	**-548**	**-330**	**-16,175**	**-1,633**	**2,213**	**2,195,727**	**-1,557**	**-45**	**3,926**	**2,198,631**	**2,182,456**

CS2 Movement in Reserves for the Group 2014-2015 Comparators

2014-2015	General Fund £000	Earmarked Reserves £000	Capital Receipts £000	Capital Grants £000	Total Usable Reserves £000	Reval'n Reserve £000	Capital Adj' £000	Pensions Reserve £000	Collect' Fund £000	NPAS Def' cap' rec' £000	Accum' Absence £000	Total Unusable Reserves £000	Total Reserves £000
Note ref		**4.1**				**4.3**	**4.5**	**4.4**	**11**		**4.2**		
Balance at 1 April 2014	**-7,074**	**-19,488**	**-1,553**	**-115**	**-28,230**	**-2,310**	**4,431**	**2,152,788**	**-656**	**0**	**5,611**	**2,159,865**	**2,131,635**
Surplus - (deficit) on the provision of services (accounting basis)	76,946	0	0	0	76,946	0	0	0	0	0	0	0	76,946
Other Comprehensive I & E - revaluation gains & losses	**0**	**0**	**0**	**0**	**0**	**-109**	**0**	**254,901**	**0**	**0**		**254,792**	**254,792**
Total CIES	**76,946**	**0**	**0**	**0**	**76,946**	**-109**	**0**	**254,901**	**0**	**0**	**0**	**254,792**	**331,738**
Depreciation/Amortisation of non-current assets	-6,147	0	0	0	**-6,147**	0	6,147	0	0	0	0	**6,147**	**0**
Impairment/Revaluation losses	-41	0	0	0	**-41**	0	41	0	0	0	0	**41**	**0**
Capital grants and contributions credited to the CIES	3,279	0	0	-247	**3,032**	0	-3,032	0	0	0	0	**-3,032**	**0**
Net gain / (- loss) on sale of non-current assets	-227	0	-1,369	0	**-1,596**	0	1,641	0	0	-45	0	**1,596**	**0**
Pension costs adj between calculated in accordance with IAS19 and the contributions due under pension scheme regulations	-131,310	0	0	0	**-131,310**	0	0	131,310	0	0	0	**131,310**	**0**
Amount by which council tax income included in the CIES	600	0	0	0	**600**	0	0	0	-600	0	0	**-600**	**0**
Minimum Revenue Provision	2,504	0	0	0	**2,504**	0	-2,504	0	0	0	0	**-2,504**	**0**
Minimum Revenue Provision (Finance Lease Liabilities)	694	0	0	0	**694**	0	-694	0	0	0	0	**-694**	**0**
Capital Expenditure charged against the General Fund	919	0	0	0	**919**		-919	0	0	0	0	**-919**	**0**
Employers contribution to Pension Scheme	55,899	0	0	0	**55,899**	0	0	-55,899	0	0	0	**-55,899**	**0**
Use of Capital Receipts Reserve to finance capital	0	0	1,553	0	**1,553**	0	-1,553	0	0	0	0	**-1,553**	**0**
Use of Capital grants unapplied for capital expenditure	0	0	0	6	**6**	0	-6	0	0	0	0	**-6**	**0**
Adj for depreciation between historical and revalued basis	0	0	0	0	**0**	29	-29	0	0	0	0	**0**	**0**
Loss on disposal of non current assets met from revaluation reserve	201	0	0	0	**201**	686	-686	0	0	0	-201	**-201**	**0**
Charges for Employee Benefits	0	0	0	0	**0**	0	0	0	0	0	0	**0**	**0**
Total adjustment between accounting basis & funding basis under regulations	**-73,630**	**0**	**184**	**-241**	**-73,687**	**715**	**-1,594**	**75,411**	**-600**	**-45**	**-201**	**73,686**	**0**
Net decrease / (- increase) before transfers to earmarked reserves	**3,316**	**0**	**184**	**-241**	**3,259**	**606**	**-1,594**	**330,312**	**-600**	**-45**	**-201**	**328,478**	**331,737**
Transfers from / (- to) earmarked reserves	**-3,316**	**3,316**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2015	**-7,075**	**-16,172**	**-1,369**	**-356**	**-24,971**	**-1,704**	**2,837**	**2,483,100**	**-1,256**	**-45**	**5,410**	**2,488,344**	**2,463,373**

CS3 Balance Sheet for the Commissioner and Group

31 Mar 2015 Group £000	Note		31 Mar 2016 CC only £000	31 Mar 2016 PCC only £000	31 Mar 2016 Group £000
49,497	5	Property, Plant & Equipment	0	51,340	51,340
366	5	Assets under Construction	0	47	47
400	5	Investment Properties	0	350	350
735	6.2	Assets Held for Sale	0	0	0
538	5.5	Intangible Assets	0	454	454
48		Long Term Debtors	0	45	45
51,583		**Non-Current Assets**	**0**	**52,236**	**52,236**
5,000	6.1	Short Term Investments	0	0	0
348		Inventories	0	231	231
0	6.2	Assets held for sale	0	993	993
24,814	6.3	Short Term Debtors	0	27,649	27,649
123	CS4	Other monies	0	0	0
7,206	CS4	Cash and Cash Equivalents	0	9,198	9,198
37,491		**Current Assets**	**0**	**38,071**	**38,071**
-11,929	7.1	Short Term Borrowing	0	-13,291	-13,291
0		Grant Receipts in Advance	0	0	0
-23,514	7.2	Short Term Creditors	-3,741	-22,951	-26,692
-779	CS4	Overdraft	0	0	0
-2,463	7.3	Short Term Provisions	0	-3,592	-3,592
-38,684		**Current Liabilities**	**-3,741**	**-39,834**	**-43,575**
-27,803	8	Long Term Borrowing	0	-31,204	-31,204
-1,762		PFI Long Term Liabilities	0	-1,763	-1,763
-1,099		Finance Lease Long Term Liabilities	0	-493	-493
-2,483,100	16.3	Net Pension Liability	-2,177,345	-18,382	-2,195,727
-2,513,764		**Long Term Liabilities**	**-2,177,345**	**-51,842**	**-2,229,187**
-2,463,373		**Net Assets**	**-2,181,086**	**-1,369**	**-2,182,455**
-7,075		General Fund	0	-7,075	-7,075
-1,369		Capital Receipts Reserve	0	-548	-548
-16,172	4.1	Earmarked Reserves	0	-8,223	-8,223
-356		Capital Grants Unapplied	0	-330	-330
-24,971		**Usable Reserves**	**0**	**-16,176**	**-16,176**
-1,704	4.3	Revaluation Reserve	0	-1,633	-1,633
2,837	4.5	Capital Adjustment Account	0	2,211	2,211
-45	4.6	Deferred Capital Receipt Reserve	0	-45	-45
2,483,100	4.4	Pensions Reserve	2,177,345	18,384	2,195,729
-1,256	11	Collection Fund Adjustment	0	-1,557	-1,557
5,411	4.2	Accumulated Absences	3,741	185	3,926
2,488,344		**Unusable Reserves**	**2,181,086**	**17,545**	**2,198,631**
2,463,373	**CS2**	**Total Reserves**	**2,181,086**	**1,369**	**2,182,455**

CS4 Cash Flow Statement for the Commissioner and Group

31 Mar 2015 £000		note	31 Mar 2016 £000
2,480	Commissioner		5,753
74,465	Chief Constable		76,634
76,945	**Net surplus (-) or deficit on the provision of services**		**82,387**
	Adjust for non cash movements		
-6,147	Depreciation & Amortisation		-7,171
4,003	Impairment and valuations		152
426	(-)Increase/decrease in creditors	a	-3,178
4,075	Increase/(-)decrease in debtors		2,832
0	Increase/(-)decrease in assets held for sale		993
34	Increase/(-)decrease in inventories (stock)		-117
1,133	(-)Increase/decrease in provisions		-1,129
346	(-)Increase/decrease in other longterm liabilities		605
-3,316	Increase/(-)decrease earmarked reserves		-7,949
-75,411	Movement in pension liability	b	-75,781
-2,079	Carrying amount of non-current assets held for sale, sold or de-recognised		-390
0	Other non-cash items included		1,452
	Adjust for items that are investing and financing activities		
1,414	Proceeds from the sale of non current assets		298
0	Capital receipts - deposit on disposal		250
3,279	Capital grants received during the financial year		4,107
4,703	**Net cash flows from Operating Activities**		**-2,639**
10,987	Purchase of non current assets		9,409
-1,413	Proceeds from the sale of non current assets		-298
3,000	Purchase of short-term and long-term investments		-250
-3,279	Capital grants received during the financial year		-4,107
9,295	**Net cash flows from Investing Activities**		**4,754**
-16,929	Cash receipts of short and long-term borrowing		-20,291
8,886	Repayment of short and long-term borrowing		15,528
-8,043	**Net cash flows from Financing Activities**		**-4,763**
5,955	**Net (-)increase / decrease in cash & cash equivalents**		**-2,648**
-5,955	**Represented by a Balance Sheet movement**		**2,648**
12,505	Liquid Funds 1 April		6,550
6,550	**Liquid Funds 31 March**		**9,198**
	Analysed as follows;		
45	Imprest Accounts		47
123	Other monies		0
-779	Overdraft		0
7,161	Bank Accounts		9,151
6,550	**Total**		**9,198**

Relating to Chief Constable within figures

a -£1,619k

b -£75,015k

P1 Police Officers Pension Fund Account

2014-2015 £000		2015-2016 £000
	Contributions Receivable	
-15,472	Employers Contributions 1987 Scheme	-8,345
-3,061	Employers Contributions 2006 Scheme	-226
0	Employers Contributions 2015 Scheme	-9,361
-937	Additional Contributions for early retirements - all schemes	-910
-9,104	Members contributions 1987 Scheme	-4,936
-1,478	Members contributions 2006 Scheme	-111
0	Members contributions 2015 Scheme	-5,166
-13	**Transfer in 1987 Scheme**	-329
-306	**Transfer in 2006 Scheme**	-248
	Benefits Payable	
47,856	Pensions 1987 Scheme	49,499
7	Pensions 2006 Scheme	6
9,088	Commutations and lump sum retirement benefits 1987 Scheme	10,842
0	GAD V Milne payments	7,352
	Payments to / on account of leavers	
8	Refund of contributions 2006 Scheme	11
304	Transfers out 1987 Scheme	1,505
33	Transfers out 2006 Scheme	36
0	Transfers out 2015 Scheme	0
26,925	**Sub total before transfer from the Commissioner of amount equal to the deficit**	**39,619**
-26,925	Transfer of Government Grant from the Commissioner to meet the deficit	**-39,619**
0	**Balance at 31 March**	**0**

All notes relating to pensions can be found at Note 15.

Notes to the Accounts

1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on pages 14 to 23, the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement made in the Statement of Accounts is:

There is a high degree of uncertainty about future levels of funding for the Police Service. However, it is considered that this uncertainty is not yet sufficient to provide an indication that assets might be impaired as a result of a need to close facilities.

Major Estimations

The largest area of estimation included within the Accounts is in staff related costs. Accruals for overtime, bonuses, early retirement costs and other one off payments have been checked retrospectively and found to be reasonable.

The professional judgement of the Transport Manager is relied upon to provide vehicle valuations added to the Balance Sheet. These estimations are required due to the unavailability of the purchase information from the PFI supplier.

An item in these accounts which has a significant risk of material adjustment in the forthcoming financial year is the Insurance Claim Provision. A time lag may occur between insurable liability events and the date claims are received. No allowance is made for this value unless specific incidents have occurred which make it appropriate to do so. One potential use of the General Reserve is to cover for emerging trends of liability claims or an exceptional value of incurred but not reported claims. Estimates of the value of claims change as information regarding the circumstances evolve. The provision of £2.3m is based on estimates provided by Insurance Companies and by the Regional Legal Services Team. An increase / decrease in the value of claims of 10% will impact the provision by (+/-) £0.2m.

2 Prior Period Adjustments and Post Balance Sheet Events

There are no prior period adjustments or post balance sheet events in 2015-2016.

3 Surplus or Deficit on Provision of Services

3.1 Income within Cost of Services

2014-2015 £000		2015-2016 £000
-7,071	Partnership and Joint Operations	-5,531
-1,858	PFI Grant	-1,858
-1,684	Recharge of Officers	-3,557
-5,977	Other Income	-10,343
-16,590	**Relating to Chief Constable**	**-21,289**
-1,190	**Relating to the Commissioner - other income**	-1,416
-17,780	**Total for the Group**	**-22,705**

3.2 Financing and Investment Income and Expenditure

2014-2015 £000		2015-2016 £000
101,309	Pensions Interest Cost	87,502
-18,629	Expected return on Pensions Assets	1,348
82,680	**Net expenditure relating to Chief Constable**	**88,850**
1,073	Interest payable on Debt	1,333
74	Interest element of Finance Leases (Lessee)	55
524	Interest payable on PFI Unitary Payments	529
100	Pensions Interest Cost	98
0	Expected return on Pensions Assets	14
1,771	**Expenditure relating to the Commissioner**	**2,029**
-182	Expected return on Pensions Assets	0
-213	Investment Interest Income	-199
-395	**Income relating to the Commissioner**	**-199**
1,376	**Net expenditure relating to the Commissioner**	**1,830**
84,056	**Total for the Group**	**90,680**

3.3 Taxation and Non-Specific Grant Income

2014-2015 £000		2015-2016 £000
-51,515	Council Tax Income	-53,422
-50,116	National Non Domestic Rates	-48,399
-93,215	Non-ringfenced Government Grants	-88,105
-26,925	Home Office Pension Grant	-39,619
-4,166	Capital Grants and Contributions	-1,447
-225,936	**Total for the Commissioner & Group**	**-230,992**

4 Movement in Reserves

This note forms the link between CIES and the Balance Sheet Reserves. It includes all the adjustments that are made to the CIES in accordance with proper accounting practice and how they are incorporated into Reserve balances.

4.1 Transfers to / from Earmarked Reserves

This shows how monies have been set aside or used during the year. All earmarked reserves are within the PCC accounts only.

	31 March 2014 £000	Net t/f 2014-15 £000	Balance 31 March 2015 £000	T/f 2015-16 £000	T/f Out 2015-16 £000	T/f In 2015-16 £000	Balance 31 March 2016 £000
Medium Term Financial Plan	-14,184	3,860	-10,324	-36	9,294	0	-1,066
Police Property Act	-95	-28	-123	0	0	-7	-130
Drug Fund	-61	-10	-71	0	0	-3	-74
Revenue Grants	-3,004	718	-2,286	0	117	-344	-2,513
Animal Welfare	-20	1	-19	0	0	0	-19
Tax Base Reserve	-230	0	-230	0	7	0	-223
Grants & Commissioning	-280	-744	-1,024	0	0	-875	-1,899
PCC	-405	-82	-487	0	0	-108	-595
PCC - night time levy	0	0	0	0	0	-161	-161
VAT Reserve	0	-36	-36	36	0	0	0
PFI Life Cycle Costs	-258	-36	-294	0	0	-38	-332
Total PCC	**-18,540**	**3,643**	**-14,895**	**0**	**9,418**	**-1,536**	**-7,012**
Joint Operations	-948	-329	-1,277	0	68	0	-1,211
Total	**-19,488**	**3,314**	**-16,172**	**0**	**9,486**	**-1,536**	**-8,223**

4.2 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences from accruing for compensated absences earned but not taken in the year (e.g. leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund Reserve is neutralised by transfers to or from the account as shown in the MIRS (CS2).

2014-2015 CC £000	2014-2015 PCC £000	2014-2015 Total £000		2015-2016 CC £000	2015-2016 PCC £000	2015-2016 Total £000
5,578	**33**	**5,611**	**Balance 1 April**	**5,360**	**51**	**5,411**
-218	18	-200	Increase / (-) Decrease	-1,619	134	-1,485
5,360	**51**	**5,411**	**Balance 31 March**	**3,741**	**185**	**3,926**

4.3 Revaluation Reserve

The Revaluation Reserve relates solely to the PCC and was created 1 April 2007 for the revaluation gains on the value of non-current assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised

2014-2015 £000		2015-2016 £000
-2,310	**Balance 1 April**	**-1,704**
-109	Upward revaluation of assets	-235
0	Downward revaluation of assets and impairments losses not charged to the Surplus/Deficit on the provision of Services	85
-109	**Surplus (-) or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services**	**-150**
29	Difference between fair value depreciation and historical cost depreciation	26
686	Accumulated gains on assets sold or scrapped	195
715	**Amount written off to the Capital Adjustment Account**	**221**
-1,704	**Balance 31 March**	**-1,633**

4.4 Pension Reserve

2014-15 CC £000	2014-15 PCC £000	2014-15 Total £000		2015-16 CC £000	2015-16 PCC £000	2015-16 Total £000
2,134,703	**18,085**	**2,152,788**	**Balance 1 April**	**2,461,811**	**21,289**	**2,483,100**
130,037	1,273	131,310	Pension Costs Adj' for IAS 19	134,392	1,373	135,765
252,428	2,473	254,901	Other CIES gains / (-) losses	-359,481	-3,673	-363,154
-55,357	-542	-55,899	Employers contributions & payments to pensioners	-59,377	-607	-59,984
2,461,811	**21,289**	**2,483,100**	**Balance 31 March**	**2,177,345**	**18,382**	**2,195,727**

4.5 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences between the accounting for the consumption of non-current assets and for their financing under statutory provisions. The Account is debited with depreciation, impairment losses and amortisations. The Account is credited with minimum revenue provision.

2014-2015 £000		2015-2016 £000
6,010	**Balance 1 April**	**4,542**
5,651	Charges for depreciation and impairment of non-current assets	6,690
41	Revaluation losses on Property, Plant and Equipment	350
369	Amortisation of intangible assets	171
1,737	Amounts of non-current assets written off on disposal to the CIES	375
7,798		**7,586**
-715	Adjusting amounts written out of the Revaluation Reserve	-221
7,083	Net written out amount of the cost of non-current assets consumed	**7,365**
	Capital financing applied in the year:	
-1,553	Use of Capital Receipts to finance new capital expenditure	-1,369
-789	Capital expenditure charged against the General Fund	0
-3,011	Capital grants and contributions applied to capital financing	-3,333
	Statutory provision for capital financing charged to the CIES	
-2,504	Minimum Revenue Provision	-2,141
-694	Finance Lease Liability	-644
-8,551		**-7,487**
4,542	**Total Commissioner 31 March**	**4,420**
-1,705	Joint Operations	-2,209
2,837	**Total**	**2,211**

4.6 Deferred Capital Receipt Reserve

This relates to staged payments on the disposal of the helicopter to the National Police Air Service. The next payment on this is not scheduled on until 2017-2018.

5 Non-Current Assets
5.1 Movements in the Year

	Land & Buildings £000	Plant, Vehicle & Equipment £000	Investment Properties £000	Assets under Construction £000	*Assets Held for Sale £000	Total £000	PFI Assets Included £000
1 April 2015	**40,327**	**34,111**	**400**	**0**	**735**	**75,573**	**2,109**
Additions	3,497	5,246	0	0	0	**8,743**	0
Revaluation Increases/Decreases (-) recognised in the Revaluation Reserve	170	0	0	0	0	**170**	0
Revaluation Increases/Decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-320	0	-50	0	0	**-370**	0
Derecognition - Disposals	0	-11,619	0	0	0	**-11,619**	-404
Accumulated Depreciation and Impairment written off	-321	0	0	0	0	**-321**	0
Assets reclassified to/from Held for Sale	-470	0	0	0	-735	**-1,205**	0
Other Movements in cost or valuation	0	0	0	0	0	**0**	0
31 March 2016	**42,883**	**27,738**	**350**	**0**	**0**	**70,971**	**1,705**
Accumulated Depreciation and Impairment							
1 April 2015	**5,298**	**21,249**	**0**	**0**	**0**	**26,547**	**518**
Depreciation charge	2,289	4,400	0	0	0	**6,689**	**34**
Accumulated Depreciation and Impairment written off	-321	0	0	0	0	**-321**	0
Assets reclassified to/from Held for Sale	0	0	0	0	0	**0**	0
Derecognition - Disposals	0	-11,579	0	0	0	**-11,579**	-510
31 March 2016	**7,266**	**14,070**	**0**	**0**	**0**	**21,336**	**42**
Commissioner 1 April 2015	35,029	12,862	400	0	735	**49,026**	1,591
Joint Operations 1 April 2015	1,167	437	0	366	0	**1,970**	0
Total 1 April 2015	**36,196**	**13,299**	**400**	**366**	**735**	**50,998**	**1,591**
Commissioner 31 March 2016	35,617	13,668	350	0	0	**49,635**	**1,663**
Joint Operations 31 March 2016	1,542	513	0	47	0	**2,102**	**0**
Total 31 March 2016	**37,159**	**14,181**	**350**	**47**	**0**	**51,737**	**1,663**

*Assets Held for Sale have been classified as current assets in 2015-2016 as the sales are expected in 2016-2017

5.1 Non-current Assets prior year comparators

	Land & Buildings £000	Plant, Vehicle & Equipment £000	Investment Properties £000	Assets under Construction £000	Assets Held for Sale £000	Total £000	PFI Assets Included £000
1 April 2014	**38,328**	**28,495**	**350**	**0**	**2,091**	**69,264**	**2,109**
Additions	2,922	7,921	0	0	0	**10,843**	0
Revaluation Increases/Decreases (-) recognised in the Revaluation Reserve	110	0	0	0	0	**110**	0
Revaluation Increases/Decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-16	0	50	0	-75	**-41**	0
Derecognition - Disposals	0	-568	0	0	-1,689	**-2,257**	0
Accumulated Depreciation and Impairment written off	-897	0	0	0	0	**-897**	0
Assets reclassified to/from Held for Sale	-120	-1,737	0	0	408	**-1,449**	0
31 March 2015	**40,327**	**34,111**	**400**	**0**	**735**	**75,573**	**2,109**
Accumulated Depreciation and Impairment							
1 April 2014	**4,813**	**18,949**	**0**	**0**	**0**	**23,762**	**518**
Depreciation charge	1,397	4,254	0	0	0	**5,651**	**0**
Accumulated Depreciation and Impairment written off	-897	0	0	0	0	**-897**	0
Assets reclassified to/from Held for Sale	-15	-1,434	0	0	0	**-1,449**	0
Derecognition - Disposals	0	-520	0	0	0	**-520**	0
31 March 2015	**5,298**	**21,249**	**0**	**0**	**0**	**26,547**	**518**
Commissioner 1 April 2014	33,515	9,546	350	0	2,091	**45,502**	**1,591**
Joint Operations 1 April 2014	1,167	355	0	58	0	**1,580**	**0**
Total 1 April 2014	**34,682**	**9,901**	**350**	**58**	**2,091**	**47,082**	**1,591**
Commissioner 31 March 2015	35,029	12,862	400	0	735	**49,026**	**1,591**
Joint Operations 31 March 2015	1,167	437	0	366	0	**1,970**	**0**
Total 31 March 2015	**36,196**	**13,299**	**400**	**366**	**735**	**50,998**	**1,591**

5.2 Capital Commitments

At 31 March 2016, the Commissioner has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016-2017, and the future years are budgeted to cost £1.1m (£0.8m 2014-2015).

Main Capital Commitments	31 March 2016 £000
Estates	
Access control works	327
FHQ Kennels	569
Cyber Crime accomodation	175
	1,071

5.3 Revaluations

Land and buildings are revalued on a five year rolling programme to ensure that their carrying amount is not materially different from their fair value. Land and building values are based on valuations by Andrew Martin BSc MRICS, (Director) and Roger Smalley BSc MRICS, (Associate Director) of the independent valuers Lambert Smith Hampton. These valuations were subject to componentised valuation as prescribed by IAS 16 and adopted by the Royal Institute of Chartered Surveyors in its Red Book. The resulting revaluations were considered by the internal valuer and it was not considered appropriate to commission any further valuations, because there were no trends emerging that would materially affect the valuations.

Valuation Summary (excluding Joint Operations)

	Land & Buildings £000	Plant, Vehicles & Equipment £000	Investment Properties £000	Total £000	PFI Assets Included £000
Historical Cost	5	13,667	0	**13,672**	0
Fair Value					
01 April 2009	358	0	0	**358**	0
01 April 2010	58	0	0	**58**	0
01 April 2011	12,459	0	0	**12,459**	0
01 April 2012	11,465	0	0	**11,465**	0
01 April 2013	4,943	0	0	**4,943**	0
31 Dec 2014	3,146	0	0	**3,146**	1,663
31 Dec 2015	3,183	0	350	**3,533**	0
Total Valuation	**35,617**	**13,667**	**350**	**49,635**	**1,663**

5.4 Investment Properties

Income is received on investment properties (telecoms masts) from Cell C.M., who also undertakes the maintenance and repair of the telecoms masts. These costs are not identified separately in the Statement of Accounts and are included within the management charge. Investment income received during the year is shown net of this management charge. The investment income was £0.122m in 2015-2016 (£0.121m in 2014-2015).

5.5 Intangible Assets

Purchased software is classified as intangible assets. All software licences are amortised on a straight-line basis over a finite useful life of 7 years. Amortisation is a revenue expense. Movements are summarised in the table below:

2014-2015 £000		2015-2016 £000
897	**Balance 1 April**	**530**
3,302	Gross Carrying amounts	3,305
-2,405	Accumulated amortisation	-2,774
	Additions:	
2	Purchases	81
-369	Amortisation for the period	-171
530	**Net Carrying amount 31 March**	**441**
3,304	Gross carrying amounts	3,386
-2,774	Accumulated amortisation	-2,945
530	**Total Commissioner**	**441**
8	Joint Operations	13
538	**Total**	**454**

5.6 Capital Expenditure and Capital Financing

The total amount of capital expenditure, including PFI and finance leases and sources of finance are shown in the table below, it shows cumulative capital expenditure which is to be financed in future years by charges to revenue.

2014-2015 £000		2015-2016 £000
52,756	**Opening Capital Financing Requirement**	**55,745**
	Capital investment	
10,844	Property, Plant and Equipment	8,744
2	Intangible Assets	81
	Sources of finance	
-1,553	Capital Receipts	-1,369
-3,011	Government grants and other contributions	-3,333
-2,504	Sums set aside from revenue - MRP	-2,141
-789	Sums set aside from revenue - Direct Revenue Financing	0
55,745	**Closing Capital Financing Requirement**	**57,727**
2,989	**Movement in the year - analysed as follows**	**1,982**
5,112	Increase in underlying need to borrow	4,123
-2,504	Minimum Revenue Provision	-2,141
381	Assets acquired under finance leases	0
2,989	**Increase / decrease (-) in Capital Financing Requirement**	**1,982**

6 Current Assets

6.1 Short Term Investments

There were no short term investments at year end (2014-2015 £5m with the Greater London Authority).

6.2 Assets Held For Sale

The Commissioner’s Estates Strategy is to review all property held and put surplus property up for sale. The following table shows the property for sale at the Balance Sheet dates. When classified as “for sale” the asset is no longer subject to depreciation. In previous years this had been a non- current asset, but following review it is now shown as a current asset because the funds are due within the forthcoming year.

31 Mar 2015 £000		31 Mar 2016 £000
2,091	Balance 1 April 2015	735
-1,689	Disposals	-335
-75	Surplus / deficit (-) on the CIES	
408	Assets newly classified fo sale	470
735	**Total Commissioner**	**870**
0	Joint Operations	123
735	**Total**	**993**

6.3 Debtors

31 Mar 2015 £000		31 Mar 2016 £000
14,099	Central Government Bodies	14,279
2,626	Other Local Authorities	1,709
2,458	Council Tax	3,578
5,169	Other Entities and Individuals	7,669
24,352	**Total Commissioner**	**27,235**
462	Joint Operations	414
24,814	**Total**	**27,649**

A bad debt provision of £0.03m is provided against specific debts considered to be unlikely to be collected (£0.03m at 31 March 2015). A provision of -£2.793m is held against Council Tax arrears of £4.813m at 31 March 2016. This level of provision has been assessed by the Council Tax Billing Authorities (Provision of -£3.018m against arrears of £4.876m at 31 March 2015).

7 Current Liabilities
7.1 Short Term Borrowing

The Market Loan of £3.5m was taken out with Danske Bank in May 2006 for 60 years. Since May 2011 it has featured a break clause every 6 months (Lenders Option, Borrowers Option LOBO). This option has not yet been used. The CIPFA Treasury Management Code categorises this as a short term liability

31 Mar 2015 £000		31 Mar 2016 £000
-3,500	Market Loans	-3,500
-1,429	PWLB	-3,791
-7,000	Short Term Loans - Islington Council	-6,000
-11,929		**-13,291**

7.2 Creditors

31 Mar 2015 £000		31 Mar 2016 £000
-3,622	Central Government Bodies	-4,022
-5,341	Other Local Authorities	-5,459
-8,730	Other Entities and Individuals	-12,774
-461	Joint Operations	-703
-18,154	**Total Commissioner**	**-22,958**
-5,360	Other Entities and Individuals - Chief Constable	-3,734
-23,514	**Total for Group**	**-26,692**

7.3 Provisions

Liability claims are generally paid out within 1 to 3 years. It is expected that the majority will be utilised within a year and all have been classified as short-term.

	EL & PL Claims £000	MV Liab' Claims £000	Legal Exp' £000	Dilapidation £000	Medical Retirement £000	Redundancy £000	Total £000
Balance 31 Mar 2015	**-2,119**	**-201**	**-37**	**-106**	**0**	**0**	**-2,463**
Provisions made	-518	-327	0	-188	-454	-558	-2,045
Amounts Used	758	144	0	14	0	0	916
Balance 31 Mar 2016	**-1,879**	**-384**	**-37**	**-280**	**-454**	**-558**	**-3,592**

8 Long Term Liabilities

Longer term borrowing of £27.2m was with the PWLB and £4m with Torbay Borough Council (£27.8m 2014-2015 all with the PWLB).

9 Contingent Assets

The Commissioner had no contingent assets as at 31 March 2016.

10 Contingent Liabilities

The following contingent liabilities have been identified:

- The Commissioner was successful in appealing against the decision of the London Central Employment Tribunal that the use of Regulation A19 of the Police Pensions Regulations 1987 was disproportionate. The issue has not been resolved however due to a counter-appeal against that decision. The final ruling is expected January 2017
- Nottinghamshire, along with other Chief Constables and the Home Office, currently has 23 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and the liability for costs if successful is also uncertain, and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in these statements .
- There is a potential for claims for insufficient overtime being paid for some officers following successful claims in Devon and Cornwall Police – again there is insufficient information to predict outcomes or values

There are no potential environmental or information commissioner cases pending.

11 Collection Fund Adjustment Account

This account absorbs the difference between the recognition of council tax income in the CIES as it falls due from the council tax payers compared to the statutory arrangements, which pays across amounts from the Collection Fund. £1.557m represents the proportion of balances held by Local Authorities relating to Nottinghamshire Police as a Precepting Authority (£1.256m 2014-2015).

12 Joint Operations (JOs)

The Group participates in 11 collaborative arrangements with Leicestershire, Derbyshire, Lincolnshire and Northamptonshire. A new collaboration this year is MFSS with Cheshire and Northamptonshire. These arrangements are covered by formal legal documents. The police officers involved are seconded from the individual forces and costs are borne in agreed proportions. These agreements meet the new definition in that decisions on relevant activities require the unanimous consent of the parties sharing control. The relevant proportions of these assets are incorporated throughout these Accounts.

The East Midlands Special Operations Unit (EMSOU)
The East Midlands Special Operations Major Crime (EMSOUMC)
The East Midlands Technical Surveillance Unit (EMTSU)
The East Midlands Occupational Health Unit (EMCHRS OHU)
The East Midlands Forensic Support Services (EMFSS)
The East Midlands Legal Service (EMLS)

These are all between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire and Nottinghamshire's proportion is 27.6% (27.4%. 2014-2015).

There are 2 collaborations which are 4 way shared services between Nottinghamshire, Leicestershire, Lincolnshire and Northamptonshire. Nottinghamshire's proportion is 35.29%.

- The East Midlands Criminal Justice Service (EMCJS)
- The East Midlands Operational Support Services (EMOpSS)

The other collaborations are:

- The East Midlands Commercial Services Unit (EMSCU), is a 2 way shared service between Nottinghamshire and Northamptonshire. The share of costs for Nottinghamshire this year is 50% (33.33% 2014-2015). Derbyshire Police have withdrawn from the collaboration during 2016-17, but they do use the services on a payment basis.
- The East Midlands Learning & Development (EMCHRS L&D) is a 4 way shared service between Leicestershire, Nottinghamshire, Derbyshire, and Northamptonshire. Nottinghamshire's proportion is 31.7% (31.6% 2014-2015)
-

The following tables relate to Nottinghamshire's share of the collaborations.

12.1 Comprehensive Income & Expenditure Statement Joint Operations

2014-2015 £000		2015-2016 £000
5,292	Employees	8,384
59	Premises	86
240	Transport	818
1,093	Supplies and services	2,355
127	Capital Charges	311
0	Other Operating Expenditure	35
6,811	**Gross Operating Expenditure**	**11,989**
-184	Other Income	-809
6,627	**Amount to be met from Partners**	**11,180**
-6,100	Contributions from Partners	-10,375
-1,226	External Grants & Contributions	-903
-699	**Surplus (-) / Deficit for the year**	**-98**
-699	**Total Comprehensive Income and Expenditure**	**-98**

12.2 Balance Sheet Joint Operations

2014-2015 £000		2015-2016 £000
1,606	Property, Plant & Equipment	2,054
367	Assets under Construction	47
8	Intangible Assets	13
1,981	**Long Term Assets**	**2,114**
477	Short Term Debtors	3,922
1,318	Cash and Cash Equivalents	45
0	Assets Held for Sale	123
1,795	**Current Assets**	**4,090**
-97	Employee Benefits	-185
-470	Short Term Creditors	-2,692
-567	**Current Liabilities**	**-2,877**
3,209	**Net Assets**	**3,307**
-75	General Fund	-75
-1,526	Useable Reserves	-1,458
-1,608	Unusable Reserves	-1,774
-3,209	**Total Reserves**	**-3,307**

12.3 Movement In Reserves Statement Joint Operations

2014-2015						2015-2016				
Total General Fund	Capital Grants & Contrib's	Earmarked Reserves	Total Unusable Reserves	Total all JO Reserves		Total General Fund	Capital Grants & Contrib's	Earmarked Reserves	Total Unusable Reserves	Total all JO Reserves
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
-75	**0**	**-949**	**-1,486**	**-2,510**	**Balance 1 April**	**-75**	**-247**	**-1,279**	**-1,608**	**-3,209**
-699	0	0	0	-699	Surplus/deficit (-) on the provision of services	-98	0	0	0	-98
0	0	**0**	**0**	**0**	Other CIES	0	0	0	0	0
-699	**0**	**0**	**0**	**-699**	**Total CIES**	**-98**	**0**	**0**	**0**	**-98**
					Adjustments between accounting & funding basis					
-123	0	0	123	0	Depreciation/amortisation	-311	0	0	311	0
-4	0	0	4	0	Revenue expenditure funded from capital under statute	0	0	0	0	0
-2	0	0	2	0	Disposal of non-current assets	-15	0	0	15	0
125	0	0	-125	0	Capital grants/contributions	513	0	0	-513	0
-3	0	0	3	0	Charges for Employee Benefits	-91	0	0	91	0
					Insertion of items not charged to the CIES					
129	0	0	-129	0	Capital expenditure charged against the General Fund	257	0	0	-257	0
0	0	0	0	0	Revaluation of non-current assets	-187	0	0	187	0
-577	**0**	**0**	**-122**	**-699**	**Net increase/Decrease (-) before transfers to Earmarked Reserves**	**68**	**0**	**0**	**-166**	**-98**
577	-247	-330	0	0	Transfers Useable Reserves	-68	0	68	0	0
0	**-247**	**-330**	**-122**	**-699**	**Increase/Decrease (-)**	**0**	**0**	**68**	**-166**	**-98**
-75	**-247**	**-1,279**	**-1,608**	**-3,209**	**Balance 31 March**	**-75**	**-247**	**-1,211**	**-1,774**	**-3,307**

13 Proceeds of Crime Act and Police Property Act

The Proceeds of Crime Act 2002 and The Police Property Act 1997 (as amended by the Serious Crime Act 2005 and 2007) cover monies received from the confiscation or sale of property which has come into their possession in connection with a criminal charge. Once judgement is made monies are either, paid over to the State, repaid to the individual or made available for the Commissioner to use on specific purposes. At 31 March 2016 cash totalling £0.888m was held in the Commissioner's bank account (£0.815m at 31 March 2015).

14 External Audit Costs

KPMG LLP are the external auditor to the Commissioner and Group.

	2014-2015 £000	2015-2016 £000
The Commissioner	47	35
The Chief Constable	20	15
Group	**67**	**50**
Total fees payable by the group	**67**	**50**

15 Defined Benefit Pension Schemes

The Group participates in two defined benefits pension schemes, providing members with retirement lump sums and monthly pensions related to pay and service. The police officers scheme is unfunded and met by payments from the Home Office.

The Police Pension Scheme for police officers is an unfunded defined benefit final salary scheme. This means that investment assets are not built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Commissioner must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top up grant. If however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Commissioner who then must repay the amount to central government.

Police Staff (including Police Community Support Officers) are, generally, eligible to join the funded Local Government Pension Scheme (LGPS); administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. Assets are not built up within the scheme to meet these pension liabilities.

Transactions Relating to Retirement Benefits

In order to comply with IAS 19, employer's pension contributions have been replaced with current service costs as estimated by the independent actuary. The Group recognise the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The reversal of the IAS 19 transactions ensures that there is no effect on the amounts to be met from government grant and local taxpayers. The Group Balance Sheet recognises the net pension liability and reserve The Group makes contributions towards the cost of separate pension schemes for Officers and Staff. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations.

The next actuarial valuation of the Staff LGPS Fund will be carried out as at 31 March 2016 and will set contributions for the period from 1 April 2017 to 31 March 2020. This scheme includes both staff working for the Chief Constable entity and the Commissioner. It was not practical or economical to obtain separate actuary reports for the two entities. As a reasonable estimate the relevant information was calculated on a pro rata basis to scheme participants in the year.

Police officer pension schemes are unfunded defined benefit final salary schemes. Contributions from officers are paid into the fund and pension payments are met from the fund. Any surplus or deficit is either paid to or recovered from Central Government. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The figures are based on membership data as at 31 March 2015 with updates to 31 March 2016. The next full valuation of the scheme will be March 2016. The Pension Fund account is a core statement. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

15.1 The principal assumptions used by the Actuaries

Liabilities have been assessed on an actual basis using the projected unit credit method, an estimate of future pension payments. This depends on assumptions about mortality rates, salary levels etc.

	Staff Pension Scheme		Officer Pension Scheme	
	2014-15	2015-16	2014-15	2015-16
Mortality assumptions				
Longevity at 65 retiring today				
Men	22.1 yrs	22.1 yrs	23.3 yrs	23.1 yrs
Women	25.2 yrs	25.3 yrs	25.7 yrs	25.1 yrs
Longevity at 65 retiring in 20 years				
Men	24.2 yrs	24.4 yrs	25.4 yrs	25.1 yrs
Women	27.6 yrs	27.7 yrs	27.9 yrs	27.2 yrs
Rate of inflation				
RPI Increases	3.30%	3.40%	3.35%	3.55%
CPI Increases	2.50%	2.50%	2.20%	1.15%
Rate of increase in salaries	4.30%	4.30%	4.20%	4.20%
Rate of increase in pensions	2.50%	2.50%	2.20%	2.20%
Rate for discounting scheme liabilities	3.40%	3.80%	3.30%	3.55%

15.2 The Local Government Pension Scheme Assets

Assets at Bid Value	31 Mar 2015 £000's	31 Mar 2015 %	31 Mar 2016 £000's	31 Mar 2016 %
Equity Investments	122,057	70.49	121,241	69.62
Gilts	5,410	3.12	5,420	3.11
Other Bonds	12,220	7.06	11,911	6.84
Property	20,208	11.67	21,996	12.63
Cash	8,420	4.86	7,061	4.05
Inflation-linked pooled fund	4,830	2.79	4,902	2.81
Infrastructure	n/a	n/a	1,615	0.93
	173,145	**100.00**	**174,146**	**100.00**

15.3 Scheme History

	2011-2012 £000	2012-2013 £000	2013-2014 £000	2014-2015 £000	2015-2016 £000
Present Value of Liabilities					
Local Government Pension Scheme	-189,364	-205,310	-230,305	-286,005	-263,983
Discretionary benefits	-1,691,190	-2,098,660	-2,077,290	-2,370,240	-2,105,890
Fair value of assets in the Local Government Pension Scheme	118,899	140,549	154,807	173,145	174,146
Surplus/deficit (-) on the scheme	**-1,761,655**	**-2,163,421**	**-2,152,788**	**-2,483,100**	**-2,195,727**
Local Government Pension Scheme	-70,465	-64,761	-75,498	-112,860	-89,837
Discretionary benefits	-1,691,190	-2,098,660	-2,077,290	-2,370,240	-2,105,890
Total	**-1,761,655**	**-2,163,421**	**-2,152,788**	**-2,483,100**	**-2,195,727**

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,195.7m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

The deficit on the local government scheme will be recovered by increased monetary contributions for three years until financial year 2016-2017 based on an actuarial valuation report.

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31 March 2017 are £5.3m and £17.7m respectively.

15.4 Pensions Liability and Sensitivity

The sensitivity of the pension liabilities as provided by the actuaries are:

	£000
For the Staff Pension Scheme	
+ 0.1% change to the discount rate would reduce the pension liability by	-5,434
- 0.1% change to the discount rate would increase the pension liability by	5,554
For the Police Pension Schemes	
+0.5% change to the discount rate would reduce the pension liability by	222,300
-0.5% change to the discount rate would increase the pension liability by	-222,300

15.5 Transactions relating to pension benefits

	Staff Pension		Police Officer Pension		Total	
	2014-2015 £000	2015-2016 £000	2014-2015 £000	2015-2016 £000	2014-2015 £000	2015-2016 £000
CIES						
Cost of services						
Service Costs	7,658	10,009	39,450	36,760	47,108	46,769
Past service costs	0	0	50	30	50	30
Financing & Investment Transactions						
Interest cost	10,229	9,670	0	0	10,229	9,670
Interest on Assets	-6,989	-5,927	0	0	-6,989	-5,927
Return on Assets less interest	-10,296	7,289	0	0	-10,296	7,289
Administration Costs	28	4	0	0	28	4
Net Interest on the defined liability (asset)	0	0	91,180	77,930	91,180	77,930
Pension Cost adjustment in Accordance with IAS 19	**630**	**21,045**	**130,680**	**114,720**	**131,310**	**135,765**
Experience gain (-)/loss on defined benefit obligation	3,928	0	-46,170	-85,480	-42,242	-85,480
Change in Financial Assumptions	38,903	-38,314	258,240	-239,360	297,143	-277,674
Other comprehensive CIES gains/losses	**42,831**	**-38,314**	**212,070**	**-324,840**	**254,901**	**-363,154**
Movement in Reserve Statement						
Reversal of net charges to Provision of Services	-630	-21,045	-130,680	-114,720	-131,310	-135,765
	-630	**-21,045**	**-130,680**	**-114,720**	**-131,310**	**-135,765**
Amount charged to the General Fund						
Employers' contributions payable to scheme	6,099	5,754	0	0	6,099	5,754
Retirements benefits payable to pensioners	0	0	49,800	54,230	49,800	54,230
Employers' contributions to Scheme	**6,099**	**5,754**	**49,800**	**54,230**	**55,899**	**59,984**

15.6 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Local Government Pension Scheme Staff		Police Pension Schemes Officers		Total	
	2014-2015 £000	2015-2016 £000	2014-2015 £000	2015-2016 £000	2014-2015 £000	2015-2016 £000
Opening Balance at 1 April	**-230,305**	**-286,005**	**-2,077,290**	**-2,370,240**	**-2,307,595**	**-2,656,245**
Current service Cost	-8,435	-9,720	-39,450	-36,760	**-47,885**	**-46,480**
Interest Cost	-10,229	-9,670	-91,180	-77,930	**-101,409**	**-87,600**
Contributions by scheme participants	-2,650	-2,345	-10,900	-10,800	**-13,550**	**-13,145**
Experience gain/loss on pension liabilities	0	0	46,170	85,480	**46,170**	**85,480**
Financial & Demographic assumption changes	-38,903	38,314	-258,240	239,360	**-297,143**	**277,674**
Experience gain(-)/loss defined benefit obligation	-3,928	0	0	0	**-3,928**	**0**
Benefits paid	5,359	5,732	60,700	65,030	**66,059**	**70,762**
Past service costs	0	0	-50	-30	**-50**	**-30**
Curtailments	3,086	-289	0	0	**3,086**	**-289**
Closing Balance at 31 March	**-286,005**	**-263,983**	**-2,370,240**	**-2,105,890**	**-2,656,245**	**-2,369,873**

The actuaries for the Police Officer scheme advised that the net pension liability had decreased by £264.3m, from £2,370.2m 31 March 2015 to £2,105.9m 31 March 2016.

Reconciliation of fair value of the scheme assets	Local Government	
	2014-2015 £000	2015-2016 £000
Opening Balance at 1 April	**154,807**	**173,145**
Interest on Assets	6,989	5,927
Return on Asset less interest	10,296	-7,289
Employers contributions	6,099	5,754
Contributions by scheme participants	2,650	2,345
Benefits paid	-5,359	-5,732
Settlement prices paid	-2,309	0
Administration Expenses	-28	-4
Closing Balance at 31 March	**173,145**	**174,146**

The expected return on scheme assets is determined by considering the expected returns available on the assets with 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 actual return on scheme assets in the year was -£1.4m (2014-2015, £17.3m).

15.7 Pension Net Assets Statement

2014-2015 £000	Discretionary Benefits - Police Officers	2015-2016 £000
4,070	Debtors - Pensions paid in advance	4,239
-4,070	Other Current Assets	-4,239
0		**0**

16 Financial Instruments Commissioner & Group

16.1 Gains and Losses

2014-2015				2015-2016		
Financial Liabilities amortised cost	Financial Assets Loans & receivables	Total		Financial Liabilities amortised cost	Financial Assets Loans & receivables	Total
£000	£000	£000		£000	£000	£000
1,671	0	**1,671**	Total interest expense in CIES	1,333	0	**1,333**
0	-213	**-213**	Total interest income in CIES	0	-199	**-199**
1,671	**-213**	**1,458**	**Net Gain / Loss (-) for the year**	**1,333**	**-199**	**1,134**

16.2 Nature and Extent of Risks arising from Financial Instruments

The Commissioner is exposed to a variety of financial risks:

- Credit Risk - the possibility that the amounts due may not be received
- Liquidity Risk - the possibility that insufficient funds are available to meet expenditure commitments
- Market Risk - the possibility that financial loss might arise from changes in such as interest rates or stock market movements

The Treasury Management Strategy (incorporating the Annual Investment Strategy) focuses on mitigating the risk of the unpredictability of financial markets, in order to protect against loss of money. It includes policies on the risks above.

Credit Risk

Credit risk arises from investments and credit exposures to customers. The risk is minimised through the Annual Investment Strategy. This requires that deposits are only made with financial institutions meeting identified minimum credit criteria, as laid down by Fitch, Moody’s and Standard and Poor’s Rating Services. Maximum investment limits and durations are also specified which reduces credit risk.

The maximum exposure to credit risk for deposits during the year was £50.8m. This was placed within the criteria of the strategy with high quality counterparties. Rarely entities do not to meet their commitments. There was no evidence at 31 March 2016 that this was likely.

Customers owed £1.46m at year end (£1.94m in 2014-2015). An allowance is set aside for debts to mitigate the effect of default. This was £0.03m (£0.03m in 2014-2015). The system operated by MFSS had been tailored in a different manner hence the aging is presented in a slightly different way.

31 Mar 2015 £000		31 Mar 2016 £000
1,709	Less than three months	
171	Three to six months	
23	Six to twelve months	
38	More than twelve months	
1,941		
	Less than two months	1,154
	Two to three months	19
	Three months up to a year	88
	More than twelve months	183
		1,444

Liquidity Risk

Cash flow management ensures that cash is available as needed. For unexpected events, there is ready access to borrowings from the money markets and the PWLB, and there is no significant risk of being unable to raise the required finance. There is a risk of having to replace a significant proportion of borrowing at a time of unfavourable interest rates. The Treasury Management Strategy limits the proportion of borrowing maturity during specified periods to minimise this risk. The strategy specifies the following upper and lower limits:

	Lower Limit	Upper limit
Less than one year	0%	30%
Between one and two years	0%	40%
Between two and five years	0%	50%
More than five years	0%	70%
More than ten years	0%	100%

The maturity analysis of financial liabilities is shown as follows:

31 Mar 2015 £000	31 Mar 2015 Total %		31 Mar 2016 £000	31 Mar 2016 Total %
-11,929	30.0%	Less than one year	-13,291	29.9%
-3,599	9.1%	Between one and two years	-3,599	8.1%
-5,156	13.0%	Between two and five years	-7,959	17.9%
-6,051	15.2%	Between five and ten years	-3,376	7.6%
-12,997	32.7%	More than ten years	-16,270	36.5%
-39,732	**100.0%**		**-44,495**	**100.0%**
		Summarised as follows		
-11,929	30.0%	Due in less than one year	-13,291	29.9%
-27,803	70.0%	Due in more than one year	-31,204	70.1%
-39,732	**100.0%**		**-44,495**	**100.0%**

All trade and other payables are due within one year.

Interest Rate Risk

There is a risk from exposure to interest rate movements on borrowings and investments. Borrowings are not carried out at fair value, so nominal gains and losses on fixed rate borrowings do not impact on the CIES. A rise in interest rates would have the following effects:

- Borrowing at variable rates - the interest charged to the CIES will rise
- Borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- Investments at variable rates - the interest credited to the CIES will rise
- Investments at fixed rates - the fair value of the assets will fall

The Treasury Management Strategy sets a maximum of 50% of borrowings to be held as variable rate loans to mitigate interest rate risk. Only £3.5m is held as variable which is 7.9% There was £6.0m temporary borrowing at 31 March 2016. During the year £3.0m new long term borrowings took place.

Price Risk

Investments are not held as equity shares, and therefore there is no exposure to losses arising from movements in the prices of the shares.

Foreign Exchange Risk

Investments are not held in foreign currencies and therefore there is no exposure to loss arising from movements in exchange rates.

16.3 Fair Values of Assets and Liabilities

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

- Interest rates paid during 2015-2016 ranged between 1.97% and 8.0% for PWLB loans and 3.73% on the market loan. Interest rates received ranged from 0.42% to 1.05%
- No early repayment or impairment is recognised
- For instruments maturing in the next year, the carrying amount is assumed to be fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair value of the liabilities is higher than the carrying amount because the loans include a number of fixed rate loans with the PWLB with an interest rate payable, higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss as there is a commitment to pay the PWLB a rate above current market rates. The restatement relates to certain types of creditors which have been assessed not to be financial instruments. The fair value of assets is the year end carrying value, being either variable rate instruments or short term. Long Term Debtors, is the amount owing from the National Police Air Service.

	31 March 2015		31 March 2016	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial Liabilities	-39,732	-46,093	-44,495	-53,107
PFI & Finance Lease Liabs'	0	0	-2,861	-2,861
Overdraft	-123	-123	0	0
Creditors	-17,373	-17,373	-21,680	-21,680
Total of Liabilities	**-57,228**	**-63,589**	**-69,036**	**-77,648**
Loans and Receivables	37,000	37,000	36,847	36,847
Long Term Debtors	48	48	45	45
Total of Assets	**37,048**	**37,048**	**36,892**	**36,892**

17 Amounts reported for resource allocation decisions

17.1 The income and expenditure as recorded in the budget management reports

In April 2015 the Force moved to a new Oracle based ERP (Enterprise Resource Planning) system and the transactional processing functions within Finance and Human Resources transferred to the Multi Force Shared Service (MFSS). A major difference is that now all expenditure and income is included in budget management reports and in 2014-2015, externally funded projects were excluded. 2014-2015 now includes £0.2m late transactions.

Segmental Income & Expenditure	Local Policing £m	Specialist Services £m	Seconded Officers & Staff £m	Corporate Services £m	Chief Constable Subtotal £m	PCC (Note 5) £m	Group Total £m	Notes
2015-2016								
Total Income	**-4.1**	**-4.6**	**-3.4**	**-5.5**	**-17.5**	**-1.4**	**-18.9**	**1**
Employee expenses	87.8	50.9	2.8	19.6	161.0	0.7	161.7	**2**
Other service expenses	1.5	12.7	0.6	33.8	48.7	4.8	53.4	**3**
Capital Financing	0.0	0.0	0.0	3.5	3.5	0.0	3.5	**4**
Total Expenditure	**89.3**	**63.6**	**3.4**	**56.8**	**213.2**	**5.4**	**218.6**	
Net Expenditure	**85.2**	**59.0**	**0.0**	**51.4**	**195.6**	**4.0**	**199.7**	
2014-2015								
Total Income	**-6.1**	**-3.5**	**-3.5**	**-4.3**	**-17.3**	**-0.6**	**-17.9**	**1**
Employee expenses	93.8	49.7	3.4	18.2	**165.2**	0.7	165.9	**2**
Other service expenses	11.3	14.6	0.1	16.0	**42.0**	4.6	46.6	**3**
Capital Financing	0.0	0.0	0.0	3.6	**3.6**	0.0	3.6	**4**
Total Expenditure	**105.2**	**64.3**	**3.5**	**37.8**	**210.7**	**5.3**	**216.0**	
Net Expenditure	**99.1**	**60.8**	**0.0**	**33.5**	**193.4**	**4.7**	**198.1**	

1	The movement in Local Policing year on year is as a result of reduced externally funded income, mainly from the speed awareness/camera safety project. The increase in Specialist Services is mainly due to East Midlands Specialist operational unit (EMOpSS) which includes roads policing, firearms and dogs support of £1.9m which partly offsets the costs of £2.2m in Other Services expenses. The increase in Corporate Services is due to IS Transformation and Innovation funding for projects such as Agile Working and Prevent.
2	The reduction year on year is due to the MFSS implementation in April 2015 which resulted in the reduction in police staff across a number of functions primarily in Finance and Human Resources; the PCSO restructuring programme as part of the Designing the Future (DTF) which resulted in c76 FTE's leaving the organisation; we continued to see police officer numbers reduce with the majority of officers leaving when reaching their 30 years service (mainly impacting Local Policing) and an increased number of natural leavers; combined with a voluntary redundancy (VR) programme which was opened to police staff in the second half of the year.
3	The decrease year on year within Local Policing is due a change in the way the costs have been charged in the accounts since the implementation of the new Oracle ERP system and the move to the Multi Force Shared Service (MFSS). In previous years costs such as transport, premises and information systems were recorded against the local function, whereas from 2015-16 the costs have been held centrally with Corporate Services. There has not been such an impact in Specialist Services as a large proportion of their costs relates to collaboration contributions, which have increased this year with the implementation of EMOpSS. Corporate Services has increased year on year is due to the centralisation of costs (as above) and the charge for the MFSS.
4	The reduction year on year was due to a reduction in the Minimum Revenue Provision (MRP) due to a review of asset lives and slippage in the 2015-16 capital programme which delivered lower interest charges.
5	The reduction year on year was as a result of an underspend within the Commissioner's Office and on grants and commissioning. The underspends will be transferred to OPCC's Commissioning reserve.

The analysis of Income and Expenditure in the CIES is in accordance with the Best Value Accounting Code of Practice as modified by the Police Objective Analysis. Decisions about resource allocation are taken by the Commissioner and Force on the basis of budget reports analysed across directorates. Budget management reports differ from the CIES in that they do not include the statutory accounting adjustments, which do not impact upon the precept required to be levied. The main differences include:

- The impact of capital expenditure - Commissioner only
- The treatment of pension cash flows - Commissioner and Chief Constable
- The impact of accrued emoluments - Commissioner and Chief Constable
- The impact of PFI and Finance Leases - Commissioner only
- Adjustments relating to external bodies and Joint Operations

17.2 Reconciliation of the budget management reports to the CIES

2014-2015 £m	Reported for decision making in the budget management reports reconciled to the CIES	2015-2016 £m
204.9	Expenditure	217.1
-7.0	Income	-19.3
197.9	**Net**	**197.8**
	Items excluded/included from budgeting reports	
0.2	Late transactions	0.0
0.0	Other Income	-0.3
-1.4	Capital receipts and contributions	-2.7
	Items related to External Bodies	
-0.3	Joint Operations - Net Cost of Services	0.1
	Included for budgeting purposes but not in Provision of Services	
-2.5	Minimum Revenue Provision	-2.1
-1.1	Interest Payable	-1.3
0.2	Interest Receivable	0.2
	Excluded for budgeting purposes but included Provision of Services - Valuation adjustments	
-1.3	Adjustments relating to Finance leases/PFI - Commissioner	-1.3
6.0	Adjustments relating to Capital Financing - Commissioner	7.2
19.7	Adjustments relating to Pensions - Chief Constable	26.3
0.0	Adjustments relating to Pensions - Commissioner	0.0
-0.2	Adjustments relating to Accumulated Absences - Chief Constable	-1.6
0.0	Adjustments relating to Accumulated Absences - Commissioner	0.0
217.2	**Cost of Services**	**222.3**
1.7	Other Operating Expenditure - Commissioner	0.4
84.0	Financing & Investment Income and Expenditure - Commissioner	90.7
-225.9	Taxation & Non-specific Grant Income - Commissioner	-231.0
77.0		**82.4**

18 The Commissioner as Lessee

Leases are classified according to the conditions of IAS 17. Lease payments are made for land, buildings, vehicles and equipment.

Part of the efficiency plan is to reduce the cost of our estates and ensure our officers can work from premises that are more accessible to the community they serve. As a result of this, a number of arrangements have been entered into with our partners to share facilities for which a fixed term rental payment is made, for example sharing council offices.

Leased assets which meet the deminimis are included on the Balance Sheet.

18.1 Finance Leases

Vehicles acquired under the PFI Scheme and some equipment are classified as finance leases in the Balance Sheet as Property, Plant & Equipment. There is a commitment to make payments under these leases comprising settlement of the long-term liability for the interest in the property, and finance costs. The minimum lease payments exclude values that are contingent on events such as subsequent rent reviews. Currently there are no such events.

	Finance Lease		Finance Lease	
	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016
	£000	£000	£000	£000
No later than one year	699	642	644	605
Later than one year and up to five years	1,125	531	1,052	493
Later than five years	48	0	47	0
	1,872	**1,173**	**1,743**	**1,098**
Future finance charges on finance leases			130	75
Present Value of lease obligations			1,742	1,098
			1,872	**1,173**

18.2 Operating Leases

Some vehicles and equipment were acquired under operating leases. Rental payments in 2015-2016 were £0.980m (£0.927m in 2014-2015). The outstanding commitments are:

	31 Mar 2015	31 Mar 2016
	£000	£000
No later than one year	852	842
Later than one year and not later then 5 years	2,189	1,843
Later than 5 years	1,090	178
	4,131	**2,863**

18.3 Private Finance Initiatives (PFI)

Two PFI agreements have been entered into with some common features:

- The Group has the sole right to use the PFI assets over the period of the agreement.
- Both PFI providers have to ensure that the assets are maintained and available for use.
- The Commissioner has no ownership rights of the assets at the end of the agreements.

Riverside Accommodation PFI Scheme

The 25 year PFI contract with Miven, runs until 2026-2027. The capital value of this scheme is £6.6m. £1.0m was paid in 2015-2016 (£1.0m in 2014-2015). Future payments are linked to retail price index inflation but are otherwise fixed, except reductions for poor contractor performance. Specific government grant of £0.59m was received (£0.59m in 2014-2015).

Riverside Accomodation Future PFI Payments	Services £000	Capital £000	Total £000
2016- 2017	502	543	1,045
2017-2018 to 2020-2021	2,007	2,172	4,179
2021-2022 to 2025-2026	2,509	2,714	5,223
2027-2028	415	452	867
	5,433	**5,881**	**11,314**

Vehicle PFI Scheme

The 25 year PFI contract for the provision of an agreed number of vehicles runs until 2026-2027. The estimated capital value of this scheme is £14.8m. The amount paid was £3.2m (£3.6m in 2014-2015). Future payments are linked to inflation increases. Grant of £1.3m was received (£1.3m in 2014-2015). IAS17 classifies this arrangement as a finance lease. The future liability for the resultant finance lease payments is shown in note 18.1.

19 Officer Emoluments

19.1 Employees earning over £50,000

Employees receiving over £50,000 remuneration for the year are shown in the table below excluding the senior officers reported in note 19.2., and are all within the Chief Constable entity. It includes 3 above the rank of Superintendent plus 2 temporarily above that rank (4 in 2014-2015).

2014-2015 No of employees	Remuneration Band	2015-2016 No of employees
122	£50,000 - £54,999	89
60	£55,000 - £59,999	50
14	£60,000 - £64,999	13
8	£65,000 - £69,999	7
4	£70,000 - £74,999	9
8	£75,000 - £79,999	3
2	£80,000 - £84,999	6
1	£85,000 - £89,999	2
1	£90,000 - £94,999	0
220		**179**

19.2 Senior Officers

	Note	Salary £	Benefits in Kind (Note 1) £	Other Payments (Note 2) £	Sub Total £	Employers Pension Contrib' £	Total inc Pension Contrib' £
2015-2016							
Police & Crime Commissioner (Paddy Tipping)		75,000	722	0	75,722	8,100	83,822
Deputy Police & Crime Commissioner (Chris Cutland)		36,360	283	0	36,643	3,927	40,570
Chief Finance Officer to the Police & Crime Commissioner		83,598	484	0	84,082	9,029	93,111
Chief Executive to the Police & Crime Commissioner		94,535	928	0	95,463	10,210	105,673
Total Police & Crime Commissioner		**289,493**	**2,417**	**0**	**291,910**	**31,266**	**323,176**
Chief Constable (Chris Eyre)		145,847	5,962	3,554	155,363	35,295	190,658
Deputy Chief Constable		120,320	8,641	7,648	136,609	29,118	165,727
Assistant Chief Constable - Crime, Justice & Protective Services		101,805	375	3,554	105,734	24,420	130,154
Assistant Chief Constable - Local Policing		104,991	5,425	3,554	113,970	24,826	138,796
Total Chief Constable		**472,963**	**20,403**	**18,310**	**511,676**	**113,659**	**625,335**
Group Total		**762,456**	**22,820**	**18,310**	**803,586**	**144,925**	**948,511**
2014-2015							
Police & Crime Commissioner (Paddy Tipping)		75,000	0	0	75,000	8,100	83,100
Deputy Police & Crime Commissioner		36,360	37	0	36,397	3,923	40,320
Deputy Police & Crime Commissioner (Chris Cutland)		81,798	0	0	81,798	8,834	90,632
Chief Executive to the Police & Crime Commissioner		90,900	457	0	91,357	9,817	101,174
Total Police & Crime Commissioner		**284,058**	**494**	**0**	**284,552**	**30,674**	**315,226**
Chief Constable (Chris Eyre)		144,403	6,359	3,554	154,316	34,945	189,261
Deputy Chief Constable		119,128	10,407	7,734	137,269	28,829	166,098
Assistant Chief Constable - Crime, Justice & Protective Services		100,910	5,929	3,554	110,393	24,420	134,813
Assistant Chief Constable - Local Policing		100,801	5,745	3,554	110,100	24,394	134,494
Assistant Chief Officer - Resources	**a**	80,537	6,903	0	87,440	8,698	96,138
Total Chief Constable		**545,779**	**35,343**	**18,396**	**599,518**	**121,286**	**720,804**
Group Total		**829,837**	**35,837**	**18,396**	**884,070**	**151,960**	**1,036,030**

Note 1: Benefits in Kind include taxable expenses e.g. mileage, car allowances, medical expenses and mortgage interest payments relating to relocation.

Note 2: Other payments includes Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office.

Note a Post holder left and not replaced 31.12.14

20 Termination Benefits

Contracts were terminated for 109 employees during the year (32 in 2014-2015), incurring costs of £1.3m (£0.6m in 2014-2015). This included redundancy payments of £0.7m and pension strain costs of £0.5m. Other departures agreed cover voluntary redundancies and compromise agreements. In 2015-2016 these were all employees of Chief Constable. Of the 109 employees, 26 relate to employees granted voluntary redundancy which was approved prior to 31st March who will actually leave during 2016-17 at a cost of £0.6m One of the employees made compulsorily redundant in 2014-2015 within the less than £20k band was part of the OPCC, the remainder being employed by the Chief Constable. The Group made no material payments in relation to injury awards during the year.

Exit Package cost band (inc special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages		Total cost of exit packages	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15 £000	2015-16 £000
£0 - £20k	9	46	16	46	25	92	215	541
£20 -£40k	1	1	3	8	4	9	118	298
£40 -£60k	0	1	1	6	1	7	44	340
£60 -£80k	1	0	0	0	1	0	60	0
£80 -£100k	0	0	0	1	0	1	0	88
£100 -£150k	1	0	0	0	1	0	124	0
Total	**12**	**48**	**20**	**61**	**32**	**109**	**561**	**1,267**

21 Related Parties

Disclosures are required for material transactions with related parties, bodies or individuals that have the potential to control or influence the Group or vice versa. This allows transparency to the extent that the Group might have been constrained in its ability to operate independently, or might have limited another party's ability to bargain freely.

Central Government asserts significant influence over the general operations of the police. It is responsible for providing the statutory framework. It provides the majority of its funding in the form of grants and sets out the precept legislation.

Members of the Audit and Scrutiny Panel have influence over finances and operations and were paid £0.005m (£0.005m 2014-2015). The CIPFA Code of Practice requires members to complete a declaration of personal interests under section 81(1) of the Local Government Act 2000 and the Local Authorities (Model Code of Conduct) Order 2007. Members of the Audit and Scrutiny Panel will be required to complete a register of interest form. Senior employees can influence decisions and they also complete a declaration of personal interests.

Joint operations are areas where significant influence can be exerted by all parties (Note 12).

22 Accounting Standards Issued but not Adopted

The following standards issued during 2015-2016 but not adopted include:

- Amendments to IAS 19 employee benefits
- Annual improvements to IFRSs 2010-2012 cycle and 2012-2014 cycle
- Amendment to IFRS Joint Arrangements (accounting for Acquisitions of interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of depreciation and Amortisation)
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)

The impact of these standards on the financial statements of the Group and OPCC is not expected to be material.

KPMG

Independent auditor's report to the members of Police and Crime Commissioner for Nottinghamshire

We have audited the financial statements of Police and Crime Commissioner for Nottinghamshire for the year ended 31 March 2016 on pages 26 to 65. 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 members of the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Police and Crime Commissioner, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Police and Crime Commissioner, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial 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, and for being satisfied that the financial statements 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 Police and Crime Commissioner's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Report 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 Police and Crime Commissioner and the Group as at 31 March 2016 and of the Police and Crime Commissioner's and the Group's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 69 to 77 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

The Police and Crime Commissioner's responsibilities

The Police and Crime Commissioner 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 Comptroller and Auditor General (C&AG) 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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 C&AG in November 2015, as to whether the Police and Crime Commissioner for Nottinghamshire 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 C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Nottinghamshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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 Police and Crime Commissioner for Nottinghamshire had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Nottinghamshire 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 financial statements of the Police and Crime Commissioner for Nottinghamshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Andrew Cardoza

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

31 Park Row

Nottingham

NG1 6FQ

29 September 2016

ANNUAL GOVERNANCE STATEMENT

Introduction

This statement is our Annual Governance Statement for 2015-16 and builds upon those of previous years. It summarises the governance mechanisms and records the significant governance issues of the Group that need to be addressed over the coming year. The full code of Corporate Governance and how it relates and interlinks with the Force can be found on the Commissioner's website and forms part of the Corporate Governance and Working Together Agreement.
(http://www.nottinghamshire.pcc.police.uk/document-library/publicinformation-policies-and-procedures).

The Nottinghamshire Police and Crime Commissioner is responsible for the totality of policing and arrangements in place for reducing crime and protecting the vulnerable people that come into contact with police services as well as victims and witnesses.

The Group comprises of two legal entities that of the Chief Constable and that of the Office of the Police and Crime Commissioner (OPCC). Therefore, the Commissioner is responsible for ensuring that business is conducted in accordance within the law and proper standards and that public money is safeguarded, properly accounted for in support of this a governance framework has been in place at the OPCC for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

This statement enables the Commissioner and Group to meet its requirements under the Accounts and Audit Regulations 2015, which requires that the Commissioner prepares an Annual Governance Statement.

The Governance Framework

Corporate governance refers to the process by which organisations are directed, controlled and held to account. Major elements of this framework are to monitor the achievement of strategic objectives, manage the finances and provide a framework for public engagement. The Governance Framework the Commissioner operates ensures full compliance with these requirements.

The Commissioner must and does consider high-level strategic plans. Currently under consideration is a deeper collaboration with Leicestershire and Northamptonshire specifically in relation to a shared Control Room and further integration of all functions that "Enable Services". This is currently in the early stages of development and builds upon regional collaboration across the 5 East Midlands Forces.

The level of Council Tax for each financial year is set through a detailed process of budget setting and review. Although for the next four years the Home Office has assumed that we will increase our precept by 2% and has reduced the amount of Police and Crime Grant by an equivalent amount.

The Force produce draft revenue and capital budgets which consider Force requirements and regional requirements. Draft budgets are made available for consultation with Commissioner in the autumn and further refined once the provisional settlement is announced in December. This process is closely linked to the Annual Strategic Assessment undertaken by the Force, partner agencies and at a national level. Thereby ensuring resources are targeted at the greatest risk from threat and harm.

The commissioner's Chief Finance Officer (CFO) also produces a three year Treasury Management Strategy; within which it manages the Commissioner's cash flows, lending and borrowing activities and the mitigation of risk associated with these activities. The Commissioner considers and approves this strategy by the beginning of February each year. Members of the public are welcome to attend the public meetings of the Commissioner and are welcome to ask questions about the business and its policies. Such questions would be answered and published on the website. In additional to this public inspection of the accounts being audited is welcomed.

In support of the framework the system of internal control is very important and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Group Governance

The Group is set up throughout the Corporate Governance and Working Together Agreement. This document set out a clearly the roles and responsibilities within the OPCC and Force. The overarching document is supported through the Scheme of Consent, Financial Regulations and Standing Orders.

The Commissioner holds the Chief Constable to account through both informal (non-public) and formal (public) meetings. This ensures that the objectives set and agreed within the Police and Crime Plan are achieved.

In addition to this the Police and Crime Panel holds the Commissioner to account for the delivery of the Police and Crime Plan, setting of precept and appointment of the Chief Constable. This is a public meeting administered independently by the County Council.

Annual Governance Review

For the Group this is undertaken in two stages. Firstly, the Force Annual Governance Review the detail to which is provided with in the Chief Constables Annual Governance Statement. The second part is that undertaken within the OPCC, where the key statutory officers (Chief Executive and Chief Finance Officer) provide their statements and is supported by a framework of supporting evidence.
The following diagram outlines the Commissioners Framework around three streams of core activity – corporate governance, strategic management and delivering services.

Corporate Governance	**Strategic Management**	**Service Delivery: Economically, efficiently and effectively**
Corporate Governance and Working Together Agreement	Roles and Responsibilities of key statutory officers	Management of risk
Joint Audit and Scrutiny Panel	Delivery of the Police and Crime Plan	Effectiveness of internal controls
Internal and External Audit	Business and Financial Plans	Public engagement and accountability
Independent external resources (eg HMIC)	Office and staff codes of conduct	Budget and financial management arrangements
Formal public meetings Strategic resources and performance Chairs of CSPs meeting Police and Crime Panel	Performance Management Framework	Standards of conduct and behaviour
Police and Crime Plan	Timely production of Statement of Accounts	Compliance with laws and regulations, internal policies and procedures
Medium Term Financial Plan	External and Internal Audit Recommendations	Budgetary Control
Complaints system	External Inspections findings and recommendations	Financial Regulations
Professional Standards	Scheme of delegations	Compliance with Procurement Code
Policies and procedures	Strategic Risk Register	Stakeholder engagement
Whistle blowing and counter fraud arrangements		Evaluation of benefits gained from business cases and projects
Risk Management Framework		Partnership governance
Performance Management system		
Codes of Conduct		

Each are of the areas outlined in the above table are considered when undertaking the Annual Governance Review.

Audit and Scrutiny Panel

The Audit and Scrutiny Panel receives reports throughout the year which deal with issues of good governance as well as those in need of improvement. During 2015-16 the Panel met in June 2015, September 2015, December 2015 and February 2016.The Panel considers standing agenda items as well as specific items are particular times of the year, in part driven by the annual accounts preparation and finalisation and any matters that require further reporting.

During the year the Panel reviewed:

Internal audit and counter fraud activity, reports, implementation of recommendations.
Internal audit annual plan
External audit annual letter
External audit annual plan
External audit governance report (ISA260)
Annual statement of accounts
Strategic risk register
Corporate complaints
Professional Standards reports
Regional Collaboration arrangements
Appointment of new Internal Auditors

This Panel also undertake additional scrutiny work when required.

Risk Management Strategy

It is recognised that risk management is an integral part of good governance. The Joint Strategic Risk Management Strategy sets out the intended approach to risk management. All officers and staff are responsible for ensuring that risk implications are considered in the decisions they take.
The successful delivery of the Strategic Risk Management Strategy depends on the organisation's ability to manage risk, rather than eliminate it all together.

Risk Review Process

The main aim is to ensure that:
Risk management becomes a natural component of the organisations management and change processes
Risks are identified, understood and managed to an acceptable level
Opportunities are seized
The Strategic Risk Register is regularly reviewed and updated. It is reported to the Audit and Scrutiny Panel during the year and together with the operational risk register provides detail for compilation of the Annual Internal Audit Plan.

Managing the Risk of Fraud

The Financial resources available to the Commissioner need to be maximised, in order to help achieve the Police and Crime Plan. One aspect to assisting with maximising resources is to reduce the opportunity for fraud and misappropriation. The Commissioner will not tolerate fraud or corruption by any officer, employee, supplier, contractor, volunteer or services user and will take all necessary steps to investigate any allegation of fraud or corruption and pursue sanctions available in each case, including the removal from officer, dismissal and/or prosecution.

The Anti-fraud and Corruption Strategy summarises the Commissioners position and builds on the content of a number of corporate policy statements, namely:
Officers' code of conduct
Staff code of conduct
Whistleblowing
Financial Regulations and Standing Orders

Procurement code

The East Midlands Strategic Commercial Unit are under Nottinghamshire as the lead force and as such report twice annually on anti-fraud and corruption procedures in place and any instances of fraud to the Audit and Scrutiny Panel.
All Officers and staff are aware of anti-bribery and corruption policies and their responsibility to respect any offer of a gift, hospitality, benefit of a service, even if this offer is not accepted**.**

Partnership Governance

Governance arrangements in respect of partnerships have been in place for some time. However, as the volume and complexity of partnerships have increased, so have the governance arrangements. This is not helped by the Government creating funding streams for Forces to bid for additional funding (e.g. Innovation/Transformation funding).
A piece of work is currently being undertaken by RSM UK to provide a basis for obtaining assurance from all of the different regional collaboration arrangements currently in place. Interim updates have been provided verbally to the Audit and Scrutiny Panel, but the final stages of this review are currently being put in place.
On a positive note there are section 22 agreements (collaboration contracts) in place for collaborations whether these are 2, 3, 4 or 5 force collaborations. The Regional Commissioners also make all decisions relating to collaboration.

Managing Finances

The Commissioner is able to confirm that the organisation complies with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer. The Section 151 Officer is a qualified and suitably experienced accountant who is responsible for the proper administration of the Commissioners financial affairs, and for ensuring the lawfulness and financial prudence of financial transactions.
The Commissioners Chief Finance Officer is a senior officer within the OPCC, with responsibility for leading and advising on the strategic financial decisions, impacting on the delivery of objectives and the Police and Crime Plan; ensuring continuing effective financial controls, risk management and leadership.

Legal cases

The A19 case continues with a further appeal being heard in January 2017. This has been identified as a contingent liability.
GAD v Milne and the Bear Scotland cases – the implications of these are being managed within existing budgets. The majority of payments have been made with 2015-16.
A further case relating to the Police Pensions Regulations 2015 – Transitional Arrangements may have implications if it is deemed to be unlawful discrimination. This has been identified as a potential Contingent Liability.

Internal Audit and External Audit Assurance

The Commissioner and Group receive a substantial amount of assurance from the work that is undertaken by its internal and external auditors (Mazars and KPMG).
The role of internal audit is to provide independent assurance that the Commissioners risk management, governance and internal control procedures are operating effectively.
The role of external audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Group. In addition, external audit also provide a value for money opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the Group secures economy, efficiency and effectiveness.

Internal Audit

Internal Audit operates in accordance with Public Sector Internal Audit Standards, which have been developed specifically for the Public Sector by CIPFA. Compliance with the standards is assessed on a cyclical basis.
One of the assurance statements that the Group receives is the annual opinion of the Head of Internal Audit (Senior Manager – Mazars) in respect of the financial control framework. The annual report in respect of work completed in 2015-16 is that the internal control systems in the areas audited were adequate, with the exception of the transition to new transactions finance systems where improvements were recommended and were classified as high risk.

External Audit

The External Auditor, KPMG issued an unqualified value for money conclusion for 2015-16. This means that they are satisfied that the Group had proper arrangements for securing financial resilience and for challenging how it secures economy, efficiency effectiveness.
Audit Opinion
KPMG issued an unqualified opinion on the 2014-15 financial statements. This means that they believe the 2014-15 financial statements give a true and fair view of the financial position of the Group and of its income and expenditure for that year.
KPMGs audit of the financial statements found 3 significant adjustments, all of which were adjusted. The audit raised recommendations on improving working papers. This is been addressed.

Annual Governance Statement

KPMG reviewed the Annual Governance Statement 2014-15 and concluded that it was sound, consistent with the principles the CIPFA/SOLACE Framework and correlated with their understanding of the governance arrangements of the Group.
Whole of Government Accounts
KPMG reviewed the data prepared to support the whole of Government Accounts by HM Treasury. The auditors reported that the data was consistent with the audited final accounts.

Significant Governance Issues

Matters reported in the 2014-15 Annual Governance Statement have where appropriate been addressed during 2015-16.

Levels of Reserves

During the year the need to use more reserves than planned came to light and by the end of the year £7.7m has had to be used to balance the Force budget. This has had a significant impact on the level of useable reserves that we now hold.
The consequence of which has been put in writing to the force – any failure to achieve the required £12m of efficiencies this year and any budget overspend identified during the year, will have to be met from further in year efficiencies as there will be no use of reserves to balance the budget. This is being closely monitored throughout the year.
The Medium Term Financial Plan does now include plans to reimburse the reserves in the 2018-19 and 2019-20 at £3m per annum. This will ensure we remain above our minimum level of reserves required, but lower than our desired level. Of course this is dependent on the economic position at those points, but is something that needs to be achieved.

Collaboration

Nottinghamshire continues to collaborate further in order to derive out the significant savings still required to fill funding gap over the Medium Term Finance Plan.
Deeper collaboration with Leicestershire and Northamptonshire is in early stages of development. But it is clear that the Governance arrangements in relation to this collaboration need to be clearly defined. The inter-relationships with other collaborations will need to be considered and carefully managed.

Budget Management

During the year it became apparent that achievement of the planned efficiencies would not be possible and this was further impacted by budget overspends and errors in the initial budget.
The consequence of this was a £7.7m overspend for which there was no mitigation during the year and which had to be met from reserves, severely depleting them.
The Force is therefore now required to provide detailed reporting in 2016-17 of potential overspends and non-achievement of efficiency plans. They are also required to provide details on how these shortfalls will be met from the existing budget, during the financial year.
A new temporary Head of Finance has been appointed to assist the Strategic Alliance Director of Finance in ensuring a balanced budget is achieved.

Internal Audit Findings

During 2015-16 Internal Audit issued limited assurance particularly in relation to the Core Financial Systems audit. The issues related to the new system that came into place in April 2015. This system did not have all of our previous systems internal controls and therefore weaknesses were identified.
Other limited assurances were given in relation to the audits on Payments and Processes, Victims Code of Practice, Savings Programme and Procurement.
Whilst these audits are of concern and will be closely monitored through the Audit & Inspection reporting and follow-up audits, it is the audits specifically relating to core financial systems, payments, saving programmes and procurement that are of significant concern as these could ultimately impact on the financial statements and viability of the Group.

Economic Outlook

The economic outlook continues to be a significant governance issue. However, Nottinghamshire Police is in a better financial position for the medium term than hoped for due to the better than expected settlement announcement for 2016-17.
Savings are still required to meet the budget gaps, but plans are well underway to ensure that this can be achieved.
The impact of leaving the European Union on the country’s economic forecast has yet to be seen, but early indications are that this will be negative, despite the arrangements in place with the Bank of England. Public finances are likely to tighten again, together with potential tax increases and we need to be preparing for this possibility.

Nottinghamshire
POLICE & CRIME COMMISSIONER

ANNUAL ASSURANCE STATEMENT

2015-16

SIGNED:

Mr Paddy Tipping
Police & Crime Commissioner
15 September 2016

Mr Kevin Dennis
Chief Executive - OPCC
15 September 2016

[redacted]

Mrs Charlotte Radford
Chief Finance Officer – OPCC
15 September 2016

Glossary of Terms and Abbreviations –

The definitions within the glossary are designed to give the user an understanding of the technical terminology contained in the Statement of Accounts. It also contains a guide to the abbreviations used within.

Accounting Policies
These are a set of rules and codes of practice used when preparing the Accounts.

Accrual
A sum included in the final Accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or works done, but for which payment has not been received or made by the end of the period.

Actuarial Gain or Loss
The change in actuarial deficits or surpluses that arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or because the actuarial assumptions have changed.

Actuarial Valuation
A valuation of assets held - an estimate of the present value of benefits to be paid, and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

Amortisation
This is the amount set aside to pay for the loss in value of intangible assets.

Budget
This is a statement of the financial plans for a specific period of time. A budget is prepared and approved by the Commissioner prior to the start of the financial year. The budget is prepared on an outturn basis, which means that increases for pay and prices during the financial year are contained within the total budget figure.

Capital Expenditure
This is expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance market value.

Capital Financing Requirement (CFR)
The Capital Financing Requirement represents Capital Expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. It measures the underlying need to borrow for a capital purpose.

Capital Grant
Grant from Central Government used to finance specific schemes in the Capital Programme.

Capital Grants Unapplied
The Grants as described above which contractual arrangements to finance future capital expenditure have not yet incurred.

Capital Receipts
Proceeds, exceeding £10,000, from the sale of an asset which may be used to finance new Capital Expenditure or to repay outstanding loan debt as laid down within rules set by Central Government. They cannot be used to finance normal day to day revenue spending.

Chief Constable of Nottinghamshire (Chief Constable or CCN)

Comprehensive Income and Expenditure Statement (CIES)

Corporate & Democratic Core
The costs associated with corporate policy making and member based activities, together with costs relating to corporate management, public accountability and treasury management.

Creditor
An amount owed for work done, goods received, or services rendered, but for which payment had not been made at the date of the Balance Sheet.

Current Service Cost (Pensions)
This calculates the increase in the present value of pension liabilities generated in the financial year by employees. It estimates the true economic cost of employment, earning service that will eventually entitle them to the receipt of a lump sum and pension when they retire.

Debtor
A sum of money due in the relevant financial year, but not received at the Balance Sheet date.

Depreciation
The measure of the consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Earmarked Reserves
These reserves represent monies set aside to be used only for a specific, “earmarked” purpose.

Emoluments
See remuneration below.

Financial Year
The period covered by a set of financial Accounts – these accounts cover 1 April and finishes 31 March the following year.

General Fund
This reserve is to provide for unexpected expenditure that cannot be managed within existing budgets.

Heritage Assets
These assets have historical, artistic, scientific, technological, geophysical or environmental qualities and are held mainly for educational or cultural reasons.

International Financial Reporting Interpretations Committee (IFRIC)
The work of the Interpretations Committee is aimed at reaching consensus on the appropriate accounting treatment and providing authoritative guidance on those issues.

International Financial Reporting Standard (IFRS)
These standards are developed by the International Accounting Standards Board and regulate the preparation and presentation of Financial Statements. International Financial Reporting Standards are new standards developed by the IASB.

International Accounting Standards (IAS)
The International Accounting Standards Board issue and update these standards which are numerically identified.

International Accounting Standards Board (IASB)
The International Accounting Standards Board is an independent, privately-funded accounting standard-setter based in London with representatives from several countries in the world.

Government Grants Deferred
The balance of grants applied to the financing of fixed assets, awaiting amortisation to the Income and Expenditure Account to match depreciation on relevant assets.

Impairment
A reduction in the value of a fixed asset below the amount included on the balance sheet.

Imprest Account
Cash held locally to pay for small or urgent items.

Intangible Fixed Assets
These are assets which are not physical such as software licences.

Minimum Revenue Provision (MRP)
This is the statutory minimum amount which is required to charge to revenue on an annual basis as a provision to redeem debt.

Non-Current Assets
These are assets which are physical such as buildings or land.

Nottinghamshire Office of the Police and Crime Commissioner (The Commissioner)

Nottinghamshire Office of the Police and Crime Commissioner and its Group (The Group)

Net Book Value
This is the amount at which non-current assets are included in the balance sheet.

Operational Assets
These are non-current assets held, occupied, or utilised in the direct delivery of those services for which it has statutory responsibility.

Past Service Cost (Pensions)

These costs represent the increase in liabilities arising from decisions taken in the current year to improve retirement benefits, but whose financial effect is derived from prior years' service.

Police and Crime Commissioner (The Commissioner, PCC)
Police Grant
Central government support for policing distributed to Police & Crime Commissioners according to a pre-determined formula.

Precept
This is a levy, which the Commissioner makes through the Council Tax to pay for services.

Public Works Loan Board (PWLB)
A Government Agency that provides longer term loans to Local Authorities at advantageous interest rates.

Remuneration
Reward for employment in the form of pay, salary, or wage, including allowances, benefits (such as company car, medical plan, and pension plan), bonuses, cash incentives, and the monetary value of non-cash incentives.

Revenue Expenditure
The day to day running costs incurred in providing services.

Revenue Financing
Resources provided from the revenue budget to finance the cost of capital projects.

Revenue Support Grant (RSG)
Central Government grant, distributed to Local Authorities according to a pre-determined formula.

Section 22 Agreement
Official legal agreement used to formalise the arrangements of the JO's.

The Act
The Police Reform and Social Responsibility Act 2011.

The Code
The Code of Practice on Local Authority Accounting for the relevant year.

Unusable Reserves
These are reserves resulting from the interaction of legislation and proper accounting practices. These reserves are not resource backed and cannot be used for any other purpose.

Usable Reserves
These are held as a working balance or for a specific future purpose.