OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

GROUP AND PCC STATEMENT OF ACCOUNTS 31 March 2019

www.norfolk-pcc.gov.uk

Statement of Accounts

for the year ended 31 March 2019

Contents

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

Opinion

We have audited the financial statements of the Police and Crime Commissioner for Norfolk for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Norfolk and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Norfolk and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Norfolk and Group Balance Sheet;
- Police and Crime Commissioner for Norfolk and Group Cash Flow Statement;
- the related notes 1 to 32 and the Expenditure and Funding Analysis to the Police and Crime Commissioner and Group Accounts; and
- Police Pension Fund Accounting Statements.

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 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Norfolk and Group as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Norfolk and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the *"Group and PCC Statement of Accounts 31 March 2019"*, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Norfolk put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the "*Statement of Responsibilities for the Statement of Accounts*" set out on page 4, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner either intends to cease operations, or have no realistic alternative but to do so.

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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Police and Crime Commissioner had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

We report if significant matters have come to our attention which prevent us from concluding that the 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 Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for Norfolk in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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

MARK HODGSON

ERNST & YOUNG LLP
.... Date:......31.......July 2019

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

The maintenance and integrity of the Police and Crime Commissioner for Norfolk's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Responsibilities for the Statement of Accounts

The Police and Crime Commissioner for Norfolk (PCC for Norfolk) Responsibilities

The PCC for Norfolk must:

- Arrange for the proper administration of the PCC for Norfolk's financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer (CFO PCC);
- Manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts;
- Ensure that there is an adequate Annual Governance Statement.

I approve the following Statement of Accounts:

Lorne Green

Police and Crime Commissioner for Norfolk

The Chief Finance Officer (CFO) of the PCC for Norfolk Responsibilities

The PCC's CFO is responsible for preparing the Statement of Accounts for the PCC for Norfolk in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards ("the Code").

In preparing this statement of accounts, the PCC's CFO 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 and its application to local authority accounting.

The PCC's CFO has also:

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

Certified by Chief Finance Officer of the PCC for Norfolk

I certify that this statement of accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the PCC for Norfolk at 31 March 2019, and its income and expenditure for the year to that date.

Jill Penn CPFA, ACMA, MSc

Narrative Report

Message from the Police and Crime Commissioner, Lorne Green

The financial position for policing remains extremely challenging. While the increased level of funding in the settlement for 2019/20 is welcome, it is not enough. Demand pressures are continuing to increase; the impact of organised crime is impacting our main urban areas; crime is changing and becoming more complex and more expensive to investigate; the level of investment required to keep our police forces modernised, digital and fit-for-purpose is ever increasing and the College of Policing ambition to increase the professionalisation of the service, while the right ambition, is adding extra costs to local forces. The Chief Constable continues to work hard to deliver the strategic aims of my Police and Crime Plan. These include an increase in visible policing and good stewardship of taxpayers' money. These Accounts are part of the evidence of good stewardship.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). The Accounts provide information to all stakeholders and interested parties, enabling them to:

- Understand the overarching financial position of the Police and Crime Commissioner and Constabulary (the PCC Group) for the year ended 31st March 2019;
- Have confidence that the public money entrusted to the Police and Crime Commissioner (PCC) has been used efficiently and effectively and accounted for in an appropriate manner;
- Be assured that the financial position of the PCC Group is secure.

The format and context of the accounts complies with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the "Code") which includes the relevant International Financial Reporting Standards (IFRS).

The Chief Finance Officer's section of the Narrative Report, on Page 6 explains how the financial (management accounting) outturn report links to the figures in the Comprehensive Income and Expenditure Statement. This outturn report sets out the financial position of the PCC Group in a much simpler way by comparing actual spending in the year with the budget (i.e. the grant funding from central government plus council tax income). The outturn report can be found on the PCC website: www.norfolk-pcc.gov.uk .

It is important to note that these accounts can only be produced if there is a well-defined governance framework, a robust control environment with tested financial systems and timely and accurate processes.

The resulting transactions and accounting entries are then audited by an independent external auditor (Ernst & Young LLP), and in this way members of the public can take assurance that there has been proper use of public money and also value for money.

There are also some important notes, including notes on the levels of usable reserves, potential contingent liabilities, provisions, employees' remuneration and council tax.

These Accounts have had to be prepared to a very tight deadline and this would not have been possible without the hard work and dedication of the finance team and other staff across the Constabulary and Office of the Police and Crime Commissioner - I express my gratitude to them all.

Lorne Green

Police and Crime Commissioner for Norfolk

Narrative Report by the Chief Finance Officer, Jill Penn

Introduction

This Narrative Report provides information about the Office of the Police and Crime Commissioner for Norfolk and the PCC Group, including the key issues affecting the Group and its accounts. It also provides a summary of the financial position at 31 March 2019 and is structured as below:

1. The policing context for Norfolk
2. Impact of the governance arrangements on the Financial Statements of the PCC and Chief Constable
3. Explanation of the Financial Statements
4. The 2018/19 revenue and capital budget process
5. Financial performance
6. Non-financial performance
7. Looking forward

1. The policing context for Norfolk

Information about the Office of the Police and Crime Commissioner for Norfolk

Under the Police Reform and Social Responsibility Act 2011 (the Act) the Police and Crime Commissioner for Norfolk (PCC) and the Chief Constable (CC) for Norfolk Constabulary were established as separate legal entities. Corporate governance arrangements for the PCC and Chief Constable have been reviewed and a commentary on their effectiveness is set out in the joint Annual Governance Statement for the PCC and Chief Constable which is published alongside these Statements of Accounts.

The responsibilities of the PCC, determined by the Act, include:

- Setting objectives for tackling crime and disorder in Norfolk through a Police and Crime Plan
- Ensuring Norfolk has an efficient and effective police force and holding the Chief Constable to account for running the force
- Setting Norfolk's policing priorities
- Setting the budget for policing the county and the level of the precept (council tax)
- Bringing together Norfolk's community safety and criminal justice partners to make sure local priorities are joined up
- Commissioning services which contribute to the objectives within the Police and Crime Plan, and
- Providing support services for victims and witnesses of crime.

For accounting purposes, the PCC for Norfolk is the parent entity of the Chief Constable of Norfolk and together they form the PCC for Norfolk Group.

The Revenue Budget and Capital Programme for 2018/19 were approved in February 2018.

The PCC is accountable to the Norfolk Police and Crime Panel which scrutinises the actions and decisions of the PCC. Formal public meetings between the PCC and the Chief Constable are held every two months. An independent Audit Committee has also been established in accordance with recommendations from the Home Office and CIPFA.

The County of Norfolk

Norfolk is the fifth largest county in England with a land area of 2,077 square miles with approximately 100 miles of coastline. The estimated population of Norfolk was 898,390 (2017 ONS estimate). Although a predominantly rural area, around 40% of Norfolk's population live in the four main urban areas of Norwich, Great Yarmouth, King's Lynn and Thetford.

Norfolk has a much older age profile than England as a whole, with 24.0% of Norfolk's population aged 65 and older compared with 20% in England (2017 estimate). Over the next twenty years there is a projected growth of 104,000 people in Norfolk with those aged 65+ making up almost a third of the population [1].

Norfolk is a popular tourist destination, and in 2017 the county received 3.3m overnight visitors per year and 43,500,000 day trips were made. The number of jobs in the county's tourism sector in 2017 was 65,000, accounting for 18% of all employment[2]. Norfolk's visitor economy in 2017 was calculated at £3.25bn. The transient populations associated with tourism impact on the policing of Norfolk to varying extents at different times of the year. Other significant employers in the Norfolk economy include the public sector, agriculture, retail and engineering. Tackling crime within rural communities has been highlighted as one of the priorities in the Police and Crime Plan recently issued by the Police and Crime Commissioner. Norfolk Constabulary supports hundreds of events throughout the year, Norwich City football matches, Norwich Pride, the Sundown music festival and numerous other local carnivals and occasions.

There are areas with high flood risk within Norfolk, namely Great Yarmouth, the Norfolk Broads, the outskirts of Norwich (River Yare) and the coastal areas of North Norfolk and King's Lynn. A large area of West Norfolk is at medium to low risk of flooding. The road networks in Norfolk comprises A and B roads with no motorways. Both pose challenges, again impacting on the policing of the county. Road safety is another focus of the current Norfolk Police and Crime Plan.

Changing demand

Demand for policing in Norfolk has changed over recent years. There has been a shift from traditional crime like burglary, vehicle offences and criminal damage, towards less visible but significantly more harmful criminal activity. Domestic violence, serious sexual offences, exploitation of vulnerable children and adults and online crime are all increasing. With this comes an increase in the cost of dealing with complex criminal investigations and providing support to the victims, for whom the effect of these crimes can be life-changing.

In addition, the Constabulary is increasingly being called upon to deal with a range of social issues that do not reflect the core policing role. A primary example of this is mental health, which is linked to around 20% of the calls for services received.

Dealing with this change in demand continues to present a significant challenge for the Constabulary, as the organisation strives to maintain the highest level of service to the communities of Norfolk, with the financial legacy of constrained funding.

To respond to this the Constabulary continues to shape its future through the Norfolk 2020 change programme. Norfolk 2020 is an in-depth review of frontline policing and the changes required to deliver services effectively now, and in the future, against the backdrop of funding and changing demand.

The review, commissioned in 2015, is continuing to drive out efficiencies by better demand management and identification of the most effective ways to deliver services in the future, protecting individuals and communities from harm.

Collaboration and partnership working

The Police Reform and Social Responsibility Act 2011 places duties on chief officers and policing bodies to keep collaboration activities under review and to collaborate where it is in the interests of the efficiency and effectiveness of their own and other police force areas.

Norfolk Constabulary's preferred partner for collaboration is Suffolk Constabulary. A joint strategy exists which outlines the collaborative vision for Norfolk and Suffolk, and provides a strategic framework within which collaborative opportunities are progressed.

The two police forces have been collaborating for nearly a decade, with the programme of collaborative work delivering an extensive number of joint units and departments that encompasses most functions except local policing and includes areas such as major investigation, protective services, custody, and back office support

[1] https://www.norfolkinsight.org.uk/population/#page3
[2] https://www.visitnorfolk.co.uk/inspire/Norfolk-tourism-record-numbers-2018.aspx

functions. The partnership has also yielded significant savings for both forces and received praise from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

Areas of collaboration outside of Norfolk/Suffolk include Eastern Region Special Operations Unit (ERSOU), a specialist unit with a remit for tackling serious and organised crime in the Eastern Region. ERSOU comprises resources from the following police forces: Norfolk, Suffolk, Essex, Cambridgeshire, Bedfordshire, Hertfordshire and Kent.

There is also a 7 Forces Strategic Collaboration Programme currently working on other areas for wider collaboration, convergence and savings, and there is currently an ongoing process to create a 7 Force Commercial Procurement team that will be fully implemented by the end of 2019/20.

Norfolk is also part of a well-established 10 force consortium for insurance known as the South East and Eastern Regional Police Insurance Consortium (SEERPIC).

The Policing and Crime Act 2017 received Royal Assent on 31st January 2017. The Act includes a duty, in England, for emergency services to collaborate. It also gives enabling powers for PCCs in England to take responsibility for the governance of their local fire and rescue services. The Norfolk Office of the PCC retained consultants prepared an independent report on the options open to the PCC for taking responsibility for the Fire and Rescue Service. The conclusion of the report was that the 'Governance Model' should be examined in a full business case and work commenced on this in March 2018.

The Business case sets out the details of the proposal to adopt the new Governance Model, based on the Governments statutory test of being in the interest of improving economy, efficiency and effectiveness, while maintaining and where possible improving public safety.

Following extensive public consultation, the Business case for change has been reassessed against the critical success factors. As a result, the Governance Model does not currently offer the best balance of benefits and risks, primarily due to the high risk of failure to deliver the project due to lack of stakeholder consensus. The project is 'paused' at this time.

Within this context, Norfolk Constabulary and Norfolk Fire and Rescue Service continue to strengthen their working relationship and later in this calendar year the Fire Control Room will move in alongside the Police Control Room.

Norfolk Constabulary is committed to working in partnership with public, private and third sector agencies to tackle issues of crime and disorder. This is demonstrated through roles in critical partnership initiatives such as the Community Safety Partnership, the Family Focus Project, Norfolk 180 and the local Safer Neighbourhood Action Panels. Norfolk Constabulary is committed to finding long term sustainable solutions to problems of crime and disorder, working together with partners and the communities in an evidence-based problem solving way and supporting innovation at a local level.

PCC Grants and Commissioning

The PCC has responsibility to commission services on behalf of the Ministry of Justice specifically for victims of crime within the county which includes specialist services for victims of domestic abuse and sexual violence.

In addition to the Ministry of Justice responsibility, the PCC's commissioning intentions that have been set for Norfolk, reflect the core priorities of Increasing Visible Policing, Support Rural Communities, Improve Road Safety, Prevent Offending, Support Victims and Reduce Vulnerability, and Deliver a Modern and Innovative Service.

Commissioning intentions are listed within the Police and Crime Plan 2016-2020, Appendix C. These highlight the PCC's intent to invest more into preventative strategies and intentions with a view to reducing offending and victimisation, reducing demand on police and criminal justice system and protecting the people of Norfolk.

In 2018/19, the OPCCN had a total commissioning budget of £2.080m, comprising:

- OPCCN commissioning budget of £1.018m

- Ministry of Justice funding stream of £1.037m, specifically for the commissioning of support services for victims of crime.

2. Impact of the Governance Arrangements on the Financial Statements of the PCC and Chief Constable

The International Accounting Standards Board framework states that assets, liabilities and reserves should be recognised when it is probable that any ‘future’ economic benefits associated with the item(s) will flow to, or from, the entity. The PCC has responsibility for the finances of the whole Group and controls the assets, liabilities and reserves. With the exception of the liabilities for employment and post-employment benefits, referred to later, this would suggest that these balances should be shown on the PCC’s Balance Sheet.

The Scheme of Governance and Consent sets out the roles and responsibilities of the PCC and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents, all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

The PCC receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable’s staff operates. The PCC has not set up a separate bank account for the Chief Constable, which reflects the fact that all income is paid to the PCC. The PCC has not made arrangements for the carry forward of balances or for the Chief Constable to hold cash backed reserves.

Therefore, the Chief Constable fulfils his statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is set by the PCC. The Chief Constable ultimately has a statutory responsibility for maintaining the Queen’s peace and to do this has direction and control over the force’s police officers and police staff. It is recognised that in exercising day-to-day direction and control the Chief Constable will undertake activities, incur expenditure and generate income to allow the police force to operate effectively. It is appropriate that a distinction is made between the financial impact of this day-to-day direction and control of the force and the overarching strategic control exercised by the PCC.

Therefore the expenditure and income associated with day-to-day direction and control and the PCC’s funding to support the Chief Constable is shown in the Chief Constable’s Accounts, with the main sources of funding (i.e. central government grants and Council Tax) and the vast majority of balances being shown in the PCC’s Accounts.

Notably it has been decided to recognise transactions in the Chief Constable’s Comprehensive Income and Expenditure Statement (CIES) in respect of operational policing, police officer and staff costs, and associated operational income, whilst liabilities for employment and post-employment benefits have been transferred to the Chief Constable’s Balance Sheet in accordance with International Accounting Standard 19 (IAS19).

The rationale behind transferring the liability for employment benefits is that IAS19 states that the employment liabilities should follow employment costs. Because employment costs are shown in the Chief Constable’s CIES, on the grounds that the Chief Constable is exercising day-to-day direction and control over police officers and employs police staff, it follows that the employment liabilities are therefore shown in the Chief Constable’s Balance Sheet.

3. Explanation of financial statements

The 2018/19 statement of accounts for the Police and Crime Commissioner for Norfolk and the PCC Group are set out on the following pages. The purpose of individual primary statements is explained below:

- **The Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raised taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. Adjustments made between the accounting and funding bases are showing in the Movement in Reserves Statement.

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

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

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

Please note that occasionally minor differences occur between the primary statements and the notes to the accounts, this is due to unavoidable rounding discrepancies. The notes to the accounts are headed "Group" and "PCC" as appropriate. If only one table is included within a note, this relates to both the Group and the PCC. There have been minor presentational changes to some tables in an effort to simplify the notes to the accounts.

4. The 2018/19 Revenue and Capital Budget Process

A joint financial planning process took place between September 2017 and January 2018 in accordance with an agreed timetable. An enhanced Service and Financial Planning process took place using Outcome Based Budgeting (OBB) principles, and a new OBB modelling tool.

OBB is a method for aligning budgets to demand, performance, outcomes and priorities. This approach analyses the activity spending of the entire Force, in terms of budgets, establishment, performance, demand and outcomes. This information is then lined up against the priorities and demands of the Constabulary and PCC. This allows projects to be developed to target areas that can be made more efficient, and those areas requiring more investment.

These outcomes were then reviewed by a Joint Chief Officer Panel against the OBB principles and decisions made about limiting growth and increasing savings.

These outputs were then presented to the Joint Chief Officer Team, and further refined after these sessions. Finally, the outcomes of the process were presented to the PCC. The process concluded with agreement on Norfolk only budgets, the agreement of joint budgets, costs and savings arising from the process to be included in spending plans.

In accordance with the requirements of Section 96 (1) (b) of the Police Act 1996, as amended by section 14 of the Police Reform and Social Responsibility Act 2011, the PCC has an obligation to consult with business rate payers and there is also a general responsibility to consult with the public.

In accordance with the requirements of Section 96 (1) (b) of the Police Act 1996, as amended by section 14 of the Police Reform and Social Responsibility Act 2011, the PCC has an obligation to consult with business rate payers and there is also a general responsibility to consult with the public.

The PCC launched the consultation for the 2018/19 police budget on 29 November 2017 and closed it on 22 December. The consultation took the form of an online and hard copy survey and an intensive programme of media, communications and engagement activity.

The results were collated towards the end of January 2018 and presented by the PCC to the Police and Crime Panel at its meeting on 6 February 2018.

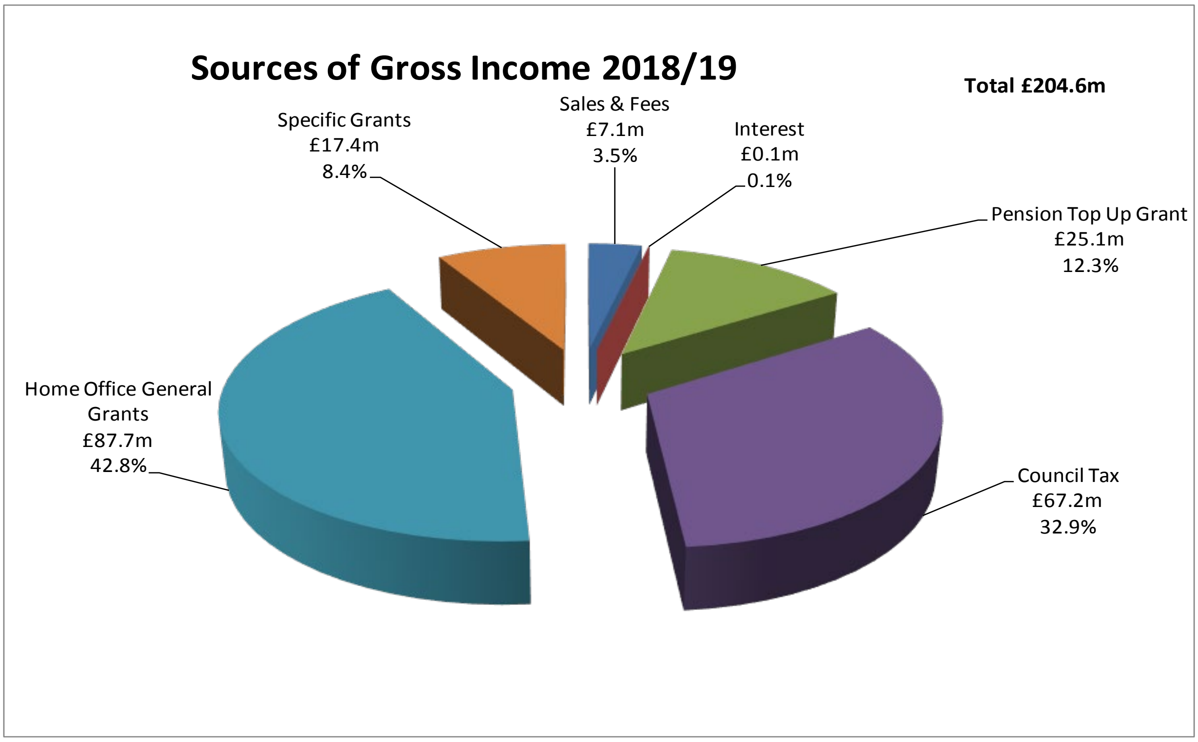
These spending plans were then incorporated into the Medium-Term Financial Plan of the PCC that covered the period 2018/19 to 2022/23 and was signed off in February 2018.

The Medium-Term Financial Plans for the PCC are available on www.norfolk-pcc.gov.uk

5. Financial Performance

Sources of Funding

The majority of police funding comes from the Government (Home Office and Ministry of Justice) in the form of general and specific grants. The remainder comes from council tax and fees and charges. The financing burden on local council taxpayers, as a percentage of funding, has steadily increased as Government grants have reduced. The chart below shows the sources of revenue funding in 2018/19:



Revenue Budget

In February 2018, the PCC approved a net revenue budget for 2018/19 of £154.555m. The council tax for a Band D property for 2018/19 was £229.14 (2017/18 £217.17) following his decision to increase the council tax by 5.5%.

Savings Plans

The Chief Constable has run a well-established and effective change programme over recent years. The programme was initially developed to address the savings requirements arising from the spending reviews of

2010 and 2013 that covered the period up to 2015/16, and is still required to deal with the spending challenges from inflation, increasing demand, the changing nature of crime, increasing legislative and regulatory cost pressures and ongoing investment in modernising the Constabulary through improved digital infrastructure and technology.

Savings plans of £3.036m were identified for 2018/19, and those savings have been achieved. As a result of service and funding pressures, the Constabulary is required to achieve savings of £1.993m in 2019/20. The PCC and Chief Constable are jointly committed to providing the best possible policing service across Norfolk whilst at the same time increasing efficiency and reducing costs. This commitment is evidenced by the recent HMICFRS assessment that judged the Constabulary as "Outstanding" in terms of its efficiency.

There is more information about the impact of the Home Office settlement for 2019/20 and what this means for the Constabulary over the medium-term in the Looking Forward section below.

Revenue Expenditure Compared to Budget

For Budgeting purposes the Revenue Budget is compiled and controlled as set out in the following table:

	Budget £000	Final outturn £000	Variance £000
Constabulary	166,268	163,750	2,518
Office of the PCC	995	1,003	(8)
PCC Commissioning	1,043	941	102
OPCC - Grants	(10,473)	(10,746)	273
Net total contributions to / (from) earmarked reserves	(3,278)	(393)	(2,885)
Total Net Expenditure	154,555	154,555	-
Grants income	87,193	87,193	-
Precept income (before collection fund balance adjustment)	67,362	67,362	-
Transfer from/(to) general reserves	**-**	**-**	**-**

The Total Net Expenditure in the above table is different to the Net Cost of Police Services reported in the CIES (shown on page 18) which is prescribed by the Code of Practice. The difference primarily relates to accounting adjustments required by the Code. The reconciliation between the two amounts is shown in the table below:

2017/18 £000		2018/19 £000
149,712	**Total Net Expenditure per Outturn Report**	154,555
(2,621)	Revenue funding of capital	(3,485)
(1,611)	Minimum Revenue Provision (MRP)	(1,892)
13,263	Depreciation, amortisation and impairments	8,160
43,352	IAS 19 pension service costs (accounting basis)	119,198
(23,298)	Pension contributions (funding basis)	(22,036)
(24)	Movement on employee benefits accrual	12
6,921	Transfers from/(to) reserves	53
-	(Gains) / losses from derecognition of financial assets carried at amortised cost	19
127	Interest received	118
(6,788)	Interest payable	(6,473)
179,033	**Net Cost of Police Services**	**248,230**

Capital Budget

The Capital Programme for 2018/19, including slippage from 2017/18 and in-year approvals, was £11.022m. Actual expenditure against this total was £4.941m. The under-spend of £6.081m was primarily due to re-profiling of major estates schemes. Actual expenditure includes an amount of £0.179m relating to incidental and de-minimis expenditure, which is not capitalised in the financial statements but charged directly to the CIES. The Capital Programme was financed by government grants and contributions (£0.752m), revenue contributions (£3.485m), internal borrowing (£0.451m) and capital receipts (£0.074m).

Long Term Liabilities

Pension Liabilities

There are three separate pension schemes for police officers and one scheme for police staff. Although benefits from these schemes will not be payable until an officer or staff member retires, the PCC has a future commitment to make these payments and under International Accounting Standard 19 (IAS19), the PCC is required to account for this future commitment based on the full cost at the time of retirement. The future net pension liabilities of the PCC as calculated by an independent actuary are set out in the following table:

Year-end	Total	Officers	Staff
31 March 2018	£1,731 m	£1,642 m	£88 m
31 March 2019	£1,918 m	£1,796 m	£123 m

These liabilities result in the Balance Sheet showing net overall liabilities of £1,910m at 31 March 2019, however, the financial position of the PCC remains sound as these liabilities will be spread over many years.

Public Finance Initiative (PFI) Liabilities

The PCC is committed to making payments under a contract with a consortium for the use of Jubilee House, Operations and Communications Centre at Wymondham (OCC) until 2037. The actual level of payments is dependent on the availability of the site and the provision and delivery of services within. The contract, which is for a period of 35 years starting from 2001, has an option to purchase the property at open market value, or to negotiate with the PFI provider to extend the contract for up to a further 2 periods of 15 years, or of terminating the contract. At the year-end the PFI liability associated with the OCC amounted to £25.1m.

Six Police Investigation Centres (PICs) were opened during 2011. The contract is under a PFI arrangement for which Suffolk and Norfolk PCCs are committed to making payments under a 30 year contract with a consortium for their use. The actual level of payments is dependent on the availability of the site and provision and delivery of services within. At the end of this term the properties revert to the two PCCs. Norfolk and Suffolk have agreed to share the costs of these services on an agreed percentage in accordance with the total number of cells within the 6 properties located in the 2 Counties - this being Norfolk 58.2% and Suffolk 41.8%. There is also an arrangement with the Cambridgeshire PCC by which one third of the running costs of the Kings Lynn PIC are recharged to Cambridgeshire for their use of the cells. At the year-end Norfolk PCC's share of the PIC PFI liability amounted to £35.2m.

Reserves

As at 31 March 2019, the PCC has usable reserves of £18.4m which are available to support revenue and capital spending. These include a general reserve made up of earmarked balances of £13.809m (against which there are significant commitments), and a general balance of £4.475m. These reserves are not fully supported by cash balances, primarily due to capital expenditure in some prior years being financed from cash.

Treasury Management

The PCC has agreed a Treasury Management Strategy which complies with CIPFA guidance. During 2018/19, the PCC continued to borrow and/or invest available cash balances in accordance with cash-flow forecasts, ensuring that prescribed policies with regard to security and liquidity were observed. The average level of investments for 2018/19 was £17.3m and the interest received against the budget of £0.015m was £0.118m. The overall return of 0.62% exceeded the benchmark of the Local Government 7 day rate average of 0.41% by 0.21%, and was 0.17% lower than the 3m LIBOR average of 0.79%.

Annual Governance Statement

The Accounts and Audit Regulations 2015 require the Annual Governance Statement (AGS) to accompany the Statements of Accounts. The AGS can be found on the PCC's website at www.norfolk-pcc.gov.uk.

6. Non-financial Performance

Like most police forces in England and Wales, crime reported to and recorded by Norfolk Constabulary has risen. In the 12 months to the end of March 2019 there were 61,597 recorded crimes, 14% more than the long-term average. These increases reflect considerable efforts made by officers and staff to encourage reporting from victims of 'hidden' crimes, and those from parts of the community which have not normally reported crime frequently. The Constabulary has also invested resources in ensuring its recording of crime is as comprehensive as possible. The result of these strategies has been rises in recorded violence, sexual crime and domestic abuse.

The Constabulary continues to prioritise services to vulnerable and at risk victims, targets perpetrators who cause the highest harm, continues robust operational responses to the threat of 'county lines' organised crime groups, tackles modern slavery, and targets sexual crimes against adults and children. Collaborations with Suffolk Constabulary, the regional special operations unit (ERSOU), the seven force collaboration and other Norfolk agencies and voluntary organisations, and investments in modern technologies such as automated number plate recognition, mobile computing devices and body worn video cameras are critical parts of these responses.

The Constabulary also continues to prioritise community issues through investment in Beat Managers and Community Engagement Officers. The Norfolk 2020 project continues to develop evidence based initiatives to reduce demand and improve efficiency enabling officers to spend more time engaging with communities and responding to local needs. As a result, public confidence in the Constabulary remains high and anti-social behaviour has fallen substantially.

The Police and Crime Plan 2016-2020 lists the PCC's priorities for tackling crime in Norfolk:

- Increase visible policing
- Support rural communities
- Improve road safety
- Prevent offending
- Support victims and reduce vulnerability
- Deliver a modern and innovative service

- Good stewardship of taxpayers' money.

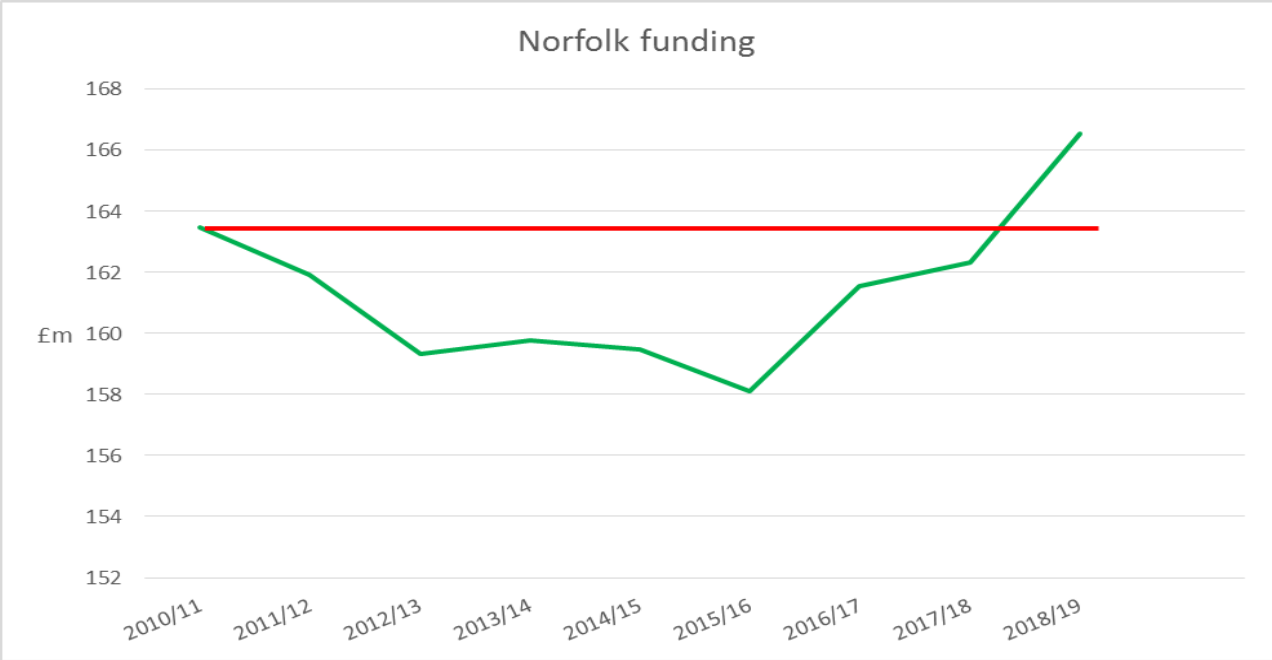
The following table shows the 'year-end' position for some of the more easily available Police and Crime Plan key performance indicators where prior year data is available. Full details will be published in the PCC's Annual Report in the autumn.

Area	Indicator	2017/18	2018/19
Domestic Abuse	*Number of crimes*	8,081	9,674
	Solved rate	22%	15%
Serious Sexual Offences	*Number of crimes*	1,959	1,979
	Solved rate	9%	7%
Child Sexual Abuse	*Number of crimes*	1,532	1,437
	Solved rate	13%	10%
Hate Crime	*Number of crimes*	1,234	1,086
	Solved rate	18%	18%
Online Crime	*Number of crimes*	1,260	1,390
	Solved rate	17%	13%
Call Handling	*% 999 calls answered in 10 seconds*	89%	91%
Emergency Response	*% of emergencies responded to in target time*	90%	90%
Road Safety	*Number of KSI collisions*	384	418

Demands on the Constabulary have changed in nature in recent years. Acquisitive crimes have reduced, while crimes such as domestic abuse and child sexual exploitation have risen. Rises in crime and reductions in solved rates reflect this changing demand, as does the focus of the Police and Crime Plan. The Force continues to prioritise the most harmful crime types alongside initiatives that focus on community priorities such as rural crime, business crime and responding to emergencies. The Force's performance in call handling and emergency response remains strong and public confidence that the Constabulary is doing a good job is consistently in the top ten highest of any force in England and Wales.

7. Looking Forward

2019/20 will be the tenth year of austerity. In 2010/11 Norfolk's direct funding (main grant plus precept plus specific grants) was £163.5m and in 2018/19 it was £166.5m. As the table shows below 2018/19 was the first year that the amount of cash received was higher than 2010. Allowing for average inflation of 2% each year since 2010 Norfolk has absorbed £25m of general inflationary pressure over that period.



As well as needing to accommodate general inflationary pressures on pay and prices, over recent years the Constabulary has had to absorb other cost pressures such as the impact of funding recent pension increases for officers (that hitherto were funded centrally), the Apprenticeship Levy, changes to National Insurance and insurance premium tax (to name but a few). Legislative and regulation changes also create cost pressures that have to be absorbed for example changes to the Bail Act, the forthcoming introduction of the Police Education Qualification Framework (PEQF) and the introduction of tighter regulation around forensic evidence. No additional funding is provided for these pressures.

In common with other forces across the country, the Constabulary continues to face significant service pressures due to the changing nature of crime. Whilst Norfolk remains a safe county, the Constabulary is dealing with continuing increases in reports of knife crime and youth violence, domestic abuse, rape and serious sexual offences, adult and child abuse and cyber enabled / other forms of fraud. These are some of the most complex and demanding investigations the service has to undertake and they require a highly skilled workforce. In response to this the constabulary has implemented a new policing model and, over the life of the Medium Term Financial Plan (MTFP) will build two new policing hubs to create the most efficient policing model possible for Norfolk, provide a modern and efficient estate, and mitigate costs increases over the medium to long term. Norfolk Constabulary has built these cost and benefits into the development of the MTFP.

The PCC's strategic aim, in line with the recent public consultation, is to increase visibility. At the maximum precept level it should also be possible to continue the much needed investment in short-life assets including the increased use of drones by officers which will ensure greater visibility and better efficiency of operations.

The Constabulary continues to deal with the impact of the shortage in resources of other public sector partners, in particular mental health and ambulance services, resulting in the Constabulary having to absorb additional demand from these areas as the emergency service of last resort.

The funding context for the future continues to be challenging. In the MTFP, inflation is forecast at 2% for both pay and non-pay, and this means additional costs in the region of £3m per year before other pressures such as those outlined above are included and indeed if pay or non-pay inflation exceed the forecasts.

The main focus of the Service and Financial Planning process is to continue to drive out efficiencies in both forces, and ensure both Norfolk and Suffolk understand demand, and can align resources to these demands. As part of this process for 2019/20 to 2022/23, savings of £3.3m in 2019/20 have been identified from the collaborative units (Norfolk's share is £2.0m rising to £2.9m by 2022/23). These have been assessed in terms of risks and impact on outcomes using the improved OBB model that also now uses information from the new Force Management Statements. Detailed business cases will now be prepared to realise these savings during 2019/20 and 2020/21. Other areas have also been identified and scoped to be developed into detailed business cases in the latter years of the plan, up to 2022/23. The PCC and Chief Constable are committed to delivering these further efficiencies.

All of these proactive elements that use demand, performance and priority data will shape the new change programme and be captured in future Medium-Term Financial Plans to support the continued transformation and modernisation of policing. It is clear that the change programme will need to remain a continuous process, ensuring that savings can be driven out in a timely fashion to that budgets can be balanced over the medium-term and beyond.

Nationally, to help deliver the Policing Vision for 2025, and meet the requirement for clear and substantial progress on productivity and efficiency two significant programmes are in place. The Commercial Collaboration Programme, and the National Enabling Programme.

The former is overseen by the National Commercial Board and has five workstreams: Collaborative Procurement; Shared Services; Enablement; Commercial Models; Estates.

The National Enabling Programme is a programme that will provide a modern technology environment that is fundamental to transforming ways of working across policing in the UK.

To remain as efficient as possible, the Constabulary must continue to invest in and refresh technology that keeps the policing model fit-for-purpose and able to meet increasing demand and the changing nature of crime. This investment is significant and has a direct impact on the revenue budget. This includes significant investment in refreshing the growing ICT / digital estate; increasing investment in infrastructure to deal with the growth in requirements for investigating, storing and managing digital data; and the continued roll-out and renewal of projects such as Body Worn Video and mobile working. There are also spending requirements due to the development of the National Enabling Programme, referred to above, that will help deliver inter-operability across all forces.

The growth of the investment in these “short life” capital assets will need to deliver efficiencies in staffing to avoid putting undue pressure on revenue reserves over the medium-term. Over the last few years, reserves have been used appropriately to fund the capital programme in respect of short life assets, the cost of change (e.g. redundancies arising from implementing the significant change programme), and planned temporary staffing costs to respond to service pressures, and transition programmes. Careful consideration has been given to reserve levels over the medium-term and beyond, particularly by modelling capital financing over the next 20 years.

The MTFP therefore includes planned contributions to reserves in the last two years of the plan in order to ensure that sufficient reserves are available for the medium and longer-term. This will require additional savings to be found, and is a significant driver for further development of the change programme over the coming months and years.

The PCC has published the Reserves Strategy and the Capital Strategy in the new MTFP for 2019/20 to 2022/23 and these can be found at the address below:

https://www.norfolk-pcc.gov.uk/documents/finance/budget/201920/budget_report_to_panel/BudgetReportToPanel050219.pdf

The financial, economic and operational uncertainties and challenges will require the PCC and Constabulary to keep financial planning assumptions under constant review, to ensure that the financial position remains stable into the long-term and that increased efficiency is kept at the heart of these developments.

Jill Penn CPFA, ACMA, MSc

Chief Finance Officer

Comprehensive Income and Expenditure Statement
for the PCC for Norfolk Group
for the year ended 31 March 2019

Gross Expenditure 2017/18 £000	Income 2017/18 £000	Net Expenditure 2017/18 £000		Note	Gross Expenditure 2018/19 £000	Income 2018/19 £000	Net Expenditure 2018/19 £000
			Division of Service:				
186,112	(17,355)	168,757	Constabulary		258,586	(16,135)	242,451
16,521	(7,021)	9,500	Office of the PCC		11,983	(7,078)	4,905
1,920	(1,145)	776	PCC commissioning		2,103	(1,228)	875
204,553	**(25,520)**	**179,033**	**Net Cost of Police Services**	**Page 28**	**272,672**	**(24,442)**	**248,230**
			Other Operating Expenditure:				
-	(22,489)	(22,489)	Home Office contribution to police pensions	**7**	-	(25,142)	(25,142)
83	-	83	Loss/(profit) on disposal of fixed assets		85	-	85
83	**(22,489)**	**(22,406)**			**85**	**(25,142)**	**(25,057)**
			Financing and Investment Income and Expenditure:				
6,788	-	6,788	Interest payable and similar charges		6,473	-	6,473
45,532	-	45,532	Pensions interest cost	**17**	44,219	-	44,219
-	(127)	(127)	Interest and investment income		-	(118)	(118)
-	-	-	(Gains) / losses from derecognition of financial assets carried at amortised cost		19	-	19
52,320	**(127)**	**52,193**			**50,711**	**(118)**	**50,592**
			Taxation and Non-specific Grant Income:				
-	(58,822)	(58,822)	General grants	**7**	-	(58,822)	(58,822)
-	(554)	(554)	Capital grants and contributions	**7**	-	(549)	(549)
-	(28,371)	(28,371)	Former MHCLG Funding	**7**	-	(28,371)	(28,371)
-	(62,665)	(62,665)	Precepts	**11**	-	(67,198)	(67,198)
-	**(150,412)**	**(150,412)**			**-**	**(154,939)**	**(154,939)**
		58,407	**Deficit/(Surplus) on the Provision of Services**				**118,826**
			Other Comprehensive Income and Expenditure:				
		412	(Surplus) / deficit on the revaluation of assets	**13**			(4,036)
		(33,564)	Remeasurements of the net defined benefit liability	**17**			71,627
		(33,152)					**67,591**
		25,255	**Total Comprehensive Income and Expenditure**				**186,418**

Comprehensive Income and Expenditure Statement
for the PCC for Norfolk
for the year ended 31 March 2019

Gross Expenditure 2017/18 £000	Income 2017/18 £000	Net Expenditure 2017/18 £000		Note	Gross Expenditure 2018/19 £000	Income 2018/19 £000	Net Expenditure 2018/19 £000
			Division of Service:				
16,521	(7,021)	9,500	Office of the PCC		11,983	(7,078)	4,905
1,920	(1,145)	776	PCC commissioning		2,103	(1,228)	875
18,441	**(8,166)**	**10,276**	**Net Cost of Police Services before group funding**		**14,086**	**(8,306)**	**5,780**
171,319	-	171,319	Intra-group funding	**5**	170,528	-	170,528
189,761	**(8,166)**	**181,595**	**Net Cost of Policing Services**	**Page 29**	**184,614**	**(8,306)**	**176,308**
			Other Operating Expenditure:				
-	(22,489)	(22,489)	Home Office contribution to police pensions	**7**	-	(25,142)	(25,142)
83	-	83	Loss/(profit) on disposal of fixed assets		85	-	85
83	**(22,489)**	**(22,406)**			**85**	**(25,142)**	**(25,057)**
			Financing and Investment Income and Expenditure:				
6,788	-	6,788	Interest payable and similar charges		6,473	-	6,473
29	-	29	Pensions interest cost	**17**	30	-	30
-	(127)	(127)	Interest and investment income		-	(118)	(118)
-	-	-	(Gains) / losses from derecognition of financial assets carried at amortised cost		19	-	19
6,817	**(127)**	**6,690**			**6,522**	**(118)**	**6,403**
			Taxation and Non-specific Grant Income:				
-	(58,822)	(58,822)	General grants	**7**	-	(58,822)	(58,822)
-	(554)	(554)	Capital grants and contributions	**7**	-	(549)	(549)
-	(28,371)	(28,371)	Former MHCLG Funding	**7**	-	(28,371)	(28,371)
-	(62,665)	(62,665)	Precepts	**11**	-	(67,198)	(67,198)
-	**(150,412)**	**(150,412)**			**-**	**(154,939)**	**(154,939)**
		15,466	**Deficit/(Surplus) on the Provision of Services**				**2,715**
			Other Comprehensive Income and Expenditure:				
		412	(Surplus) / deficit on the revaluation of assets	**13**			(4,036)
		(93)	Remeasurements of the net defined benefit liability	**17**			226
		319					**(3,810)**
		15,785	**Total Comprehensive Income and Expenditure**				**(1,095)**

Balance Sheet for the PCC for Norfolk Group

as at 31 March 2019

31 March 2018 £000		Notes	31 March 2019 £000
74,290	Property, plant and equipment	**13**	74,375
2,958	Intangible assets	**13**	3,069
77,247	**Non-Current Assets**		77,444
-	**Long Term Debtors**		-
77,247	**Total Long Term Assets**		77,444
631	Inventories		531
18,789	Short term debtors and prepayments	**19**	14,683
411	Cash and cash equivalents	**20**	11,557
3,017	Short term investments	**18**	6,000
165	Assets held for sale	**21**	447
23,014	**Current Assets**		33,217
100,261	**TOTAL ASSETS**		**110,661**
16,830	Short-term creditors and accruals	**22**	16,778
288	Short term borrowing	**24**	490
2,479	Provisions	**26**	1,204
53	Short term grants receipts in advance		53
1,080	PFI liabilities	**16**	1,179
20,731	**Current Liabilities**		19,705
1,730,534	Other long term liabilities	**17**	1,918,400
12,761	Long term borrowing	**24**	23,917
60,295	PFI liabilities	**16**	59,116
1	Grants receipts in advance		1
1,803,590	**Long Term Liabilities**		2,001,434
1,824,321	**TOTAL LIABILITIES**		**2,021,139**
(1,724,060)	**NET ASSETS / (LIABILITIES)**		**(1,910,478)**
18,700	Usable reserves	**Page 22**	18,443
(1,742,760)	Unusable reserves	**29**	(1,928,921)
(1,724,060)	**TOTAL RESERVES**		**(1,910,478)**

The financial statements replace the unaudited financial statements certified by Jill Penn on 29 May 2019.

Jill Penn CPFA, ACMA, MSc **30 July 2019**

Chief Finance Officer

Balance Sheet for the PCC for Norfolk

as at 31 March 2019

31 March 2018 £000		Notes	31 March 2019 £000
74,290	Property, plant and equipment	13	74,375
2,958	Intangible assets	13	3,069
77,247	**Non-Current Assets**		77,444
-	**Long Term Debtors**		-
77,247	**Total Long Term Assets**		77,444
631	Inventories		531
18,789	Short term debtors and prepayments	19	14,683
411	Cash and cash equivalents	20	11,557
3,017	Short term investments	18	6,000
165	Assets held for sale	21	447
23,014	**Current Assets**		33,217
100,261	**TOTAL ASSETS**		**110,661**
16,080	Short-term creditors and accruals	22	16,016
288	Short term borrowing	24	490
2,479	Provisions	26	1,204
53	Short term grants receipts in advance		53
1,080	PFI liabilities	16	1,179
19,980	**Current Liabilities**		18,943
1,082	Other long term liabilities	17	1,449
12,761	Long term borrowing	24	23,917
60,295	PFI liabilities	16	59,116
1	Grants receipts in advance		1
74,139	**Long Term Liabilities**		84,484
94,119	**TOTAL LIABILITIES**		**103,427**
6,141	**NET ASSETS / (LIABILITIES)**		**7,234**
18,700	Usable reserves	Page 24	18,444
(12,558)	Unusable reserves	29	(11,210)
6,141	**TOTAL RESERVES**		**7,234**

The financial statements replace the unaudited financial statements certified by Jill Penn on 29 May 2019.

Jill Penn CPFA, ACMA, MSc **30 July 2019**

Chief Finance Officer

Movement in Reserves Statement for the PCC for Norfolk Group

Year Ended 31 March 2019	Note	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2018		**18,337**	**-**	**362**	**18,699**	**(1,742,760)**	**(1,724,061)**
Movement in Reserves during 2018/19							
Surplus or (deficit) on provision of services							
(accounting basis)	Page 18	(118,826)	-	-	**(118,826)**	**-**	**(118,826)**
Other comprehensive income and expenditure	Page 18	-	-	-	**-**	**(67,591)**	**(67,591)**
Total comprehensive income and expenditure		**(118,826)**	**-**	**-**	**(118,826)**	**(67,591)**	**(186,418)**
Amortisation of intangible assets	13	814	-	-	**814**	**(814)**	**-**
Depreciation on property, plant and equipment	13	5,977	-	-	**5,977**	**(5,977)**	**-**
Revaluation losses on property, plant and equipment	13	1,369	-	-	**1,369**	**(1,369)**	**-**
Capital grants and contributions credited to the CIES	Page 18	(549)			**(549)**	**549**	**-**
Application of capital grants from unapplied account		-		(202)	**(202)**	**202**	**-**
Net gain or loss on the sale of non-current assets	Page 18	85	74		**159**	**(159)**	**-**
Amount by which finance costs calculated in accordance with the Code are different from							
the amount of finance costs calculated in accordance with statutory requirements		39	-	-	**39**	**(39)**	**-**
Difference between IAS 19 pension costs and those					**-**		
calculated in accordance with statutory requirements		141,381	-	-	**141,381**	**(141,381)**	**-**
Movement on the Collection Fund Adjustment Account		164	-	-	**164**	**(164)**	**-**
Capital expenditure charged to the General Fund Balance	14	(3,485)	-	-	**(3,485)**	**3,485**	**-**
Statutory provision for the repayment of debt	14	(1,892)	-	-	**(1,892)**	**1,892**	**-**
Contribution to the Police Pension Fund	Page 18	(25,142)	-	-	**(25,142)**	**25,142**	**-**
Movement on the Compensated Absences Account		12	-	-	**12**	**(12)**	**-**
Use of capital receipts to fund asset purchases		-	(74)	-	**(74)**	**74**	**-**
Adjustments between accounting basis and							
funding basis under regulations		**118,773**	**-**	**(202)**	**118,570**	**(118,570)**	**-**
Increase / (decrease) in year		**(53)**	**-**	**(202)**	**(256)**	**(186,162)**	**(186,418)**
Balance at 31 March 2019		**18,284**	**-**	**159**	**18,443**	**(1,928,921)**	**(1,910,478)**

Movement in Reserves Statement for the PCC for Norfolk Group

Year Ended 31 March 2018	Note	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2017		**25,258**	**-**	**495**	**25,753**	**(1,724,559)**	**(1,698,804)**
Movement in Reserves during 2017/18							
Surplus or (deficit) on provision of services (accounting basis)	Page 18	(58,407)	-	-	**(58,407)**	**-**	**(58,407)**
Other comprehensive income and expenditure	Page 18	-	-	-	**-**	**33,152**	**33,152**
Total comprehensive income and expenditure		**(58,407)**	**-**	**-**	**(58,407)**	**33,152**	**(25,255)**
Amortisation of intangible assets	13	607	-	-	**607**	**(607)**	**-**
Depreciation on property, plant and equipment	13	5,426	-	-	**5,426**	**(5,426)**	**-**
Revaluation losses on property, plant and equipment	13	7,230	-	-	**7,230**	**(7,230)**	**-**
Capital grants and contributions credited to the CIES	Page 18	(554)	-	-	**(554)**	**554**	**-**
Application of capital grants from unapplied account		-	-	(133)	**(133)**	**133**	**-**
Net gain or loss on the sale of non-current assets	Page 18	83	173		**256**	**(256)**	**-**
Amount by which finance costs calculated in accordance with the Code are different fron		-	-	-			
the amount of finance costs calculated in accordance with statutory requirements		-	-	-	**-**	**-**	**-**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements		65,586	-	-	**65,586**	**(65,586)**	**-**
Movement on the Collection Fund Adjustment Account		(146)	-	-	**(146)**	**146**	**-**
Capital expenditure charged to the General Fund Balance	14	(2,621)	-	-	**(2,621)**	**2,621**	**-**
Statutory provision for the repayment of debt	14	(1,611)	-	-	**(1,611)**	**1,611**	**-**
Contribution to the Police Pension Fund	Page 18	(22,489)	-	-	**(22,489)**	**22,489**	**-**
Movement on the Compensated Absences Account		(24)	-	-	**(24)**	**24**	**-**
Use of capital receipts to fund asset purchases		-	(173)	-	**(173)**	**173**	**-**
Adjustments between accounting basis and funding basis under regulations		**51,486**	**-**	**(133)**	**51,353**	**(51,353)**	**-**
Increase / (decrease) in year		**(6,921)**	**-**	**(133)**	**(7,054)**	**(18,201)**	**(25,253)**
Balance at 31 March 2018		**18,337**	**-**	**362**	**18,699**	**(1,742,760)**	**(1,724,061)**

Movement in Reserves Statement for the PCC for Norfolk

Year Ended 31 March 2019	Note	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves** £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2018		**18,339**	**-**	**362**	**18,700**	**(12,558)**	**6,142**
Movement in Reserves during 2018/19							
Surplus or (deficit) on provision of services (accounting basis)	Page 19	(2,715)	-	-	**(2,715)**	**-**	**(2,715)**
Other comprehensive income and expenditure	Page 19	-	-	-	**-**	**3,810**	**3,810**
Total comprehensive income and expenditure		**(2,715)**	**-**	**-**	**(2,715)**	**3,810**	**1,096**
Amortisation of intangible assets	13	814	-	-	**814**	**(814)**	**-**
Depreciation on property, plant and equipment	13	5,977	-	-	**5,977**	**(5,977)**	**-**
Revaluation losses on property, plant and equipment	13	1,369	-	-	**1,369**	**(1,369)**	**-**
Capital grants and contributions credited to the CIES	Page 19	(549)	-	-	**(549)**	**549**	**-**
Application of capital grants from unapplied account		-	-	(202)	**(202)**	**202**	**-**
Net gain or loss on the sale of non-current assets	Page 19	85	74	-	**159**	**(159)**	**-**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements		39	-	-	**39**	**(39)**	**-**
Difference between IAS 19 pension costs and those					**-**		**-**
calculated in accordance with statutory requirements		140	-	-	**140**	**(140)**	**-**
Movement on the Collection Fund Adjustment Account		164	-	-	**164**	**(164)**	**-**
Capital expenditure charged to the General Fund Balance	14	(3,485)	-	-	**(3,485)**	**3,485**	**-**
Statutory provision for the repayment of debt	14	(1,892)	-	-	**(1,892)**	**1,892**	**-**
Use of capital receipts to fund asset purchases		-	(74)	-	**(74)**	**74**	**-**
Adjustments between accounting basis and funding basis under regulations		**2,662**	**-**	**(202)**	**2,460**	**(2,460)**	**-**
Increase / (decrease) in year		**(53)**	**-**	**(202)**	**(255)**	**1,350**	**1,096**
Balance at 31 March 2019		**18,286**	**-**	**159**	**18,444**	**(11,210)**	**7,234**

Movement in Reserves Statement for the PCC for Norfolk

Year Ended 31 March 2018	Note	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves** £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2017		**25,259**	**-**	**495**	**25,754**	**(3,825)**	**21,930**
Movement in Reserves during 2017/18							
Surplus or (deficit) on provision of services (accounting basis)	Page 19	(15,466)	-	-	**(15,466)**	**-**	**(15,466)**
Other comprehensive income and expenditure	Page 19	-	-	-	**-**	**(319)**	**(319)**
Total comprehensive income and expenditure		**(15,466)**	**-**	**-**	**(15,466)**	**(319)**	**(15,785)**
Amortisation of intangible assets	13	607	-	-	**607**	**(607)**	**-**
Depreciation on property, plant and equipment	13	5,426	-	-	**5,426**	**(5,426)**	**-**
Revaluation losses on property, plant and equipment	13	7,230	-	-	**7,230**	**(7,230)**	**-**
Capital grants and contributions credited to the CIES	Page 19	(554)	-	-	**(554)**	**554**	**-**
Application of capital grants from unapplied account		-	-	(133)	**(133)**	**133**	**-**
Net gain or loss on the sale of non-current assets	Page 19	83	173	-	**256**	**(256)**	**-**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements		-	-	-	**-**	**-**	**-**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements		133	-	-	**133**	**(133)**	**-**
Movement on the Collection Fund Adjustment Account		(146)	-	-	**(146)**	**146**	**-**
Capital expenditure charged to the General Fund Balance	14	(2,621)	-	-	**(2,621)**	**2,621**	**-**
Statutory provision for the repayment of debt	14	(1,611)	-	-	**(1,611)**	**1,611**	**-**
Use of capital receipts to fund asset purchases		-	(173)	-	**(173)**	**173**	**-**
Adjustments between accounting basis and funding basis under regulations		**8,546**	**-**	**(133)**	**8,413**	**(8,413)**	**-**
Increase / (decrease) in year		**(6,920)**	**-**	**(133)**	**(7,053)**	**(8,732)**	**(15,785)**
Balance at 31 March 2018		**18,339**	**-**	**362**	**18,700**	**(12,558)**	**6,142**

Cash-flow Statement for the PCC for Norfolk Group

for the year ended 31 March 2019

2017/18 £000		Note	2018/19 £000
(58,407)	**Net Surplus/(deficit) on the provision of services**	**Page 18**	**(118,826)**
55,677	Adjustment for non cash or cash equivalent movements	**23**	128,008
	Adjustment for items included in net deficit on the provision		
-	of services that are investing or financing activities:		-
(554)	Capital grants and contributions	**7**	(549)
(3,284)	**Net cash flows from operating activities**		**8,633**
	Investing activities		
(7,908)	Purchase of non current assets		(5,361)
(3,000)	Purchase of short-term or long term investments		(6,000)
173	Proceeds from the sale of non currents assets		74
20,000	Proceeds from short-term or long-term investments		3,000
9,265	**Net cash flows from investing activities**		**(8,287)**
	Financing activities		
-	Cash receipts of short and long-term borrowing		11,350
603	Other receipts from financing activities		530
	Cash payments for the reduction of outstanding liabilities relating		
(990)	to finance leases and on balance sheet PFI contracts		(1,080)
(7,000)	Repayments of short and long-term borrowing		-
(7,387)	**Net cash flows from financing activities**		**10,799**
(1,406)	**Net increase or (decrease) in cash and cash equivalents**		**11,145**
1,816	Cash and cash equivalents at the beginning of the reporting period	**20**	411
411	**Cash and cash equivalents at the end of the reporting period**	**20**	**11,556**

Cash-flow Statement for the PCC for Norfolk

for the year ended 31 March 2019

2017/18 £000		Note	2018/19 £000
(15,466)	**Net Surplus/(deficit) on the provision of services**	**Page 19**	**(2,715)**
12,736	Adjustment for non cash or cash equivalent movements	**23**	11,896
-	Adjustment for items included in net deficit on the provision of services that are investing or financing activities:		-
(554)	Capital grants and contributions	**7**	(549)
(3,284)	**Net cash flows from operating activities**		**8,633**
	Investing activities		
(7,908)	Purchase of non current assets		(5,361)
(3,000)	Purchase of short-term or long term investments		(6,000)
173	Proceeds from the sale of non currents assets		74
20,000	Proceeds from short-term or long-term investments		3,000
9,265	**Net cash flows from investing activities**		**(8,287)**
	Financing activities		
-	Cash receipts of short and long-term borrowing		11,350
603	Other receipts from financing activities		530
(990)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts		(1,080)
(7,000)	Repayments of short and long-term borrowing		-
(7,387)	**Net cash flows from financing activities**		**10,799**
(1,405)	**Net increase or (decrease) in cash and cash equivalents**		**11,145**
1,816	Cash and cash equivalents at the beginning of the reporting period	**20**	411
411	**Cash and cash equivalents at the end of the reporting period**	**20**	**11,557**

Expenditure & Funding Analysis for the PCC for Norfolk Group

The Expenditure and Funding Analysis is a note to the Financial Statements, however it is positioned here as it provides a link from the figures reported in the Narrative Report to the CIES.

Group Position	Net Expenditure Chargeable to the General Fund Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000
Year Ended 31 March 2019			
Constabulary	145,387	97,064	242,451
Office of the PCC	(3,365)	8,269	4,905
PCC commissioning	875	-	875
Net cost of police services	**142,897**	**105,334**	**248,230**
Other income and expenditure	(142,843)	13,439	(129,404)
Deficit/(surplus) on the provision of services	**53**	**118,773**	**118,826**
Opening general fund balance at 31 March 2018	18,338		
Less deficit on general fund in year	(53)		
Closing general fund balance at 31 March 2019	**18,284**		
Year Ended 31 March 2018			
Constabulary	148,831	19,926	168,757
Office of the PCC	(3,867)	13,367	9,500
PCC commissioning	776	-	776
Net cost of police services	**145,740**	**33,293**	**179,033**
Other income and expenditure	(138,819)	18,193	(120,626)
Deficit/(surplus) on the provision of services	**6,921**	**51,486**	**58,407**
Opening general fund balance at 31 March 2018	25,259		
Less deficit on general fund in year	(6,921)		
Closing general fund balance at 31 March 2018	**18,338**		

Expenditure & Funding Analysis for the PCC for Norfolk

Office of the PCC	Net Expenditure Chargeable to the General Fund Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000
Year Ended 31 March 2019			
Office of the PCC	(3,365)	8,269	4,905
PCC commissioning	875	-	875
Intra-group funding	170,528	-	170,528
Net cost of police services	**168,038**	**8,269**	**176,308**
Other income and expenditure	(167,985)	(5,607)	(173,593)
Deficit/(surplus) on the provision of services	**53**	**2,662**	**2,715**
Opening general fund balance at 31 March 2018	18,339		
Less deficit on general fund in year	(53)		
Closing general fund balance at 31 March 2019	**18,286**		
Year Ended 31 March 2018			
Office of the PCC	(3,867)	13,367	9,500
PCC commissioning	776	-	776
Intra-group funding	171,319	-	171,319
Net cost of police services	**168,228**	**13,367**	**181,595**
Other income and expenditure	(161,308)	(4,821)	(166,129)
Deficit/(surplus) on the provision of services	**6,920**	**8,546**	**15,466**
Opening general fund balance at 31 March 2018	25,259		
Less deficit on general fund in year	(6,920)		
Closing general fund balance at 31 March 2018	**18,339**		

Notes to the Financial Statements for the PCC for Norfolk and the PCC for Norfolk Group

1. Accounting Policies

General principles

The Statement of Accounts summarises the Group's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Group is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. Those practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (CoP), supported by International Financial Reporting Standards (IFRS).

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

Cost recognition and intra-group adjustment

Refer to Note 5 for further details.

Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals, a de-minimis level of £1,000 is set for year-end accruals of purchase invoices, except where they relate to grant funded items, where no de-minimis is used. Other classes of accrual are reviewed to identify their magnitude. Where the inclusion or omission of an accrual would not have a material impact on the Statement of Accounts, either individually or cumulatively, it is omitted.

Charges to the CIES (Comprehensive Income and Expenditure Statement) for Non-Current Assets

Net cost of policing of the PCC is debited with the following amounts to record the cost of holding non-current assets during the year:

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

The PCC is not required to raise council tax to fund depreciation, revaluation, impairment losses or amortisation. However, it is required to make an annual contribution from revenue, the Minimum Revenue Provision (MRP), towards the reduction in the overall borrowing requirement (represented by the Capital Financing Requirement) equal to an amount calculated on a prudent basis determined by the PCC in accordance with statutory guidance.

Depreciation, amortisation, and revaluation and impairment losses are reversed from the General Fund and charged to the Capital Adjustment Account via the MIRS (Movement in Reserves Statement). MRP is charged to the General Fund along with any Revenue Funding of Capital and credited to the Capital Adjustment Account via the MIRS.

Guidance issued under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009 enables authorities to calculate an amount of MRP, which they consider to be prudent. For capital expenditure incurred from 2008/09, the PCC has approved calculating the MRP using the Option 3 method, which results in MRP being charged over the related assets' useful life.

Property, plant and equipment

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

Recognition

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

All expenditure on the acquisition, creation or enhancement and disposal of non-current assets is capitalised subject to a de-minimis threshold of £10,000. Expenditure below this amount on an individual asset is treated as revenue, with the following exceptions:

- Desktop and laptop computers and tablets
- Monitors
- Communication devices including radios
- Servers
- Software licences
- Firearms including TASERs
- Vehicles with a life exceeding 12 months
- Annual Assets (projects incurring expenditure throughout the year which are not classified as assets under construction)
- Where government grant funding has been sought and received for specific expenditure on the assumption that both the grant and expenditure are treated as capital

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Group does not capitalise borrowing costs incurred on the acquisition or construction of fixed assets.

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

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

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction – historic cost until the asset is live (assets under construction are not depreciated).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – 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.
- Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for in the following way:

- 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 against the net cost of policing of the PCC in the CIES.

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

Impairment

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

Where impairment losses are identified, they are accounted for in the following way:

- 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 against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in 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.

Depreciation

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

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset.

The Code of Practice requires that where a property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, where the remaining asset life is significantly different for identifiable components, unless it can be proved that the impact on the Group's Statement of Accounts is not material. The Group has assessed the cumulative impact of component accounting. As a result the Group applies component accounting prospectively to assets that have a valuation in excess of £2m unless there is clear evidence that this would lead to a material misstatement in the Group's Financial Statements.

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

Depreciation or amortisation is charged in both the year of acquisition and disposal of an asset on a pro rata basis. Depreciation or amortisation is charged once an asset is in service and consuming economic benefit.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification, on the basis relevant to the asset class prior to 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. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and are to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the PCC’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Fair Value Measurement

The Group measures some of its non-financial assets such as surplus assets and investment properties at fair value on each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The Group measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Group takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Group’s financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. Research expenditure is not capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the PCC or Group's services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of a finite intangible asset is amortised over its useful life and charged to the net cost of policing of the PCC in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the net cost of policing of the PCC in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Council Tax

Billing authorities act as agents, collecting council tax on behalf of the major preceptors, which includes the PCC. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax collected could be less or more than predicted.

The council tax income included in the Comprehensive Income and Expenditure Statement is the PCC's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the PCC's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the PCC's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee benefits

Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year end. The accrual is made at the most recent wage and salary rates applicable.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the entity to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the entity can no longer withdraw the offer of those benefits or when the entity recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the entity to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. Some officers are still members of the Police Pension Scheme 1987 and the New Police Pension Scheme 2006, where transitional protection applies. All of the schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Constabulary, and all of the schemes are accounted for as defined benefit schemes.

The liabilities attributable to the Group of all four schemes are included in the Balance Sheet on an actuarial basis using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities in the LGPS are discounted to their value at current prices, using a discount rate specified each year by the actuary.

Liabilities in the Police Pension Scheme are discounted to their value at current prices, using a discount rate specified each year by the actuary.

The assets of the LGPS attributable to the Group are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

All three of the police schemes are unfunded and therefore do not have any assets. Benefits are funded from the contributions made by currently serving officers and a notional employer's contribution paid from the general fund; any shortfall is topped up by a grant from the Home Office.

The change in the net pensions liability is analysed into six components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is allocated in the CIES to the services for which the employee or officer worked. The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are debited to the net cost of policing in the CIES as part of the service for which the employee or officer worked.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated

their assumptions. They are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the four pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Group has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including injury awards for police officers) 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.

The Group makes payments to police officers in relation to injury awards, and the expected injury awards for active members are valued on an actuarial basis.

Events after the reporting period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types 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 is not adjusted to reflect such events. However 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.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the PCC has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The PCC's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the PCC, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The PCC recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the PCC.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Government grants and contributions

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's accounts. Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- The Group will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet within creditors as government grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the Movement in Reserves Statement (MIRS). Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

Investment policy

The PCC works closely with its external treasury advisors Link Asset Services to determine the criteria for high quality institutions. The criteria for providing a pool of high quality investment counterparties for inclusion on the PCC's 'Approved Authorised Counterparty List' is provided below:

- UK Banks which have the following minimum ratings from at least one of the three credit rating agencies:

UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	A-	A-	A3

- Non-UK Banks domiciled in a country which has a minimum sovereign rating of AA+ and have the following minimum ratings from at least one of the three credit rating agencies:

Non-UK Banks	Fitch	Standard & Poors	Moody’s
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3

- Part Nationalised UK Banks;
- The PCC’s Corporate Banker (Barclays Bank) – if the credit ratings of the PCC’s Corporate Banker fall below the minimum criteria for UK Banks above, then cash balances held with that bank will be for account operation purposes only and balances will be minimised in terms of monetary size and time;
- Building Societies (which meet the minimum ratings criteria for UK Banks);
- Money Market Funds (which are rated AAA by at least one of the three major rating agencies);
- UK Government;
- Local Authorities, Parish Councils etc.

All cash invested by the PCC in 2018/19 will be either Sterling deposits (including certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.

Joint operations and joint assets

Joint operations are activities undertaken by the PCC or the Chief Constable in conjunction with other bodies, which involve the use of the assets and resources of the Group or the other body, rather than the establishment of a separate entity. The Group recognises on the PCC Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the relevant Comprehensive Income and Expenditure Statement with its share of the expenditure incurred and income earned from the activity of the operation.

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

Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The PCC as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease’s inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the PCC are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset’s estimated useful life (where ownership of the asset does not transfer to the PCC at the end of the lease period).

The PCC is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds toward the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

The PCC as Lessor

Where the PCC grants an operating lease over a property or an item of plant and equipment, the asset is retained in the Balance Sheet. Rental income is credited to the net cost of policing line in the CIES. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes, and for the Police Investigation Centres (PICs) ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The liability was written down by the initial contribution.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the Chief Constable's net cost of policing in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- 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 – these are included as part of the unitary payment such that the supplier absorbs any peaks and troughs throughout the life of the contract.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Group settles the obligation.

The insurance claims provision is maintained to meet the liabilities for claims received but for which the timing and/or the amount of the liability is uncertain. The Group self-insures part of the third party, motor and employer's liability risks. External insurers provide cover for large individual claims and to cap the total claims which have to be met from the provision in any insurance year. Charges are made to revenue to cover the external premiums and the estimated liabilities which will not be met by external insurers. Liability claims may be received several years after the event and can take many years to settle.

Contingent Liabilities

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

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

Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC – these reserves are explained in the following paragraphs:

<u>Revaluation Reserve</u>

This Reserve records the accumulated gains on fixed assets arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred, only because the asset has been revalued. The balance on this Reserve for assets disposed is written out to the Capital Adjustment Account. The overall balance on this reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

<u>Capital Adjustment Account</u>

This account accumulates (on the debit side) the write-down of the historical costs of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The balance on this account represents timing differences between the amount of the historical cost of the fixed assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

<u>Pension Reserve</u>

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

Value Added Tax

VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the VAT is irrecoverable it is included in the relevant service line of the Group's Comprehensive Income and Expenditure Statement, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT is VAT charged which under legislation is not reclaimable (e.g., purchase of command platform vehicles).

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

The Financial Statements have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom for 2018/19 (the Code), the Code is based on International Financial Reporting Standards (IFRSs).

The amendments required to be adopted under the 2019/20 Code are:

- Amendments to IAS 40 *Investment Property:* Transfers of Investment Property
- *Annual Improvements to IFRS Standards 2014-2016 Cycle* including
    - IFRS 12 *Disclosure of Interest in Other Entities: Clarification of the Scope of the Standard*
    - IAS 28 *Investments in Associates and Joint Ventures: Measuring an Associate or Joint Venture at Fair Value*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (note that the amendments also allow for prospective application)
- IFRIC 23 *Uncertainty over Income Tax Treatments* and
- Amendments to IFRS 9 *Financial Instruments:* Prepayment Features with Negative Compensation.

Application of the IFRSs referred to above, as adopted by the Code, is required by 1 April 2019, and these IFRSs will be initially adopted as at 1 April 2019. The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The adoption of amendments to *Annual improvements to IFRS Standards 2014-2016 Cycle* above is made retrospectively in accordance with the Code.

The following amendments to IFRS Standards were not provided with EU endorsement by 1 January 2019 and are therefore not implemented in the 2019/20 Code:

- Amendments to IAS 28 *Investments in Associates and Joint Ventures:* Long-term Interest in Associates and Joint Ventures
- *Annual Improvements to IFRS Standards 2015-17 Cycle*
- Amendments to *IAS 19 Employee Benefits:* Plan Amendment, Curtailment or Settlement

It is not expected that the adoption of any of the standards listed above will have a material effect on the 2019/20 financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- The budget is set by the PCC and provides the Chief Constable with the authority to incur expenditure. There are still uncertainties about the future funding beyond 2019/20 in regard of what the PCC will receive from the government and the limitations around the precept. The PCC and the Chief Constable are working together to mitigate the impact of the funding gap emerging over the period of the Medium-Term Financial Plan, the impact of which will be realised in the budget set by the PCC.

- The allocation of transactions and balances between the PCC and the Chief Constable has been set out in the Narrative Report to these accounts.

- The PCC has taken over the obligations arising from the PFI contracts entered into by the former Police Authority. One 30 year PFI contract was for the provision of newly built Police Investigation Centres, title to the assets will be retained by the PCCs of both Norfolk and Suffolk on completion of the contract. The other 35 year contract was for the provision of the Operations and Communications Centre at Wymondham. Associated assets have been capitalised and treated "on Balance Sheet" as required by IFRS.

- The PCC for Norfolk has a significant number of assets including those under Private Finance Initiatives (PFI) arrangements. The PCC has the responsibility, control and risk in terms of the provision of those assets. Consequently, a critical judgement has been made to show any connected grant funding (e.g. for the PFI), and the capital and financing costs of the provision of those assets in the PCC accounts. As the Chief Constable utilises the assets on a day-to-day basis, the officers and staff of the Chief Constable have responsibility for the consumables, heating and lighting and so forth. Consequently, these costs are shown in the Chief Constable accounts including the service charges element of the PFI.

- Costs of pension arrangements require estimates assessed by independent qualified actuaries regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by the actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.

- In respect of the LGPS police staff pension costs, separate actuarial valuations have been carried out to provide the accounting entries for the PCC and the Chief Constable in 2018/19 and are reflected in the financial statements.

- Establishing the valuation of operational and residential properties. Depreciation is a calculation based on asset value and expected useful live of the assets. If the useful life of an asset is reduced then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the PCC with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £220.3m.

Property, Plant and Equipment

The value of land and property together with the asset lives are obtained from the PCC's appointed external valuers (Carter Jonas). The PCC relies upon the experience and knowledge of the valuer using the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual* to provide a fair value under IAS16. The carrying value of land and buildings (excluding assets under construction and held for sale) at the Balance Sheet date was as follows:

Land	£13.1m
Property	£48.1m

No meaningful sensitivity analysis is available for the valuation estimate as it is based on the valuer's professional judgement.

5. Intra-group Funding Arrangement Between the PCC and Chief Constable

The background and principles that underpin the accounting arrangements and create the need for an intra-group adjustment have been set out in the Narrative Report.

The PCC received all funding on behalf of the Group; at no time, under the current arrangements, does the Chief Constable hold any cash or reserves. However, it is felt that to accurately represent the substance of the financial impact of the day-to-day control exercised by the Chief Constable over policing it is necessary to capture the costs associated with this activity in the Chief Constable's CIES. A consequence of this is that the employment liabilities associated with police officers and police staff is also contained in the Chief Constable's CIES and the accumulative balances are held on the Chief Constable's Balance Sheet. All other assets and liabilities are held on the PCC's Balance Sheet.

Whilst no actual cash changes hands the PCC has undertaken to fund the resources consumed by the Chief Constable. The PCC effectively makes all payments from the Police Fund. To reflect this position in the Accounts, funding from the PCC offsets cost of service expenditure contained in the Chief Constable's CIES. This intra-group adjustment is mirrored in the PCC's CIES. The financial impact associated with the costs of the employment liabilities are carried on the balance sheet in accordance with the Code and added to the carrying value of the Pensions Liability and Accumulated Absences Liability.

6. Notes to the Expenditure and Funding Analysis

Adjustments between the CIES and the General Fund – Group

Group Position	Adjustment for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Year Ended 31 March 2019				
Constabulary	-	97,052	12	97,064
Office of the PCC	8,160	110	-	8,269
PCC commissioning	-	-	-	-
Net Cost of Police Services	**8,160**	**97,162**	**12**	**105,334**
Other income and expenditure	(5,841)	19,077	203	13,439
Difference between General Fund Deficit/(Surplus) & CIES Deficit/(Surplus)	**2,319**	**116,239**	**215**	**118,773**
Year Ended 31 March 2018				
Constabulary	-	19,950	(24)	19,926
Office of the PCC	13,263	104	-	13,367
PCC commissioning	-	-	-	-
Net Cost of Police Services	**13,263**	**20,054**	**(24)**	**33,293**
Other income and expenditure	(4,704)	23,043	(146)	18,193
Difference between General Fund Deficit/(Surplus) & CIES Deficit/(Surplus)	**8,559**	**43,097**	**(170)**	**51,486**

Adjustments between the CIES and the General Fund – PCC

Office of the PCC	Adjustment for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Year Ended 31 March 2019				
Office of the PCC	8,160	110	-	8,269
PCC commissioning	-	-	-	-
Net Cost of Police Services	**8,160**	**110**	**-**	**8,269**
Other income and expenditure	(5,841)	30	203	(5,607)
Difference between General Fund Deficit/(Surplus) on the Provision of Services	**2,319**	**140**	**203**	**2,662**
Year Ended 31 March 2018				
Office of the PCC	13,263	104	-	13,367
PCC commissioning	-	-	-	-
Net Cost of Police Services	**13,263**	**104**	**-**	**13,367**
Other income and expenditure	(4,704)	29	(146)	(4,821)
Difference between General Fund Deficit/(Surplus) on the Provision of Services	**8,559**	**133**	**(146)**	**8,546**

Expenditure and Income Analysed by Nature – Group

	Total Constabulary £000	Total Office of the PCC £000	Total PCC's Commissioning £000	Total Group £000
Year Ended 31 March 2019				
Expenditure				
Employee benefits expenses	229,671	839	268	**230,778**
Other service expenditure	28,915	2,952	1,868	**33,734**
Depreciation, amortisation & impairment	-	8,160	-	**8,160**
Net pensions interest cost	44,189	30	-	**44,219**
Interest payments	-	6,473	-	**6,473**
(Gains) / losses from derecognition of financial assets carried at amortised cost	-	19	-	**19**
Loss on the disposal of assets	-	85	-	**85**
Total Expenditure	**302,775**	**18,557**	**2,136**	**323,468**
Income				
Fees, charges and other service income	(6,830)	(320)	9	**(7,141)**
Interest and investment income	-	(118)	-	**(118)**
Income from council tax	-	(67,198)	-	**(67,198)**
Government grants and contributions	(9,305)	(119,642)	(1,237)	**(130,185)**
Total Income	**(16,135)**	**(187,278)**	**(1,228)**	**(204,641)**
Deficit/(Surplus) on the Provision of Services	**286,640**	**(168,721)**	**908**	**118,826**
Year Ended 31 March 2018 **Restated**				
Expenditure				
Employee benefits expenses	156,058	773	256	**157,087**
Other service expenditure	30,054	2,455	1,695	**34,204**
Depreciation, amortisation & impairment	-	13,263	-	**13,263**
Net pensions interest cost	45,503	29	-	**45,532**
Interest payments	-	6,788	-	**6,788**
Loss on the disposal of assets	-	83	-	**83**
Total Expenditure	**231,615**	**23,390**	**1,951**	**256,956**
Income				
Fees, charges and other service income	(6,035)	(262)	(60)	**(6,357)**
Interest and investment income	-	(127)	-	**(127)**
Income from council tax	-	(62,665)	-	**(62,665)**
Government grants and contributions	(11,320)	(116,995)	(1,085)	**(129,400)**
Total Income	**(17,355)**	**(180,049)**	**(1,145)**	**(198,549)**
Deficit/(Surplus) on the Provision of Services	**214,260**	**(156,659)**	**806**	**58,407**

Expenditure and Income Analysed by Nature – PCC

	Total Office of the PCC £000	Total PCC's Commissioning £000	Total PCC £000
Year Ended 31 March 2019			
Expenditure			
Employee benefits expenses	839	268	**1,107**
Other service expenditure	2,952	1,868	**4,819**
Depreciation, amortisation & impairment	8,160	-	**8,160**
Net pensions interest cost	30	-	**30**
Interest payments	6,473	-	**6,473**
(Gains) / losses from derecognition of financial assets carried at amortised cost	19	-	**19**
Impairment losses on financial instruments	-	-	**-**
Loss on the disposal of assets	85	-	**85**
Total Expenditure	**18,557**	**2,136**	**20,693**
Income			
Fees, charges and other service income	(320)	9	**(311)**
Interest and investment income	(118)	-	**(118)**
Income from council tax	(67,198)	-	**(67,198)**
Government grants and contributions	(119,642)	(1,237)	**(120,880)**
Total Income	**(187,278)**	**(1,228)**	**(188,506)**
Deficit/(Surplus) on the Provision of Services before Intra Group funding	**(168,721)**	**908**	**(167,813)**
Intra group funding	**170,528**	**-**	**170,528**
Deficit/(Surplus) on the Provision of Services	**1,807**	**908**	**2,715**
Year Ended 31 March 2018 Restated			
Expenditure			
Employee benefits expenses	773	256	**1,029**
Other service expenditure	2,455	1,695	**4,150**
Depreciation, amortisation & impairment	13,263	-	**13,263**
Net pensions interest cost	29	-	**29**
Interest payments	6,788	-	**6,788**
Loss on the disposal of assets	83	-	**83**
Total Expenditure	**23,390**	**1,951**	**25,341**
Income			
Fees, charges and other service income	(262)	(60)	**(322)**
Interest and investment income	(127)	-	**(127)**
Income from council tax	(62,665)	-	**(62,665)**
Government grants and contributions	(116,995)	(1,085)	**(118,080)**
Total Income	**(180,049)**	**(1,145)**	**(181,194)**
Deficit/(Surplus) on the Provision of Services before Intra Group funding	**(156,659)**	**806**	**(155,853)**
Intra group funding	171,319		**171,319**
Deficit/(Surplus) on the Provision of Services	**14,660**	**806**	**15,466**

7. Government Grants

The following grants and contributions were credited to the CIES during the year:

	Group		PCC	
	Amount Receivable for 18/19 £000	**Amount Receivable for 17/18 £000**	**Amount Receivable for 18/19 £000**	**Amount Receivable for 17/18 £000**
Credited to Taxation and Non Specific Grant Income				
General police grant	49,517	49,517	49,517	49,517
Council Tax support grant	7,877	7,877	7,877	7,877
Council tax freeze grant	1,428	1,428	1,428	1,428
Capital grants and contributions	541	554	541	554
Former MHCLG funding	28,371	28,371	28,371	28,371
Precepts	67,198	62,665	67,198	62,665
	154,931	**150,412**	**154,931**	**150,412**
Credited to Other Operating Expenditure				
Home Office contribution to police pensions	25,142	22,489	25,142	22,489
	25,142	**22,489**	**25,142**	**22,489**
Credited to Services				
Police incentivisation	86	119	-	-
Counter terrorism	-	585	-	-
PFI grants (OCC and PICs)	6,758	6,758	6,758	6,758
Vulnerability Coordination Centre	371	-	-	-
Other specific grants	10,084	11,702	1,237	1,085
	17,301	**19,164**	**7,996**	**7,844**

Other specific grants credited to services for the Group include £1.4m Child Sexual Exploitation Grant, £1.8m Operation Hydrant, a Specific Home Office Grant of £4.0m and a £1.1m Ministry of Justice Grant, the latter was wholly credited to services for the PCC.

8. Employees' Remuneration

The numbers of employees and senior police officers (Chief Superintendent and above) whose remuneration exceeded £50k in 2018/19 were as follows:

	GROUP		OPCC	
	2018/19	2017/18	2018/19	2017/18
Remuneration				
£50,000 - £54,999	12	15	2	2
£55,000 - £59,999	10	8	1	-
£60,000 - £64,999	1	1	-	-
£65,000 - £69,999	4	6	-	1
£70,000 - £74,999	2	2	1	-
£75,000 - £79,999	4	2	-	-
£80,000 - £84,999	4	1	-	-
£85,000 - £89,999	1	4	-	-
£90,000 - £94,999	2	2	-	1
£95,000 - £99,999	2	2	1	-
£110,000 - £114,999	1	-	-	-
£115,000 - £119,999	1	-	-	-
£120,000 - £124,999	-	1	-	-
£160,000 - £164,999	-	1	-	-
£165,000 - £169,999	1	-	-	-

"Remuneration" is defined, by regulation, as "all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash."

Within the £95,000 - £99,999 band for the Group, 0.4 FTE relates to the PCC CFO. The CFO acted as CFO for the Chief Constable and the PCC. The 0.4 FTE relating to the PCC share of the FTE based on days contracted, falls out of the banding ranges for the OPPC.

In addition to the above the Accounts and Audit Regulations 2015 require a detailed disclosure of employees' remuneration for relevant police officers, those holding statutory office and other persons with a responsibility for management of the PCC. Officers listed in the table below are also included in the above banding disclosure note.

	Salaries Fees and Allowances £000	Employers Pension Contributions £000	Benefits in Kind £000	Total £000
2018/19				
Position held				
Chief Constable - Simon Bailey	165	-	6	171
Deputy Chief Constable (to 01.10.18)	80	14	3	97
Temporary Deputy Chief Constable (from 25.09.18)	111	26	5	143
Assistant Chief Constable (to 24.09.18)				
Assistant Chief Constable	113	27	2	142
Temporary Assistant Chief Constable (from 24.09.18)	97	21	5	123
Assistant Chief Officer (from 01.02.19)	16	3	-	19
CFO (CC) - 0.6 FTE (to 31.01.19)	57	-	-	57
Police and Crime Commissioner	71	13	-	84
Chief Executive (PCC)	94	17	-	110
CFO (PCC) - 0.4 FTE	33	-	-	33
2017/18				
Position held				
Chief Constable - Simon Bailey	164	32	5	201
Deputy Chief Constable	122	28	3	153
Assistant Chief Constable (from 5.6.17)	89	22	1	112
Temporary Assistant Chief Constable (3.4.17 to 31.12.17 and from 31.3.18)	95	23	2	120
Temporary Assistant Chief Constable (1.1.18 to 30.3.18)	92	21	3	116
CFO (CC) - 0.6 FTE	66	-	-	66
Police and Crime Commissioner	70	13	-	83
Chief Executive (PCC)	92	17	-	109
CFO (PCC) - 0.4 FTE	32	-	-	32

During 2018/19, a chief officer from Norfolk Constabulary acted as Assistant Chief Constable in a joint capacity Suffolk contributed 43.0% towards the cost of this post.

The Regulations also require disclosure of compensation for loss of employment and other payments to relevant police officers. No amounts were paid to the above officers in respect of these categories.

The number of exit packages with total cost per band are set out in the table below. The Group values include exit packages paid in relation to the PCC's Office within the £20,001 to £40,000 band.

The total value of exit packages in 2018/19 includes an amount of £15k, within the £0 to £20,000 banding, relating to differences between the 2017/18 accrued costs and the actual amounts paid.

Exit Package Cost Band including Special Payments	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages		Total Value of Exit Packages	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19 £000	2017/18 £000
Group								
£0 - £20,000	12	71	1	-	13	71	143	669
£20,001 - £40,000	4	9	2	-	6	9	149	268
£40,001 - £60,000	-	15	-	1	-	16	-	851
£60,001 - £80,000	2	3	-	-	2	3	122	199
£80,001 - £100,000	2	4	-	-	2	4	175	342
£100,000 - £150,000	-	1	-	-	-	1	-	103
	20	103	3	1	23	104	589	2,431

9. Related Party Transactions

The PCC is required to disclose material transactions with bodies or individuals that have the potential to control or influence the PCC or to be controlled or influenced by the PCC.

During 2018/19 there were no material related party transactions involving officers of the PCC or senior officers of the Constabulary, other than those included under employee's remuneration set out in Note 8 of these financial statements. The PCC and other senior officers have been written to requesting details of any related party transactions and there are no disclosures.

Central Government has effective control over the general operations of the PCC, it is responsible for providing the statutory framework within which the PCC operates, provides the majority of its funding and prescribes the terms of many of the transactions that the PCC has with other parties. Income from central government is set out in Note 7 of these financial statements.

Norfolk and Suffolk Constabularies have implemented significant collaborative arrangements, these are fully disclosed in Note 10.

No other material transactions with related parties have been entered into except where disclosed elsewhere in the accounts.

10. Collaborative Arrangements

Both Norfolk and Suffolk Constabularies are collaborating extensively across a range of service areas. At the point where collaborative opportunities are identified as able to deliver efficiencies, savings or improved service then the PCC is required to give their approval to collaborate. This is recognised by Norfolk and Suffolk alike.

The Collaboration Panel for Norfolk and Suffolk, as described in the Scheme of Governance and Consent provides an opportunity for the counties' respective PCCs to consider issues of mutual interest and discharge the governance responsibilities of the PCCs The agreed shared costs of fully collaborated units that arose during the year was as follows:

	Business Support £000	Justice Services £000	Protective Services £000	County Policing £000	Total £000
2018/19					
Suffolk PCC	16,604	9,733	14,544	1,431	42,312
Norfolk PCC	22,010	12,902	19,279	1,897	56,088
Total shared running costs	**38,614**	**22,634**	**33,823**	**3,327**	**98,399**
2017/18					
Suffolk PCC	16,372	9,924	15,170	1,263	42,729
Norfolk PCC	21,615	13,101	20,028	1,667	56,411
Total shared running costs	**37,987**	**23,026**	**35,198**	**2,930**	**99,140**

Collaboration within the region has been pursued for a number of years. Since the introduction of PCCs, the six PCCs from the region have met quarterly as a group with their Chief Constables and Chief Executives. All collaborations that have been entered into have a collaboration agreement which specifies the formalities of the collaboration arrangements in relation to specific collaborations.

Since October 2015 the six police areas in the region have been joined by Kent in the 7Force Strategic Collaboration Programme. This has been formalised in a collaboration agreement entered into between the PCCs and Chief Constables of the seven police areas. It was reviewed in a second collaboration agreement in early

2017 to progress the Programme until at least the end of March 2019 and has now been extended for a further two year period by the third collaboration agreement.

The net expenditure incurred by each force is as follows:

	Total 2018/19 £000	Total 2017/18 £000
Operating costs	20,469	17,908
Specific Home Office grant	(4,659)	(2,997)
Other income	(300)	-
Total deficit/ (surplus) for the year	**15,510**	**14,911**
Contributions from forces:		
Bedfordshire	(1,843)	(1,692)
Cambridgeshire	(2,376)	(2,152)
Essex	(1,434)	(1,289)
Hertfordshire	(3,351)	(3,049)
Kent	(1,735)	(1,563)
Norfolk	(2,696)	(2,478)
Suffolk	(2,047)	(1,877)
Deficit/ (surplus) for the year	**27**	**810**
Norfolk underspend held in Balance Sheet	**71**	**145**

West Yorkshire Police is the lead force for the National Police Air Service (NPAS). Police staff engaged in provision of the service were employed by the Commissioner and police officers were seconded to West Yorkshire Police. Expenditure relating to NPAS incurred by forces will be charged to West Yorkshire and they will charge forces for the service. The Home Office provides a capital grant to cover the capital investment required.

The service is governed by a section 22A collaboration agreement and is under the control of a Strategic Board made up of Commissioners and Chief Constables from each region. The Board determines the budget and the charging policy and monitors performance.

During the year £262k was payable to West Yorkshire PCC in respect of the NPAS service provided

11. Council Tax

The Norfolk district, city and borough councils are required to collect the amount of council tax determined by the PCC for policing the county. In 2018/19 the precept, including the estimated 2017/18 collection fund surplus/(deficit), was paid to the PCC during the year and amounted to £67.3m distributed as shown below. The Code of Practice now requires that Council Tax income included in the CIES for the year should be prepared on an accruals basis. The cash received from the billing authorities is therefore adjusted for the PCC's share of the outturn opening and closing balances on the Collection Fund. These adjustments are however then taken to the Collection Fund Adjustment Account and included as a reconciling item in the MiRS to ensure that only the statutory amount is credited to the General Fund. The figures credited to the CIES are broken down as follows:

2017/18 £000		Received from Billing Authority £000	surplus/(deficit) on Collection Fund at 31.3.18 £000	surplus/(deficit) on Collection Fund at 31.3.19 £000	Total 2018/19 £000
9,221	Breckland	9,972	131	1	9,842
9,776	Broadland	10,463	(2)	(40)	10,426
10,870	Kings Lynn & West Norfolk	11,541	372	395	11,564
7,834	Norwich	8,406	675	709	8,440
6,072	Great Yarmouth	6,562	92	32	6,502
8,626	North Norfolk	9,332	267	257	9,322
10,267	South Norfolk	11,086	2	17	11,101
62,665		**67,362**	**1,536**	**1,372**	**67,198**

The Code of Practice also requires the PCC to account for its share of net council tax arrears and prepayments within the Balance Sheet. This is offset within the Balance Sheet by an associated balance that reflects the difference between the net attributable share of cash received by the billing authorities from council tax debtors/creditors and the amounts paid to the PCC. The amounts owed to/from billing authorities in respect of council tax at the year-end were as follows:

Balance at 31.3.18 £000		Collection Fund £000	Net Arrears £000	Pre-payments £000	Balance at 31.3.19 £000
73	Breckland	(1)	405	(137)	267
(21)	Broadland	40	105	(123)	22
(207)	Kings Lynn & West Norfolk	(395)	377	(193)	(211)
(637)	Norwich	(709)	290	(222)	(640)
115	Great Yarmouth	(32)	441	(159)	250
(262)	North Norfolk	(257)	183	(172)	(246)
85	South Norfolk	(17)	249	(139)	93
(854)		**(1,372)**	**2,052**	**(1,144)**	**(465)**

12. External Audit Fees

The Group fees payable in respect of external audit services were as follows:

2017/18 £000		2018/19 £000
	The Group has incurred the following costs in relation to the audit of the Statement of Accounts	
37	The PCC for Norfolk	30
17	The Chief Constable of Norfolk	17
54		**47**

The PCC fees payable in respect of external audit services are identified separately in the above table.

The 2018/19 audit fees include an amount of £4.0k (2017/18 £3.4k), attributable to the PCC, in respect of 2017/18 which has not been provided for but which had been an approved increase to the original scale fees. A similar scale fee increase of £5.4k (2017/18 £1.5k) is attributable to the Chief Constable.

No audit fees have been payable for non-audit work.

13. Non-Current Assets

Movements in 2018-19	Land and buildings £000	Vehicles plant and equipment £000	Assets under con-struction £000	Surplus Assets £000	Total £000
Property, Plant & Equipment					
Historic cost or revaluation					
Balance at 1.4.18	67,217	31,543	970	-	99,730
Reclassifications	(111)	89	(651)	-	(672)
Additions	(380)	3,953	650	-	4,224
Derecognition - disposals	-	(5,871)	-	-	(5,871)
Net revaluation gains/losses recognised in the CIES	(7,826)	-	-	-	(7,826)
Net revaluation gains/losses recognised in the Revaluation Reserve	4,036	-	-	-	4,036
Balance at 31.3.19	**62,936**	**29,715**	**970**	**-**	**93,621**
Depreciation and impairments					
Balance at 1.4.18	5,535	19,905	-	-	25,440
Reclassifications	1	27	(30)	-	(3)
Revaluations	(6,457)	-	-	-	(6,457)
Derecognition - disposals	-	(5,711)	-	-	(5,711)
Depreciation for the year	2,604	3,342	30	-	5,976
Balance at 31.3.19	**1,682**	**17,563**	**-**	**-**	**19,245**
Net book value at 31.3.18	61,682	11,638	970	-	74,290
Net book value at 31.3.19	**61,254**	**12,152**	**970**	**-**	**74,375**

	Software Licences £000
Purchased intangible assets	
Historic cost or revaluation	
Balance at 1.4.18	5,716
Reclassifications	387
Additions	538
Derecognition - disposals	(191)
Balance at 31.3.19	**6,450**
Amortisation	
Balance at 1.4.18	2,758
Amortisation for the year	814
Reclassifications	-
Derecognition - disposals	(191)
Balance at 31.3.19	**3,381**
Net book value at 31.3.18	2,958
Net book value at 31.3.19	**3,069**

Movements in 2017-18	**Land and buildings £000**	**Vehicles plant and equipment £000**	**Assets under con-struction £000**	**Surplus Assets £000**	**Total £000**
Property, Plant & Equipment					
Historic cost or revaluation					
Balance at 1.4.17	68,341	29,020	2,754	-	100,115
Reclassifications	-	1,022	(1,346)	-	(324)
Additions	6,987	2,438	(439)	-	8,986
Derecognition - disposals	-	(936)	-	-	(936)
Net revaluation gains/losses recognised in the CIES	(7,699)	-	-	-	(7,699)
Net revaluation gains/losses recognised in the Revaluation Reserve	(412)	-	-	-	(412)
Balance at 31.3.18	**67,217**	**31,543**	**970**	**-**	**99,730**
Depreciation and impairments					
Balance at 1.4.17	3,537	17,714	-	-	21,251
Reclassifications	(5)	-	(19)	-	(23)
Revaluations	(469)	-	-	-	(469)
Derecognition - disposals	-	(745)	-	-	(745)
Depreciation for the year	2,472	2,936	19	-	5,426
Balance at 31.3.18	**5,535**	**19,905**	**-**	**-**	**25,440**
Net book value at 31.3.17	64,804	11,306	2,754	-	78,864
Net book value at 31.3.18	**61,682**	**11,638**	**970**	**-**	**74,290**

	Software Licences £000
Purchased intangible assets	
Historic cost or revaluation	
Balance at 1.4.17	5,287
Reclassifications	324
Additions	105
Derecognition - disposals	-
Balance at 31.3.18	**5,716**
Amortisation	
Balance at 1.4.17	2,128
Amortisation for the year	607
Reclassifications	23
Derecognition - disposals	-
Balance at 31.3.18	**2,758**
Net book value at 31.3.17	3,159
Net book value at 31.3.18	**2,958**

Assets under construction are assets that are not yet operationally complete, the balance relates to expenditure on land and buildings (£697k) and IT assets (£273k).

Included in land and buildings is land at Bury St Edmunds on which a Police Investigation Centre (PIC) has been built. Suffolk PCC has legal title to this land; however Norfolk PCC owns 30% of the beneficial interest in the land, with the remaining 70% owned by Suffolk PCC, who is co-occupier of the centre. The PCC also holds legal title to land at Great Yarmouth on which a PIC has been built, however 50% of the beneficial interest of this land is held by Suffolk PCC. The current value of this land in the balance sheet amounts to £375k.

The depreciation and amortisation policy is set out in Note 1. Assets have been depreciated on a straight-line basis over their economic useful lives.

14. Financing of Capital Expenditure

Capital financing is accounted for on an accruals basis. The sources of capital finance in 2018/19 are set out below.

2017/18 £000		2018/19 £000
86,465	Opening capital financing requirement	90,463
	Capital investment	
105	Intangible fixed assets	538
9,424	Operational assets	3,573
(439)	Non operational assets	650
	Sources of finance	
(173)	Capital receipts	(74)
(687)	Government grants and other contributions	(751)
(2,621)	Direct revenue contributions	(3,485)
(1,611)	Revenue provision including MRP	(1,892)
90,463	**Closing capital financing requirement**	**89,023**
	Explanation of movements in year	
3,998	Increase/(decrease) in underlying need to borrow	(1,441)
3,998	**Increase/(decrease) in capital financing requirement**	**(1,441)**

The Minimum Revenue Provision (MRP) is a mechanism to set aside revenue funds for the redemption of debt. The Local Authorities (Capital Finance and Accounting) Regulations 2015 are issued under Section 21 of the Local Government Act 2003 and now allow authorities a variety of options in calculating their MRP. The options chosen were that MRP calculated using Option 2 be used for capital expenditure up to and including 31 March 2008 and Option 3 for all capital expenditure thereafter. Option 3 results in MRP being charged over the asset's remaining useful life. Accounting for PFIs and Finance Leases require that on balance sheet assets are also funded through MRP, the amount charged is equivalent to the capital element of the liability repaid during the year. The total amount charged to MRP in 2018/19 was £1,892k (2017/18 - £1,611k).

15. Non-Current Asset Valuation

Land and Buildings

The freehold and leasehold properties of the PCC's property portfolio are individually valued as part of a rolling 5 year programme, significant properties are valued annually. The valuations, which are carried out by the PCC's professional advisors, Carter Jonas, who are property consultants, are in accordance with their appraisal and valuation manual. Their valuer is a qualified member of the Royal Institute of Chartered Surveyors (RICS).

In order to calculate buildings depreciation the valuers have provided separate valuations for the land and building elements of each property valuation. The valuers also provide an estimate of the remaining economic useful life of the assets. They are also asked to carry out an impairment assessment of the remaining properties on which no formal valuation was carried out in the year.

Plant and machinery which are part of the building or property (for example, central heating systems) have been included in valuations. This is in accordance with appendices to Practice Statements of the RICS appraisal valuation manual. Moveable plant, machinery, fixtures and fittings, which do not form part of the building, have been excluded from the valuations of land and buildings.

Non specialised operational properties were valued on the basis of existing use value (EUV). Specialised operational properties should also be valued on an EUV basis, or where this could not be assessed because there was no market for the subject asset, they were valued according to the depreciated replacement cost.

Vehicles, Plant and Equipment and Software Licences

Vehicles, plant and equipment and software licences are valued at depreciated historic cost as a proxy for depreciated replacement cost. The breakdown of the current value of property, plant and equipment by valuation basis at the year-end is as follows:

	Other Land and buildings £000	Vehicles plant and equipment £000	Assets under con--struction £000	Surplus Assets £000	Total £000
Carried at historical cost	694	12,152	970	-	13,816
Valued at fair value during year ended:					
31 March 2019	54,363	-	-	-	54,363
31 March 2018	3,267	-	-	-	3,267
31 March 2017	841	-	-	-	841
31 March 2016	428	-	-	-	428
31 March 2015	1,660	-	-	-	1,660
Balance at 31.3.19	**61,254**	**12,152**	**970**	**-**	**74,375**

16. Private Finance Initiative

Operations and Communications Centre at Wymondham

The PCC is committed to making payments under a contract with a consortium for the use of Jubilee House, Operations and Communications Centre at Wymondham until 2037. The actual level of payments is dependent on availability of the site and provision and delivery of services within. The estimated cost covers the contract standard facilities management provision. The contract, which is for a period of 35 years starting from 2001, has an option at contract end date to purchase the property at open market value or to negotiate with the PFI provider to extend the contract for up to a further 2 periods of 15 years, or of terminating the contract. The PCC makes an agreed payment each year which is increased by inflation and can be reduced if the contract fails to meet availability and performance standards in any year but which is otherwise fixed. The payment recognised in the Chief Constable accounts for the services element during 2018/19 was £1.517m (£1.480m in 2017/18). Payments remaining to be made under the PFI contract at 31 March 2019 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	Revenue Services £000	Capital Payments £000	Interest £000	Contingent Rent £000	Total £000
Payable in 2019/20	1,555	500	2,888	-	4,943
Payable within two to five years	6,620	2,646	10,905	-	20,171
Payable within six to ten years	8,548	5,428	11,510	-	25,486
Payable within eleven to fifteen years	9,302	9,367	7,571	-	26,240
Payable within sixteen to twenty years	5,448	7,111	1,472	-	14,030
	31,473	**25,052**	**34,345**	-	**90,870**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and the interest payable whilst the capital remains to be reimbursed.

Police Investigation Centres (PIC)

During the financial years 2010/2011 to 2040/2041 the Norfolk and Suffolk PCCs are committed to making payments under a contract with a consortium for the use of the six PICs. The actual level of payments will be dependent on the availability of the site and provision and delivery of services within. The contract is for 30 years. As the end of this term the properties revert to the two Groups.

Norfolk and Suffolk PCCs have agreed to pay for these services on an agreed percentage in accordance with the total number of cells within the 6 properties located in the 2 Counties – this being Norfolk 58.2% and Suffolk 41.8%. The payment recognised in the Chief Constable accounts is for the net services element which during 2018/19 amounted to £1.579m (£1.273m in 2017/18). This figure includes a credit received from Cambridgeshire Police for £0.512 m in respect of services provided at the Kings Lynn PIC. A summary of the sites, their initial contract capital value and the respective PCC interest in each site is shown in the table below:

Sites and opening dates	Norfolk Cells	Suffolk Cells	Cambridgeshire Cells	Capital Contract Value £000	Norfolk Historic Cost 31.3.19 £000	Norfolk Historic Cost 31.3.18 £000
Aylsham - 28.2.11	8	-	-	6,967	6,967	6,967
Wymondham - 4.4.11	30	-	-	11,398	11,398	11,398
Kings Lynn - 25.4.11	16	-	8	10,749	10,749	10,749
Ipswich - 6.6.11	-	30	-	12,012	-	-
Bury St Edmunds - 4.7.11	8	16	-	10,621	3,540	3,540
Gt Yarmouth - 7.11.11	15	15	-	12,680	6,340	6,340
	77	**61**	**8**	**64,427**	**38,994**	**38,994**

The PCC makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2019 (which exclude any availability / performance deductions or amounts receivable from Cambridgeshire Police), are shown in the following table.

	Revenue Services £000	Capital Payments £000	Interest £000	Contingent Rent £000	Total £000
Payable in 2019/20	1,871	679	2,629	175	5,355
Payable within two to five years	7,497	3,263	9,969	1,214	21,943
Payable within six to ten years	12,789	5,649	10,892	(619)	28,711
Payable within eleven to fifteen years	13,847	8,094	8,446	(77)	30,310
Payable within sixteen to twenty years	13,773	11,598	4,942	1,806	32,119
Payable within twenty one to twenty five years	8,167	5,960	656	(1,951)	12,832
	57,944	**35,243**	**37,534**	**547**	**131,268**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and the interest payable whilst the capital remains to be reimbursed.

The capital liability on the Norfolk PCC Balance Sheet at the year end is made up as follows:

	2019 £000	2018 £000
PFI - PICs		
Balance outstanding at the beginning of the year	35,875	36,463
Capital repayments during the year	(632)	(588)
Balance outstanding at year end	**35,243**	**35,875**
PFI - OCC		
Balance outstanding at the beginning of the year	25,500	25,902
Capital repayments during the year	(448)	(402)
Balance outstanding at year end	**25,052**	**25,500**
Total balance outstanding at year end	**60,295**	**61,375**
Made up as follows:		
Due in less than one year	1,179	1,080
Due in more than one year	59,116	60,295
	60,295	**61,375**

The net book value of the assets capitalised as part of the OCC and PIC PFI contracts is made up as follows:

	2019 £000	2018 £000
Net book value at the beginning of the year	38,420	40,515
Additions	-	-
Revaluations during the year	1,867	-
Depreciation during the year	(2,288)	(2,095)
Net book value at the end of the year	**37,999**	**38,420**

17. Retirement Benefits

Participation in pension schemes

Pension and other benefits are available to all PCC and Constabulary personnel under the requirements of statutory regulations. Four defined benefit pension schemes are operated:

a) The Local Government Pension Scheme (LGPS) for PCC and Constabulary police staff, administered by Norfolk County Council – this is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pension's liabilities with investment assets.

   From April 2014 the LGPS changed to a career average defined benefit scheme, so that benefits accrued are worked out using the employee's pay each scheme year rather than the final salary. This applies to all membership which builds up from 1 April 2014, but all pensions in payment or built up before April 2014 are protected. Employee contributions are determined by reference to actual pensionable pay and are tiered between 5.5% and 12.5%.

b) The Police Pension Scheme (PPS) for police officers who joined before April 2006. The Employee contributions are 14.25%-15.05% of salary and maximum benefits are achieved after 30 years' service. Contribution rates are dependent on salary.

c) The New Police Pension Scheme (NPPS) for police officers who either joined from April 2006 or transferred from the PPS. The employee contributions are 11.00%-12.75% of salary and maximum benefits are achieved after 35 years' service. Contribution rates are dependent on salary.

d) The Police Pension 2015 Scheme for police officers, is a Career Average Revalued Earnings (CARE) scheme, for those who either joined from April 2015 or transferred from PPS or NPPS. The employee contributions are 12.44%-13.78% of salary and the Normal Pension Age is 60 although there are protections for eligible officers to retire earlier. Contribution rates are dependent on salary.

All police pension schemes are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet pension liabilities. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2015 as 21.3% of pensionable pay. The difference between the old employer contribution rate of 24.2% and the new rate will be retained by the exchequer by means of a reduction in the pensions top-up grant from the Home Office, therefore the actual cost to the Constabulary of the employer's contribution is still 24.2%. The CIES meets the costs of injury awards and the capital value of ill-health benefits.

The PCC is also required to maintain a Police Pension Fund Account. Employer and employee contributions are credited to the account together with the capital value of ill-health retirements and transfer values received. Pensions and other benefits (except injury awards) and transfer values paid are charged to this account. If the account is in deficit at 31 March in any year, the Home Office pays a top-up grant to cover it. If there is a surplus on the account, then that has to be paid to the Home Office.

Transactions relating to post-employment benefits

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement is reversed out of the General Fund in the MiRS.

The note below contains details of the Group's operation of the Local Government Pension Scheme (administered by Norfolk County Council) and the Police Pension Schemes in providing police staff and police officers with retirement benefits. In addition, the Group has arrangements for the payment of discretionary benefits to certain retired employees outside of the provisions of the schemes. The following transactions have been made in the CIES and the General Fund via the MiRS during the year:

	Group LGPS 2018/19 £000	Group LGPS 2017/18 £000	Police Pensions Schemes 2018/19 £000	Police Pensions Schemes 2017/18 £000	PCC LGPS 2018/19 £000	PCC LGPS 2017/18 £000
Comprehensive Income and Expenditure Statement						
Cost of services						
Current service costs	12,229	13,143	29,930	28,290	235	232
Past service costs	1,369	859	75,670	1,060	26	-
Financing and investment income and expenditure						
Net interest expense	2,469	2,402	41,750	43,130	30	29
Total post employment benefit charges to the surplus or deficit on the provision of service	**16,067**	**16,404**	**147,350**	**72,480**	**291**	**261**
Other post employment benefit charged to the CIES						
Return on plan assets (excluding the amount included in the net interest expense)	(5,737)	(2,605)	-	-	(46)	(18)
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	(54,590)	-	-
- Actuarial gains/losses arising from changes in financial assumptions	31,190	(6,990)	50,750	52,380	270	(79)
- Other	88	(1)	(4,664)	(21,758)	2	4
	25,541	(9,596)	46,086	(23,968)	226	(93)
Total post employment benefit charged to the CIES	**41,608**	**6,808**	**193,436**	**48,512**	**517**	**168**
Movement in Reserves Statement (MIRS):						
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	**(41,608)**	**(6,808)**	**(193,436)**	**(48,512)**	**(517)**	**(168)**
Actual amount charged against the General Fund Balance for pensions in the year:						
Employers' contributions payable to scheme	6,972	8,075	-	-	151	128
Retirement benefits payable to pensioners	-	-	40,206	37,712	-	-
Net charge to the General Fund	**6,972**	**8,075**	**40,206**	**37,712**	**151**	**128**

Assets and liabilities in relation to retirement benefits

	Group				PCC	
	Local Government Pension Scheme		Police Pension Schemes		Local Government Pension Scheme	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Present value of liabilities	(340,951)	(290,908)	(1,795,550)	(1,642,320)	(3,291)	(2,652)
Fair value of plan assets	218,101	202,694	-	-	1,842	1,569
Total Net liabilities	**(122,850)**	**(88,214)**	**(1,795,550)**	**(1,642,320)**	**(1,449)**	**(1,083)**

Reconciliation of present value of the scheme liabilities

	Group				PCC	
	Local Government Pension Scheme		Police Pension Schemes		Local Government Pension Scheme	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	290,908	278,814	1,642,320	1,631,520	2,652	2,410
Current service cost	12,229	13,143	29,930	28,290	235	232
Interest cost	7,994	7,397	41,750	43,130	75	68
Contributions by scheme participants	2,061	2,144	7,870	8,200	49	48
Remeasurement (gains) and Losses:						
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	(54,590)	-	-
- Actuarial gains/losses arising from changes in financial assumptions	31,190	(6,990)	50,750	52,380	270	(79)
- Other	21	(15)	(4,664)	(21,758)	-	-
Past service costs	1,369	859	75,670	1,060	26	-
Benefits paid	(4,821)	(4,444)	(48,076)	(45,912)	(16)	(27)
Closing balance at 31 March	**340,951**	**290,908**	**1,795,550**	**1,642,320**	**3,291**	**2,652**

Reconciliation of fair value of scheme assets

	Group				PCC	
	Funded Assets Local Government Pension Scheme		Unfunded Assets Police Pension Schemes		Funded Assets Local Government Pension Scheme	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Opening fair value of scheme assets at 1 April	202,694	189,333	-	-	1,569	1,367
Interest income	5,525	4,995	-	-	45	39
Remeasurement gain/(loss):						
- the return on plan assets, excluding the amount included in the net interest expense	5,737	2,605	-	-	46	18
Other	(67)	(14)	-	-	(2)	(4)
The effect of changes in foreign exchange rates						
Contributions from employer	6,972	8,075	40,206	37,712	151	128
Contributions from employees into the scheme	2,061	2,144	7,870	8,200	49	48
Benefits paid	(4,821)	(4,444)	(48,076)	(45,912)	(16)	(27)
Closing fair value of scheme assets at 31 March	**218,101**	**202,694**	**-**	**-**	**1,842**	**1,569**

The total net pensions liabilities of £1,918m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,910m. However, the financial position of the PCC remains sound as the liabilities will be spread over many years as follows:

- The net liability on the local government scheme will be covered by contributions over the remaining working life of employees, as assessed by the scheme actuary.
- The net costs of police pensions which are the responsibility of the PCC will be covered by provision in the revenue budget and any costs above that level will be funded by the Home Office, under the change which came into effect from April 2006.

Actuarial losses on scheme assets represent the difference between the actual and expected return on assets, actuarial gains on scheme liabilities arise from more favourable financial assumptions.

Norfolk County Council is required to have a funding strategy for elimination of deficits in the LGPS, under regulations effective from 1 April 2005. The strategy allows deficits to be cleared over periods up to 20 years.

The Police Pension Schemes have no assets to cover their liabilities, the Group's share of the assets in the County Council Pension Fund are valued at fair value, principally market value for investments and consist of the categories in the following table.

	Group Fair Value of Scheme Assets		PCC Fair Value of Scheme Assets	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Cash and cash equivalents	**5,445**	**7,553**	**46**	**59**
Equity instruments - industry type:				
- Consumer	13,519	13,327	114	103
- Manufacturing	11,169	11,366	94	88
- Energy and utilities	4,883	3,617	41	28
- Financial institutions	11,825	11,308	100	88
- Health and care	5,249	3,714	44	29
- Information technology	10,673	6,356	90	49
- Other	8	-	-	-
Sub total equity	**57,325**	**49,688**	**484**	**385**
Bonds - by Sector				
- Government	2,499	3,051	21	24
Sub total bonds	**2,499**	**3,051**	**21**	**24**
Property - by type				
- UK property	21,589	17,781	182	138
- Overseas property	4,167	2,915	35	23
Sub total property	**25,756**	**20,696**	**218**	**160**
Private equity - all:	**13,465**	**11,198**	**114**	**87**
Other investment funds:				
- Equities	37,529	54,266	317	420
- Bonds	75,519	56,087	638	434
Sub total other investment funds	**113,048**	**110,353**	**955**	**854**
Derivatives:				
- Foreign exchange	(60)	309	(1)	2
- Other	623	(154)	5	(1)
Sub total derivatives	**562**	**155**	**5**	**1**
Total Assets	**218,101**	**202,694**	**1,842**	**1,569**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Within the police schemes, the age profile of the active membership is not rising significantly, which means that the current service cost in future years will not rise significantly as a result of using the projected unit credit method.

The police officer schemes liabilities have been assessed by the Government Actuary Department and the County Council fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The actuary has confirmed that for police staff, there is no reason to believe that the age profile is rising significantly. The main assumptions used in their calculations are shown below.

	Group				PCC	
	Local Government Pension Scheme		Police Pension Schemes		Local Government Pension Scheme	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Mortality assumptions:						
Longevity at 65 for current pensioners						
Men	22.1	22.1	22.7	22.6	22.1	22.1
Women	24.4	24.4	24.3	24.2	24.1	24.4
Longevity at 65 for future pensioners						
Men	24.1	24.1	24.6	24.5	24.4	24.1
Women	26.4	26.4	26.2	26.1	26.4	26.4
Rate of inflation (CPI - LGPS and CPI - PPS)	2.50%	2.40%	2.35%	2.30%	2.50%	2.40%
Rate of increases in salaries	2.80%	2.70%	4.35%	4.30%	2.70%	2.60%
Rate of increase in pensions	2.50%	2.40%	2.35%	2.30%	2.40%	2.30%
Rate for discounting scheme liabilities	2.40%	2.70%	2.45%	2.55%	2.50%	2.70%
Rate of CARE revaluation	n/a	n/a	3.60%	3.55%	n/a	n/a

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

Due to the recent ruling to deny the Government's appeal in relation to the McCloud judgement, an estimated allowance has been included in these accounts based on the calculations performed by the Government Actuary's Department. The calculated effect of the impact of the Guaranteed Minimum Pension equalisation for pensioners has also been included. The effect of both of these amendments can be predominantly seen in the Past Service Cost line for both the Police Pension Schemes and Local Government Pension Scheme.

The real impact of this increase in scheme liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The next LGPS valuation takes place in 2019 and the Police Pension valuation is due to take place in 2020. Implementation of the latter valuation is planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from the above judgment is determined through The Police Pension Fund Regulations 2007. These require a police body to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the PCC in the form of a central government top-up grant.

	Group				**PCC**	
	Local Government Pension Scheme		**Police Pension Schemes**		**Local Government Pension Scheme**	
	Approximate Increase to Employers Liability	**Approximate Monetary Amount**	**Approximate Increase to Employers Liability**	**Approximate Monetary Amount**	**Approximate Increase to Employers**	**Approximate Monetary Amount**
	%	**£000**	**%**	**£000**	**%**	**£000**
0.5% decrease in real discount rate	14.5%	44,306	10.0%	176,000	16.0%	513
1 year increase in member life expectancy	3-5%	8,757-14,595	2.5%	43,000	3-5%	101-168
0.5% increase in the salary increase rate	2.5%	7,871	1.5%	23,000	3.0%	101
0.5% increase in the pension increase rate	11.0%	35,581	8.0%	141,000	12.0%	402

Impact on the Group's cashflow

The objectives of the LGPS scheme, as set out in the funding strategy statement, are to keep employer's contributions at as constant a rate as possible. Norfolk County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The minimum employer contributions payable over the next year for the PCC for Norfolk Group is 17.8% plus £1.259m (17.8% plus £1.073m 2017/18). The last triennial valuation was dated 31 March 2016.

Estimated employer's contributions for 2019/20 amount to £6.903m on the LGPS and £42.7m on the Police schemes.

The weighted average duration of the defined benefit obligation for the LGPS is Group 21.9 years and PCC 28.4 years, 2018/19 (Group 21.9 years, PCC 28.4 years, 2017/18) and for the Police schemes is 22.0 years, 2018/19 (20.0 years, 2017/18)

18. Short-Term Investments

Surplus cash is invested for periods of up to one year in accordance with the approved treasury management policy. At 31 March 2019 temporary lending comprised:

	31 March 2019 £000	31 March 2018 £000
Money market and temporary cash deposits		
Banks	6,000	2,014
Building societies	-	1,003
Total temporary lending	**6,000**	**3,017**
Represented by:		
Cash and cash equivalents	-	-
Short term investments	6,000	3,017

19. Debtors and Prepayments

	2019 £000	2018 £000 Restated
Short term debtors:		
Trade receivables	1,524	1,362
Prepayments	1,906	5,466
Accrued income	4,508	6,184
Debtors relating to local taxation	3,149	2,866
Other receivable amounts	3,596	2,911
Balance at 31 March	**14,683**	**18,789**

20. Cash and Cash Equivalents

	2019 £000	2018 £000
Imprest accounts	68	68
Bank current accounts	(20)	338
Instant access deposits with banks	11,510	5
Balance at 31 March	**11,557**	**411**

21. Assets Held for Sale

	Current		Non-current	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Balance at 1 April	165	230	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	282	-	-	-
Assets declassifed as held for sale:				
Property, plant and equipment	-	-	-	-
Assets sold	-	(65)	-	-
Balance at 31 March	**447**	**165**	**-**	**-**

22. Creditors

	Group		PCC	
	2019 £000	2018 £000 Restated	2019 £000	2018 £000 Restated
Short term creditors:				
Trade payables	1,996	1,952	1,996	1,952
Accruals and receipts in advance	8,080	9,695	7,318	8,945
Creditors relating to local taxation	1,776	1,329	1,776	1,329
Other payables	4,926	3,854	4,926	3,854
Balance at 31 March	**16,778**	**16,830**	**16,016**	**16,080**

23. Reconciliation of Revenue Cash Flow

Group 2017/18 £000	Group 2017/18 £000	PCC 2017/18 £000	PCC 2017/18 £000		Group 2018/19 £000	Group 2018/19 £000	PCC 2018/19 £000	PCC 2018/19 £000
				Adjustment for non cash or cash equivalent items within deficit on provision of services:				
13,263		13,263		Depreciation and impairments		8,160		8,160
83		83		Profit and loss on disposal of fixed assets		85		85
-		-		Internal capital movement met from revenue		-		-
43,097		132		Movements on pension liability		116,239		140
56,442		13,478				124,484		8,385
	1,104		1,129	Increase/(decrease) in revenue creditors	579		567	
	(3,400)		(3,400)	Decrease/(increase) in revenue debtors	4,119		4,119	
	(169)		(169)	Decrease/(increase) in stocks	101		101	
	1,700		1,700	Increase/(decrease) in revenue provisions	(1,275)		(1,275)	
(765)		(741)				3,524		3,512
55,677		**12,737**				**128,008**		**11,897**
				The cash flows for operating activities include:				
6,579		6,579		Interest paid and similar charges		6,441		6,441
(240)		(240)		Interest received		(112)		(112)

24. Reconciliation of Liabilities Arising from Financing Activities

	1 April 2018	Financing cash flows	Non-cash Changes Acquisition	Other Non-cash changes	31 March 2019
	£000	£000	£000		£000
Long term borrowings	12,761	11,326	-	(170)	23,917
Short term borrowings	288	-	-	202	490
On balance sheet PFI liabilities	61,375	(1,080)	-	-	60,295
Total liabilities from financing activities	**74,424**	**10,246**	**-**	**32**	**84,702**

25. Contingent Liabilities

MMI Ltd

The insurance company Municipal Mutual Insurance Limited (MMI) ceased trading in 1992 and ceased to write new or renew policies. Potentially claims can still be received as the company continues to settle outstanding liabilities. A scheme of arrangement is in place, however this arrangement will not meet the full liability of all claims and a current levy of 25% will be chargeable in respect of successful claims on MMI's customers. There is currently one open claim against Norfolk Constabulary. At this point in time, it is not possible to calculate the full amount payable on MMI claims.

Capped Overtime Claims

The organisation has a liability in respect of historic overtime claims including Covert Human Intelligence Source (CHIS) handlers and other officers in analogous roles. Officers from Devon and Cornwall Police claimed successfully in the County Court (October 2013) that they were owed payments under Police Regulations 2003. Their claims were upheld at the Court of Appeal. The claims relate to a cap being placed on overtime claims by the Chief Constable. Overtime caps were generally applied across the Police Service for CHIS handlers and other similar roles. Provision has been made in the Statement of Accounts for known claims. However, as with other forces, Norfolk Constabulary are likely to receive further claims from officers working in non-handler and undercover roles. The potential number of claims or an estimate of their value has yet to be made. Many claims cover the period when the units were under joint collaborative control with Suffolk Constabulary, therefore where applicable any settlements will be shared in the appropriate cost sharing ratio.

Overtime claims relating to ERSOU officers are currently being assessed, at this point in time it is unclear whether Norfolk Constabulary will be liable to a proportion of the claims associated with ERSOU officers employed by other forces, a regional agreement has yet to be confirmed.

Forensic Service Uncertainty

The validity of evidence provided by a forensic testing company to the police service is currently under investigation. It is reasonable to anticipate that some people may have been convicted of offences based on flawed data and that conviction will have had a significant impact on their personal circumstances. As a result some kind of litigation is anticipated. At this point in time it is not possible to assess the number of claims or the financial exposure arising from them.

Police ICT Company

Along with other PCCs, The PCC for Norfolk has provided a limited guarantee to support the cash flows of the Police ICT Company. The guarantee is provided to enable the Company to contract for National Police ICT programmes, without this financial backing it is unlikely that the company will be able to operate as a contracting authority at the required scale. The guarantee is currently limited to £65.1k.

26. Provisions

Insurance

The PCC self-insures a number of risks up to a predetermined limit with insurance only being bought externally to cover losses beyond this. This provision is in place to finance any liabilities or losses that are likely to be incurred but uncertain as to the amounts or the dates on which they will arise.

Employment Tribunals and Judicial Reviews

The provision balance as at 31 March 2019 relates to £7k Employment Tribunals and £3k Judicial Reviews. As these cases are subject to legal and other investigative proceedings no further details can be provided.

This figure has been estimated based on the professional guidance given to the PCC as to the likelihood of these claims being successful. The effect of the inaccuracy in these assumptions cannot be measured as they are based purely on professional judgement.

Exit Packages

The exit package provision balance as at 31 March 2019 was to provide for costs yet to be paid for 7 employees who are expected to leave the organisation, by reason of redundancy or other agreed departure, but who had not left at the end of the year.

	Balance 1 April 2018 £000	Charge in year £000	Paid/ Reversed in year £000	Balance 31 March 2019 £000
Insurance claims	600	836	(498)	938
Employment Tribunals and Judicial Reviews	85	(33)	(42)	10
Other revenue provisions	639	29	(636)	32
Exit packages	1,154	589	(1,519)	224
Total	**2,479**	**1,421**	**(2,695)**	**1,204**

27. Leases

All significant leases have been assessed to identify the appropriate lease category.

Operating Lease as Lessee:

The PCC has a number of properties and some equipment on short term lease arrangements which have been accounted for as operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2019 £000	31 March 2018 £000
Not later than one year	529	259
later than one year but not later than five years	812	116
later than five years	30	34
	1,371	**409**

The amount charged to the service lines in respect of operating leases amounts to:

	2019 £000	2018 £000
Minimum lease payments	820	435
Contingent rents	314	82
	1,134	**517**

Operating Leases as Lessor:

The PCC has granted several leases on properties which have been accounted for as operating leases. The future minimum lease payment receivable under uncancellable leases in the future years are:

	31 March 2019 £000	31 March 2018 £000
Not later than one year	28	9
later than one year but not later than five years	22	19
later than five years	-	-
	50	**28**

The amount credited to the service lines in respect of operating leases income is:

	2019 £000	2018 £000
Minimum lease payments	125	99
Contingent rents	3	22
	128	**120**

28. Earmarked Balances within the General Fund

The movements in general fund and earmarked balances in 2018/19 are analysed as follows:

	Note	Balance 1 April 2018 £000	Received £000	Applied £000	Reallocated £000	Balance 31 March 2019 £000
Revenue reserves:						
Regional Partnership	**(a)**	-	71	-	-	71
Budget Support	**(b)**	4,195	173	(355)	(1,676)	2,338
Invest to Save	**(c)**	-	86	(462)	1,138	762
Capital Financing & Efficiency	**(d)**	5,822	-	-	538	6,360
Insurance	**(e)**	786	-	-	-	786
PCC	**(f)**	1,504	94	-	-	1,598
Safety Camera	**(g)**	1,554	884	(545)	-	1,894
Total		**13,862**	**1,309**	**(1,362)**	**-**	**13,809**
General Reserve		**4,475**	**-**	**-**	**-**	**4,475**

The purpose and strategy for each reserve is set out below:

(a) Regional Partnership Reserve

This is a new reserve that has been established to hold ring-fenced funds in relation to regional activity. In 2018/19 the allocation to this reserve is as a consequence of the underspend in relation to the Eastern Region Specialist Operations Unit (ERSOU).

(b) Budget Support Reserve

The Budget Support Reserve was being held as a contingency against future demand led pressures, and had also been used to deal with the funding pressures arising from austerity. In 2018/19 an element of this reserve was to be used to fund revenue costs as outlined in the previous MTFP. The reduced requirement on reserves in 2018/19 has enabled the protection of the Budget Support Reserve in order to allow funds to be earmarked in relation to future cost pressures such as the introduction of the Police Education Qualification Framework.

(c) Invest to Save Reserve

This reserve provides funding for initiatives that will generate future savings and also provides funds to support the cost of change.

(d) Capital Financing and Efficiency Improvement Reserve

This reserve is used to fund the short-life asset element of the capital programme. The reserve is used when the amount required for investment exceeds the budget available for this purpose. This is an important part of the funding strategy to ensure the Constabulary is as efficient and productive as possible through continued investment in enabling technologies. The strategy is to “top-up” this reserve in the last two years of the Medium Term Financial Plan to leave a balance to fund further investment beyond the planned period.

(e) Insurance Reserve

This reserve is being held as a contingency against future increases in premiums and/ or increases in the value of assessed insurance liabilities. The reserve and also the provision within the accounts are actuarially assessed by external advisors.

(f) PCC Reserve

This reserve is made up from previous underspends against the budgets of the Office of the Police and Crime Commissioner and the commissioning budget. The reserve is used to smooth commissioning spending over the MTFP period and to commission additional services in the community or delivered by the Constabulary, for instance in supporting victims.

(g) Safety Camera Reserve
This reserve is held on behalf of the PCC, Chief Constable and Norfolk County Council. Income is dependent upon the number of speed awareness courses delivered. The use is reviewed and agreed at the Safety Camera Oversight Board.

29. Unusable Reserves

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to and from the account.

The Revaluation Reserve shows the net accumulated unrealised gains on non-current assets arising from increases in value, as a result of inflation or other factors. The reserve is debited to reflect: the revaluation element of the depreciation charge, revaluation losses or impairments against previous revaluation gains and when assets with accumulated revaluation gains are disposed of. Any balance remaining in the reserve, relating to an asset that has been disposed of, is removed from the reserve by way of a transfer to the Capital Adjustment Account.

The Capital Adjustment Account accumulates the resources that have been set aside to finance capital expenditure. The consumption of the historical cost by way of depreciation, impairment and disposal is removed from the account throughout the asset’s useful life. The balance on this account therefore represents timing differences between financing and consumption of non-current assets.

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. It is also used to manage discounts received on the early redemption of loans. Discounts are credited to the CIES when they are received, but are reversed to the General Fund, this income is then posted from the General Fund in accordance with statutory arrangements for spreading the budget on council tax.

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provision. The Group accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect benefits earned to be financed as the Group makes employer’s contributions to pension funds or eventually pay for any pensions for which it is directly responsible. The debit balance on the reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that the funding will have been set aside by the time the benefits come to be paid.

Movements in unusable reserves are summarised in the Movement in Reserves Statement and are shown in detail below:

Group:

Year Ended 31 March 2019	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Financial Instruments Adj' Account £000	Comp' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2018	**(1,730,534)**	**10,550**	**(23,602)**	**1,538**	**39**	**(750)**	**(1,742,760)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(71,627)	4,036	-	-	-	-	**(67,591)**
Total comprehensive income and expenditure	**(71,627)**	**4,036**	**-**	**-**	**-**	**-**	**(67,591)**
Amortisation of intangible assets	-	-	(814)	-	-	-	**(814)**
Depreciation on property, plant and equipment	-	(576)	(5,401)	-	-	-	**(5,977)**
Revaluation losses on property, plant and equipment	-	-	(1,369)	-	-	-	**(1,369)**
Capital grants and contributions credited to the CIES	-	-	549	-	-	-	**549**
Application of capital grants from unapplied account	-	-	202	-	-	-	**202**
Net gain or loss on the sale of non-current assets	-	-	(159)	-	-	-	**(159)**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	-	-	-	-	(39)	-	**(39)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(141,381)	-	-	-	-	-	**(141,381)**
Movement on the Collection Fund Adjustment Account	-	-	-	(164)	-	-	**(164)**
Capital expenditure charged to the General Fund Balance	-	-	3,485	-	-	-	**3,485**
Statutory provision for the repayment of debt	-	-	1,892	-	-	-	**1,892**
Contribution to the Police Pension Fund	25,142	-	-	-	-	-	**25,142**
Movement on the Compensated Absences Account	-	-	-	-	-	(12)	**(12)**
Use of capital receipts to fund asset purchases	-	-	74	-	-	-	**74**
Adjustments between accounting basis and funding basis under regulations	**(116,239)**	**(576)**	**(1,541)**	**(164)**	**(39)**	**(12)**	**(118,570)**
Increase / (decrease) in year	**(187,866)**	**3,460**	**(1,541)**	**(164)**	**(39)**	**(12)**	**(186,162)**
Balance at 31 March 2019	**(1,918,399)**	**14,010**	**(25,143)**	**1,374**	**-**	**(762)**	**(1,928,921)**

Year Ended 31 March 2018	Pension Reserves Restated £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Financial Instruments Adj' Account £000	Comp' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2017	**(1,721,002)**	**11,323**	**(15,536)**	**1,390**	**39**	**(774)**	**(1,724,561)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	33,564	(412)	-	-	-	-	**33,152**
Total comprehensive income and expenditure	**33,564**	**(412)**	**-**	**-**	**-**	**-**	**33,152**
Amortisation of intangible assets	-	-	(607)	-	-	-	**(607)**
Depreciation on property, plant and equipment	-	(313)	(5,113)	-	-	-	**(5,426)**
Revaluation losses on property, plant and equipment	-	-	(7,230)	-	-	-	**(7,230)**
Capital grants and contributions credited to the CIES	-	-	554	-	-	-	**554**
Application of capital grants from unapplied account	-	-	133	-	-	-	**133**
Net gain or loss on the sale of non-current assets	-	(47)	(209)	-	-	-	**(256)**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	-	-	-	-	-	-	-
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(65,586)	-	-	-	-	-	**(65,586)**
Movement on the Collection Fund Adjustment Account	-	-	-	146	-	-	**146**
Capital expenditure charged to the General Fund Balance	-	-	2,621	-	-	-	**2,621**
Statutory provision for the repayment of debt	-	-	1,611	-	-	-	**1,611**
Contribution to the Police Pension Fund	22,489	-	-	-	-	-	**22,489**
Movement on the Compensated Absences Account	-	-	-	-	-	24	**24**
Use of capital receipts to fund asset purchases	-	-	173	-	-	-	**173**
Adjustments between accounting basis and funding basis under regulations	**(43,097)**	**(360)**	**(8,066)**	**146**	**-**	**24**	**(51,353)**
Increase / (decrease) in year	**(9,533)**	**(772)**	**(8,066)**	**146**	**-**	**24**	**(18,201)**
Balance at 31 March 2018	**(1,730,534)**	**10,550**	**(23,602)**	**1,538**	**39**	**(750)**	**(1,742,760)**

PCC:

Year Ended 31 March 2019	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Financial Instruments Adj' Account £000	Comp' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2018	**(1,081)**	**10,551**	**(23,602)**	**1,536**	**39**	**-**	**(12,557)**
Other comprehensive income and expenditure	(226)	4,036	-	-	-	-	**3,810**
Total comprehensive income and expenditure	**(226)**	**4,036**	**-**	**-**	**-**	**-**	**3,810**
Amortisation of intangible assets	-	-	(814)	-	-	-	**(814)**
Depreciation on property, plant and equipment	-	(576)	(5,401)	-	-	-	**(5,977)**
Revaluation losses on property, plant and equipment	-	-	(1,369)	-	-	-	**(1,369)**
Capital grants and contributions credited to the CIES	-	-	549	-	-	-	**549**
Application of capital grants from unapplied account	-	-	202	-	-	-	**202**
Net gain or loss on the sale of non-current assets	-	-	(159)	-	-	-	**(159)**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	-	-	-	-	(39)	-	**(39)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(140)	-	-	-	-	-	**(140)**
Movement on the Collection Fund Adjustment Account	-	-	-	(164)	-	-	**(164)**
Capital expenditure charged to the General Fund Balance	-	-	3,485	-	-	-	**3,485**
Statutory provision for the repayment of debt	-	-	1,892	-	-	-	**1,892**
Use of capital receipts to fund asset purchases	-	-	74	-	-	-	**74**
Adjustments between accounting basis and funding basis under regulations	**(140)**	**(576)**	**(1,541)**	**(164)**	**(39)**	**-**	**(2,460)**
Increase / (decrease) in year	**(366)**	**3,460**	**(1,541)**	**(164)**	**(39)**	**-**	**1,350**
Balance at 31 March 2019	**(1,449)**	**14,009**	**(25,143)**	**1,372**	**-**	**-**	**(11,210)**

Year Ended 31 March 2018	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Financial Instruments Adj' Account £000	Comp' Absences Account £000	**Total Unusable Reserves £000**
Balance at 1 April 2017	**(1,042)**	**11,324**	**(15,536)**	**1,390**	**39**	**-**	**(3,825)**
Other comprehensive income and expenditure	93	(412)	-	-	-	-	**(319)**
Total comprehensive income and expenditure	**93**	**(412)**	**-**	**-**	**-**	**-**	**(319)**
Amortisation of intangible assets	-	-	(607)	-	-	-	**(607)**
Depreciation on property, plant and equipment	-	(313)	(5,113)	-	-	-	**(5,426)**
Revaluation losses on property, plant and equipment	-	-	(7,230)	-	-	-	**(7,230)**
Capital grants and contributions credited to the CIES	-	-	554	-	-	-	**554**
Application of capital grants from unapplied account	-	-	133	-	-	-	**133**
Net gain or loss on the sale of non-current assets	-	(47)	(209)	-	-	-	**(256)**
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	-	-	-	-	-	-	**-**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(133)	-	-	-	-	-	**(133)**
Movement on the Collection Fund Adjustment Account	-	-	-	146	-	-	**146**
Capital expenditure charged to the General Fund Balance	-	-	2,621	-	-	-	**2,621**
Statutory provision for the repayment of debt	-	-	1,611	-	-	-	**1,611**
Use of capital receipts to fund asset purchases	-	-	173	-	-	-	**173**
Adjustments between accounting basis and funding basis under regulations	**(133)**	**(360)**	**(8,066)**	**146**	**-**	**-**	**(8,413)**
Increase / (decrease) in year	**(40)**	**(772)**	**(8,066)**	**146**	**-**	**-**	**(8,732)**
Balance at 31 March 2018	**(1,081)**	**10,551**	**(23,602)**	**1,536**	**39**	**-**	**(12,557)**

30. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Current				Long Term				Total	
	Investments		Other assets		Investments		Other assets			
	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Assets										
Amortised Costs	6,000	3,017	17,613	8,000	-	-	-	-	23,613	11,018
Total Financial Assets	**6,000**	**3,017**	**17,613**	**8,000**	**-**	**-**	**-**	**-**	**23,613**	**11,018**
Non financial assets	0	0	9,604	11,996	-	-	-	-	9,604	11,996
Total Assets	**6,000**	**3,017**	**27,217**	**19,996**	**-**	**-**	**-**	**-**	**33,217**	**23,014**

	Current				Long Term				Total	
	Borrowings		Other liabilities		Borrowings		Other liabilities			
	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated	31.3.19	31.3.18 Restated
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial Liabilities										
Amortised Costs	490	288	9,399	10,025	23,917	12,761	1,918,401	1,730,535	1,952,208	1,753,609
Total Financial Liabilities	**490**	**288**	**9,399**	**10,025**	**23,917**	**12,761**	**1,918,401**	**1,730,535**	**1,952,208**	**1,753,609**
Non financial liabilities	-	-	9,816	10,417	-	-	59,116	60,295	68,931	70,712
Total Liabilities	**490**	**288**	**19,215**	**20,442**	**23,917**	**12,761**	**1,977,517**	**1,790,829**	**2,021,139**	**1,824,321**

The gains and losses recognised in the CIES are shown in the table below:

	2018/19 Surplus or Deficit on the Provision of Services £000	2018/19 Other Comprehensive Income and Expenditure £000	2017/18 Surplus or Deficit on the Provision of Services £000	2017/18 Other Comprehensive Income and Expenditure £000
Net (gains)/losses on:				
Financial assets measured at amortised cost	19	-	-	-
Financial liabilities measured at amortised cost	-	-	-	-
Total net (gains)/losses	**19**	-	-	-
Interest revenue:				
Financial assets measured at amortised cost	(118)	-	(127)	-
Total interest revenue	**(118)**	-	**(127)**	-
Interest expense	**6,473**	-	**6,788**	-
Fee Expense:				
Financial assets or financial liabilities that are not at fair value through profit or loss	4	-	-	-
Total fee expense	**4**	-	-	-

Reconciliation of Movements in Allowance for Expected Credit Loss

	Balance 1 April 2018 £000	Amounts written off in year £000	Movement in allowance for credit losses £000	Balance 31 March 2019 £000
Financial Assets				
Fair Value through Profit or Loss at Amortised Costs measured as lifetime expected credit losses	(4)	4	-	-
Total	**(4)**	**4**	-	-

All financial liabilities and financial assets held by the PCC are classified as loans and receivables and long term debtors and creditors and 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.

- For PWLB loans, the cash flows are discounted using the premature repayment rates applicable at the year-end equivalent loans
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values of financial instruments that differ from the carrying amount are summarised below:

	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount Restated	Fair Value
	£000	£000	£000	£000
Financial liabilities				
PWLB loan	24,407	34,332	13,049	20,779
	24,407	**34,332**	**13,049**	**20,779**

The fair value of borrowings in 2018/19 is higher than the carrying amount because the rates payable for the PWLB loans are higher than the prevailing rate at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

Fair Value Hierarchy for Financial Assets and Financial Liabilities that Are Not Measured at Fair Value

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant un-observable inputs (Level 3) £000	Total £000
31 March 2019				
Financial liabilities				
Financial liabilities held at amortised cost:				
PWLB loan		34,332		34,332
Long term creditors		1,918,401		1,918,401
PFI and finance lease liabilities		60,295		60,295
Total	**-**	**2,013,028**	**-**	**2,013,028**
Financial assets				
Financial assets held at amortised cost:				
Cash and cash equivalents		11,557		11,557
Investments		6,000		6,000
Debtors		6,056		6,056
Total	**-**	**23,613**	**-**	**23,613**
31 March 2018				
Financial liabilities Restated				
Financial liabilities held at amortised cost:				
PWLB loan		20,779		20,779
Long term creditors		1,730,535		1,730,535
PFI and finance lease liabilities		61,375		61,375
Total	**-**	**1,812,689**	**-**	**1,812,689**
Financial assets				
Financial assets held at amortised cost:				
Cash and cash equivalents		411		411
Investments		3,017		3,017
Debtors		7,590		7,590
Total	**-**	**11,018**	**-**	**11,018**

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments to make payments
- Refinancing and Maturity risk – the possibility that the PCC might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rates and stock market movements.

The PCC's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the PCC in the annual Investment and Treasury Strategy. The

PCC provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC's customers. This risk is minimised through the Annual Investment and Treasury Strategy[3] which requires that counterparties meet the minimum credit ratings from three major credit rating agencies. In 2018/19, the PCC has a policy not to lend any more than £10m to any individual financial institution, authority or banking group. This policy is outlined on Page 38.

Recent experience has shown that it is rare for its investment counterparties to be unable to meet their commitments therefore, although a risk of non-recoverability applies to all of the PCC's deposits, there was no evidence at the 31 March 2019 that this was likely to crystallise.

Of the £1,497k outstanding from customers £249k was past its due date for payment at the year-end. The past due amount can be analysed by age as follows:

	Amount Due 31.3.19 £000	Amount Due 31.3.18 £000
Less than three months	147	314
Three to six months	7	48
Six months to one year	1	51
More than one year	92	175
	249	**588**

Liquidity risk

The PCC has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen the PCC has ready access to borrowings from the money markets and the Public Works Loan Board (PWLB). As the PCC is required to provide a balanced budget which ensures sufficient monies are raised to cover annual expenditure, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The PCC has 22 loans with the PWLB, 20 are repayable on maturity, two are being repaid in half yearly instalments. The loans are due to mature between 3 and 40 years. All trade and other payables are due to be paid in less than one year.

Refinancing and Maturity risk

The PCC maintains its debt and investment portfolio in line with the Annual Investment and Treasury Strategy[5] Whilst the cash flow procedures are considered against the refinancing risk procedures, longer-term risk to the PCC relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The PCC approved Annual Investment and Treasury Strategy addresses the main risks and the treasury management function addresses the operational risks within the approved parameters.

The PCC's financial assets held on the balance sheet all mature within one year.

[3] Annual Investment and Treasury Management Strategy

Market risk – Interest risk

The PCC has no significant exposure to market risk from investments. Investments are normally by way of term deposits placed at a fixed rate for a fixed period, therefore there is a risk that the market rate can change, which would lead to an impact on the fair value of the investment. However investments are mostly placed for periods not exceeding three months, therefore the exposure to market risk is regarded as negligible.

The PCC mitigates its exposure to market risk in regards to interest expense by fixing the interest rate payable for the duration of its loans. The risk is therefore shifted to the risk on the movement of fair value that would arise when prevailing rates differ from contract rate payable. However, borrowings are not carried at fair value, so nominal gains or losses on fixed rate borrowing do not impact on the CIES.

A 1% increase in interest rates would only have a material effect on the fair value of borrowings. It would reduce the value by £4,600k.

The PCC neither invests in equity shares nor in financial assets or liabilities denominated in foreign currencies and therefore has no exposure to price risk or exchange risk.

31. Post Balance Sheet Events

Post balance sheet events have been considered for the period from the year-end to the date the accounts were authorised for issue on 31 July 2019.

McCloud Judgment – Adjusting Event

In December 2018 the Court of Appeal ruled that the 'transitional protection' offered to some members, as part of the reform to public sector pensions, amounted to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud case in respect of age discrimination and pension protection.

This trigger event has a direct impact on the pension liabilities of Police bodies, as claims against Chief Constables are likely to succeed. It is probable that pension regulations will need to be amended and compensation arrangements put in place. As a result, the PCC and Chief Constable instructed pension actuaries to carry out additional IAS19 valuations to reflect estimated potential liabilities, these have been accounted in the Statement of Accounts as the trigger event took place between the reporting year end and the authorised for issue date of 31 July 2019.

The increase in pension liabilities arising from the change amounted to £78.0m in the Group and Chief Constable's Balance Sheets. The associated increase in the charge to the CIES was made up of: Past Service Costs £76.9m and Actuarial Gains and Losses £1.1m.

32. Capital Commitments

Significant commitments under capital contracts as at 31 March 2019 are analysed as follows:

2018 £000		2019 £000
64	Estates strategy	636
101	ESN ICCS upgrade	50
53	Livelink	-
156	A149 Scheme	156
76	ANPR equipment	76
5	ICT replacements & equipment refresh	98
193	Athena	68
373	Vehicles	138
-	Digital Strategy (incl mobile data)	85
-	Tasers & other firearms	2,953
56	Other	37
1,077	**Total committed**	**4,296**

Police Pension Fund Accounting Statements

Fund Account

2017/18 £000	2017/18 £000		2018/19 £000	2018/19 £000
		Contributions receivable		
		Employer		
	11,328	Normal	11,638	
	852	Early retirements	271	
12,180				11,909
		Members		
	7,212	Normal	7,373	
7,212				7,373
		Transfers in		
	781	Individual transfers in from other schemes	623	
781				623
		Benefits payable		
	(34,702)	Pensions	(36,728)	
	(9,290)	Commutations and lump sum retirement benefits	(9,767)	
	(77)	Lump sum death benefits	(55)	
(44,069)				(46,550)
		Payments to and on account of leavers		
	(13)	Refunds on contributions	(29)	
	-	Individual transfers out to other schemes	(53)	
	(123)	Other	-	
(136)				(82)
(24,031)		**Net amount payable for the year before contribution from the Police General Fund**		**(26,727)**
22,489		**Contribution from the Police General Fund**		**25,142**
1,542		**Additional funding payable by the local policing body**		**1,585**
-		**Net balance receivable for the year**		-

The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2017 at 21.3% of pensionable pay. The difference between the old employer contribution rate of 24.2% and the new rate will be retained by the Exchequer by means of a reduction in the pensions top-up grant from the Home Office, therefore the actual cost to the Constabulary of the employer's contribution is still 24.2%.

Net Assets and Liabilities

	2017/18 £000	2018/19 £000
Net current assets		
Net balance receivable from the Police General Fund	-	-
	-	-

Glossary of terms

For the purposes of the statement of accounts the following definitions have been adopted:

Accruals basis

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actual return on plan assets

The difference between the fair value of plan assets at the end of the period and the fair value at the beginning of the period, adjusted for contributions and payments of benefits.

Actuarial gains and losses

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

a) Events have not coincided with the actuarial assumptions made for the last valuations (experience gains and losses) or
b) The actuarial assumptions have changed

Capital expenditure
Expenditure on the acquisition of a non-current asset; or expenditure which adds to – rather than merely maintains – the value of an existing non-current asset.

Capital Receipt
Income derived from the sale or disposal of a non-current asset.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

Contingent liability
A contingent liability is either:
a) A possible obligation arising from past events; it may be confirmed only if particular events happen in the future that are not wholly within the local authority's control; or
b) A present obligation arising from past events, where economic transactions are unlikely to be involved or the amount of the obligation cannot be measured with sufficient reliability.

Current Service Costs
The increase in pension liabilities as a result of years of service earned this year.

Defined benefit scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

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

Government grants
Part of the cost of service is paid for by central government from its own tax income. Specific grants are paid by the Home Office to the Group towards both revenue and capital expenditure.

Group
The term Group refers to the Police and Crime Commissioner (PCC) for Norfolk and the Chief Constable (CC) for Norfolk.

Impairment
A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

Intangible non-current assets
Intangible assets are non-financial non-current assets that do not have physical substance, but are identifiable and are controlled by the PCC through custody or legal rights.

Net book value
The amount at which non-current assets are included in the balance sheet, meaning their historical cost or current value less the cumulative amounts allowed for depreciation.

Net realisable value
The open-market value of the asset in its existing use (or open-market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-current assets
Tangible and intangible assets that yield benefits to the PCC and the services it provides for more than one year.

Outturn
The actual amount spent in the financial year.

Operational assets
Non-current assets held and occupied, used or consumed by the PCC in the direct delivery of services for which it has a statutory or discretionary responsibility.

Past Service Costs
The increase in pension liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years.

PCC
References to PCC within these Financial Statements relate to the entity of the Police and Crime Commissioner for Norfolk unless otherwise stated.

Projected Unit Credit Method
An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

a) The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit credit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Precept
The proportion of the budget raised from council tax.

Provision
Amount set aside to provide for a liability which is likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

PWLB
The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies and to collect the repayments.

Related parties
Two or more parties are related parties when at any time during the financial period:

a) One party has direct or indirect control of the other party; or

b) The parties are subject to common control from the same source; or
c) One party has influence over the financial and operational policies of the other party so that the other party might not always feel free to pursue its own separate interests; or
d) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme Liabilities
The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit credit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement
An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:
a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits:
b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits: and
c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Useful life
The period over which the PCC will derive benefits from the use of a non-current asset.

Vested Rights
In relation to a defined benefit scheme, these are:
a) for active members, benefits to which they would unconditionally be entitled to on leaving the scheme;
b) for deferred pensioners, their preserved benefits;
c) for pensioners, pensions to which they are entitled.
Vested rights include where appropriate the related benefits for spouses or other dependants.