OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

GROUP AND PCC STATEMENT OF ACCOUNTS

31 March 2016

Statement of Accounts

for the year ended 31 March 2016

Contents page

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

AUDIT REPORT – PAGE 1

AUDIT REPORT – PAGE 2

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 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 Financial 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:

L Green
Police and Crime Commissioner for Norfolk **September 2016**

The Chief Financial Officer of the PCC for Norfolk Responsibilities

The CFO PCC 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 CFO PCC 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 CFO PCC has also:

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

Certificate by Chief Financial 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 2016, and its income and expenditure for the year to that date.

J Hummersone FCPFA **September 2016**

Chair of Audit Committee

These accounts were reviewed by the Audit Committee on behalf of the PCC on 25 September 2016.

September 2016

Narrative Report

Introduction

This Narrative Report provides information about the Office of the Police and Crime Commissioner for Norfolk, and Norfolk Constabulary (together being the PCC Group), including the key issues affecting the Group and its accounts. It also provides a summary of the financial position at 31st March 2016, and is structured as below:

1.1 The policing context for Norfolk

Demand for policing in Norfolk has changed over the past five years. This is coupled with a rise in the cost of dealing with crime due to the increased complexity.

There has been a shift from traditional crime like burglary, vehicle offences and criminal damage, towards less visible but significantly more complex and damaging 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 service received.

Dealing with this change in demand presents a significant challenge for the Constabulary, as the organisation strives to maintain the highest level of service to the communities of Norfolk, with a reduced workforce and the financial legacy of successive budget cuts.

To respond to this the Constabulary is looking to shape its future through a change programme, Norfolk 2020.

Norfolk 2020 is an in-depth review of frontline policing and the changes required to deliver services effectively in the future, against a backdrop of reduced funding and changing demand.

The review was commissioned by the Chief Constable in September 2015, with the aim of developing a long-term vision for policing in our county. It is the most comprehensive assessment of frontline services undertaken by the force in recent years.

The review covers every aspect of policing within these areas, to identify the most effective ways to deliver services in the future and protect our people and communities from harm. This is supported by an extensive programme of internal and external consultation, to gather the views of officers, staff, partners and the public, on the future of policing in our county.

Norfolk 2020 is about making sure we can maintain the Constabulary's high standard of service in the future, by building on what we do well and making improvements and investments where they need to be made.

More information on other aspects of the approach to Change are in the Looking Forward section of this Narrative Report.

Collaboration

There is a clear expectation from the Home Office, the treasury and HMIC, among others, for police forces and PCCs to work collaboratively. This continues to be reflected in statutory guidance and inspection frameworks.

The Police Reform and Social Responsibility Act 2011 places new 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. This strategy was developed recognising the position each of the forces and PCCs hold in respect of preferred police partner collaboration.

The two police forces have been collaborating for five years, with the programme of collaborative work delivering a number of joint units and departments in areas such as major investigation, protective services, custody, transport, human resources and ICT. The partnership has also yielded savings for both forces and received praise from Her Majesty's Inspectorate of Constabulary (HMIC), most recently in its October 2015 PEEL (police efficiency, effectiveness and legitimacy) inspection report in which Norfolk Constabulary was graded 'outstanding'.

Areas of collaboration outside of Norfolk/Suffolk include ERSOU, a specialist unit with a remit for tackling serious and organised crime in the Eastern Region. ERSOU is made up of resources from the following police forces: Norfolk, Suffolk, Essex, Cambridgeshire, Bedfordshire and Hertfordshire. There is also a 7 Forces Strategic Collaboration Programme.

Looking beyond police force collaboration, the Home Secretary launched a consultation in September 2015 on a proposed new duty for the three emergency services to collaborate with one another. The consultation acknowledges that while collaboration between emergency services does occur in many areas of the country, it is not as widespread or as wide-ranging as it could be in delivering efficiencies and better services.

The proposed new duty is aimed at spreading existing best practice across all areas of the emergency services, making collaboration common practice. The Home Secretary says it would drive greater collaboration and ensure that all opportunities for collaboration to improve efficiency and effectiveness between the emergency services are fully explored whilst allowing decisions to be taken at a local level.

PCC Grants and Commissioning

PCCs are responsible for commissioning services that help to secure a reduction in local crime and disorder and which support victims and vulnerable people.

This responsibility is met through the issuing of grants to individuals or organisations which the PCC believes to be capable of contributing to the achievement of these overall objectives.

Services are funded by the OPCCN's commissioning budget across four key areas, as set out in the PCC's police and crime plan: domestic abuse and sexual violence, mental health, drugs and alcohol, victims and witnesses, and rehabilitation of offenders.

In 2015/2016, the OPCCN had a total commissioning budget of almost £2m, comprised of:

- OPCCN commissioning budget of £1m
- Ministry of Justice funding stream of just under £1m, specifically for the commissioning of support services for victims of crime.

1.2 Key information about the Office of the Police and Crime Commissioner for Norfolk

The Police Reform and Social Responsibility Act 2011 (the Act) changed the way the police in England and Wales are governed and held accountable. One of the key reforms was to replace the Norfolk Police Authority (NPA) with a newly elected Police and Crime Commissioner for Norfolk (PCC). Both the PCC and the Chief Constable (CC) for Norfolk Constabulary (who is responsible for the operational policing of Norfolk), were established as separate legal entities. Corporate governance arrangements for the PCC and CC have been reviewed and a commentary on their effectiveness is set out in the joint Annual Governance Statement for the

PCC and CC which is published alongside these Statements of Accounts.

The responsibilities of the PCC, determined by the Police Reform and Social Responsibility Act 2011, 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 CC 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 CC of Norfolk and together they form the PCC for Norfolk Group.

The Revenue Budget and Capital Programme for 2015/16 were approved by the previous PCC, Stephen Bett. The new PCC, Lorne Green, elected in May 2016, will be required to sign the accounts although he was not in office during the 2015/16 financial year.

The PCC is, in turn, accountable to the Norfolk Police and Crime Panel which scrutinises the actions and decisions of the Commissioner. 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.

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. At the outset the PCC took responsibility for the finances of the whole Group and controls the assets, liabilities and reserves, which were transferred from the previous Police Authority. With the exception of the liabilities for employment and post-employment benefits, referred to earlier, this position has not changed and 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 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 CC 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 employs police community support officers (PCSOs) 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-today 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.

In particular, it should be noted that 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, and transfer liabilities to the Chief Constable's Balance Sheet for employment and post-employment benefits 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.

1.3 Explanation of financial statements

The 2015/16 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 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 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 raises 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 shown 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 reserves held by the Group. Reserves are reported in two categories. The first category of reserves are 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 that 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 of reserves 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 are 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 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 a 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 £1k 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.

Accounting changes and the impact on the Financial Statements of the PCC and CC

There were no new requirements in the CIPFA code 2015/16 that materially affected the Statements of Accounts.

As part of the accounts preparation process, two errors were identified in the way that income and expenditure were shown within the CIES in the 2014/15 accounts.

The PFI grant relating to Wymondham OCC was shown as part of Taxation and Non-Specific Grant Income; in line with the Service Reporting Code of Practice, this should have been apportioned over the net cost of policing lines.

The transfer from the Police General Fund to the Police Pension Fund was shown as expenditure in the Other Operating Expenditure section of the CIES and an equivalent actuarial gain was shown within the remeasurement of the net defined benefit liability in other comprehensive income and expenditure. The correct treatment in line with the Code of Practice is to debit the Police General Fund through the Movement in Reserves Statements, rather than to show the expenditure within the CIES.

These errors require a prior period adjustment being made to the 2014/15 figures to re-present the above position.

The error in relation to the transfer from the Police General Fund to the Police Pension Fund impacts on the Movement in Reserves Statements for the Group and the Chief Constable, the Comprehensive Income and Expenditure Statements for the Group, the PCC, and the Chief Constable, and the Cashflow Statements for the Group and the Chief Constable. There is no impact on the Balance Sheet for the Group or for either single entity. The error in relation to the PFI grant impacts solely on the Comprehensive Income and Expenditure Statements for the Group and the PCC.

During 2015/16, the finance teams from Norfolk and Suffolk Constabularies have been amalgamated into one joint finance team, and therefore one team is now responsible for preparing the Statement of Accounts for both organisations. This collaboration has resulted in the format of the accounts being revisited, and a number of presentational enhancements have been made. These include:

- PCC Commissioning income and expenditure is now shown in a separate line in the Net Cost of Policing, whereas it was previously shown within the Corporate and Democratic Core. This presentation achieves greater transparency.
- Various presentational enhancements to the balance sheet, including showing short-term borrowing and PFI liabilities separately to short-term creditors and accruals.

1.4 The 2015/16 Revenue and Capital Budget Process

The 2015/16 revenue budget process continued the process of addressing the financial challenges from the Spending Reviews of 2010 and 2013.

A joint financial planning process took place in accordance with a timetable agreed by the Norfolk and Suffolk Chief Constables. This process was established as a consequence of the substantial number of collaborated areas and, therefore, the requirement to align as far as possible the service delivery plans in these areas.

Chief Officers met with senior managers and reviewed and challenged savings ideas, and growth pressures for 2015/16 and beyond. The process concluded with Joint Norfolk and Suffolk Chief Officer meetings that agreed joint budgets, costs and savings to be included in spending plans.

The PCC considered views from the community, key stakeholders and public sector bodies, on proposals for expenditure to business representatives to enable them to comment upon the proposals. As a result the PCC proposed a precept increase of nearly 2% to the Police and Crime Panel.

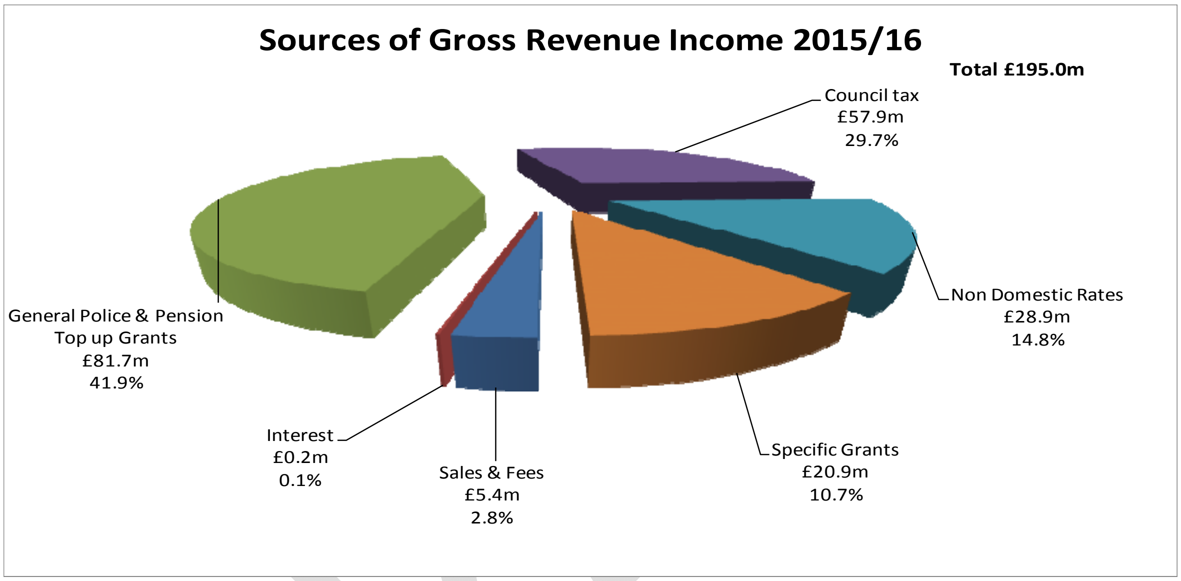
These spending plans were then incorporated into the medium-term financial plan of the PCC that covered the period 2015/16 to 2019/20 that was signed off in February 2015.

The medium term plans for the PCC are available on www.norfolk-pcc.gov.uk

1.5 Financial Performance of the PCC Group for 2015/16

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 over funding, has steadily increased as Government grants have reduced. The chart below shows the sources of revenue funding in 2015/16:



Revenue Budget

In January 2015, the (former) PCC approved a net revenue budget for 2015/2016 of £146.780m. The council tax for a Band D property for 2015/2016 was £208.80 (2014/2015 £204.75) following his decision to increase the Council Tax by nearly 2%.

Savings plans

The Chief Constable has run a well-established and effective Change Programme over recent years. The programme was developed to address the savings requirements arising from the spending reviews of 2010 and 2013 that covered the period up to 2015/16.

Savings plans of £7m were identified for 2015/16, and actual savings achieved were £7.388m. The impact of the Home Office Settlement for 2016/17 is a 0.6% cash reduction and there is a savings requirement of £5.143m. The PCC and CC are jointly committed to providing the best possible policing service across Norfolk whilst at the same time increasing efficiency and reducing costs.

There is more information about the impact of the Home Office settlement for 2016/17 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
Office of the PCC	988	935	53
Constabulary	138,202	137,668	534
OPCC - Grants	1,018	799	219
Capital Financing	10,426	10,362	64
Net Expenditure on Police Services	150,634	149,764	870
Net total contributions to / (from) earmarked reserves	(3,854)	(2,984)	(870)
Total Net Expenditure	146,780	146,780	-
Funded by:			
Precept Income	(58,029)	(58,029)	-
Grants and non-domestic rates income	(88,751)	(88,751)	-
DCLG Grants		-	-
Transfer from/(to) general reserves	**-**	**-**	**-**

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

2014/15 £000		2015/16 £000
148,154	**Total Net Expenditure per Outturn Report**	146,780
(1,106)	Revenue funding of capital	(3,558)
(1,555)	Minimum Revenue Provision (MRP)	(4,773)
5,699	Depreciation, amortisation and impairments	5,665
12	Financial Instrument Adjustment Account amount released in year	12
-	Profit and loss on disposal of assets charged to the general fund	(18)
35,401	IAS 19 pension service costs (accounting basis)	36,689
(21,777)	Pension contributions (funding basis)	(21,624)
7	Movement on employee benefits accrual	211
(357)	Transfers to earmarked reserves	8,183
275	Interest received	265
(7,496)	Interest payable	(7,172)
157,257	**Net Cost of Police Services**	**160,659**

Capital Budget

The Capital programme for 2015/2016, including slippage from 2014/15, was £9.037m. Actual expenditure against this total was £4.608m. The underspend of £4.429m is primarily due to re-profiling of major estates schemes. Actual expenditure includes an amount of £0.3m 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 (£1m), revenue contributions (£1m), the Capital Financing Reserve (£2m) and capital receipts (£0.5m).

In addition to the above, expenditure was incurred by the Safecam Partnership amounting to £0.8m, this was financed from the Safecam Reserve. The PCC also received a donated asset (£0.6m) which was financed by a notional capital grant.

Long Term Liabilities

Pension Liabilities

The PCC operates 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 2016	£1,372m	£1,325m	£47m
31 March 2015	£1,522m	£1,454m	£68m

These liabilities result in the Balance Sheet showing net overall liabilities of £1,348m at 31 March 2016, however, the financial position of the PCC remains sound as these liabilities will be spread over many years.

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 £26.2m.

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 2 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 Cambridgeshire Constabulary 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 £37.0m.

Reserves

As at 31 March 2016, the PCC has usable reserves of £29.0m which are available to support revenue and capital spending. These include earmarked reserves of £24.5m (against which there are significant commitments), and a general reserve of £4.5m. 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 2015/16, the PCC continued to 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 2015/16 was £37.0m and the interest received against the budget of £0.290m was £0.264m. The overall return of 0.71% exceeded the LIBOR benchmark of the Local Government 7 day rate average of 0.25% by 0.46%.

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.

1.6 Looking Forward

During the course of the last parliament, and through two Spending Reviews, police were required to deal with significant cuts in funding and deliver savings of around 20% in real terms. In the run up to the general election (May 2015), and subsequently in the lead up to the Spending Review 2015, the expectation given to the police was that further cuts in excess of 25% in real terms would be required over the life of the new parliament and as such all workforce planning had been based on those expectations.

However, due to an improvement in economic forecasts at the time, the Chancellor announced in the autumn statement on the 25th November 2015 that the funding settlement for police would be significantly better than previously expected, and the overall settlement for total police funding would be protected at cash levels, meaning that inflation would have to be absorbed.

In the provisional Police Grant Report on 17th December, Mike Penning, The Minister of State for Policing stated "For 2016/17 direct resource funding for each PCC, including precept, will be protected at flat cash levels, assuming that precept income is increased to the maximum amount available." Of course the decision on council tax increases was for PCCs to make, not the government.

This sudden change in funding settlement, against what had been previously expected, saw a decrease in central grants of 0.6% (instead of the previous assumption of 4.5%). The Medium Term Financial Plan was developed following the announcement of the improved police funding settlement for 2016/17, and also incorporated the decision, by the former PCC, to raise the precept by just under 2% following consultation with the public.

The Norfolk 2020 project, initiated prior to the Chancellor's statement is reviewing the current shape, scope and size of Norfolk Police and the model for the delivery of local policing. This analysis will be combined with findings from Evidence Based Policing research and developments with multi-agency services to form a new delivery model. The improved settlement from government did not change the need to continue with this review and implement a new fit-for-purpose and efficient policing model in Norfolk over the life of the MTFP.

The Constabulary continues to work with the PCC to develop sustainable plans and models of operational policing that will contribute to bridge the remaining modest budget gap over the medium-term. To continue with the progress of aligning budgets to demand, performance, outcomes and priorities, a programme is being developed using Outcome Based Budgeting (OBB). This approach will analyse the activity spending of the entire force, in terms of budgets, establishment, performance, demand and outcomes. This information will then be lined up against the priorities and demands of the PCC and the constabulary. This will allow projects to be developed to target areas that can be made more efficient, and those areas requiring more investment.

Other proactive strands that will feed into the new Change Programme include Evidenced Based Policing projects through the Better Policing Collaborative. There will also be further work on the Digital Strategy that will release savings through rationalisation of systems, and enable the modernisation of the force through investment in digital technology.

Opportunities to deliver additional savings through continued work with collaborative partners including Suffolk Constabulary and particularly in the eastern region through the Seven Force Strategic Collaboration Programme, as well as local partners such as other blue light services and local authorities in Norfolk, will continue.

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.

Given the above information and other financial assumptions, for example on inflation and precept setting, the Medium Term Financial Plan (MTFP) covering the four financial years 2016/2017 to 2019/2020 was approved by the PCC. It shows a modest recurring deficit of £5.5m by 2019/2020 and this deficit will be addressed by the proactive approach set out above.

The Home Secretary repeated her demand for greater efficiency and reform and continues to underline her view that with grant settlement the police service the resources it needs to deal with all the demand pressures. While the picture for medium-term funding for the police service as a whole looks much improved in comparison to last year, there are still uncertainties facing the global, European and UK economy as recovery from recession continues.

The police service faces further challenges in the future, including the ongoing review of the police funding model by central government, and the funding arrangements, for example, for the Emergency Services Network that will see a national joined up blue light communications system, as well as continuing investment in modernising the service through digital technology such as mobile working and body worn video.

These 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.

John Hummersone FCPFA

Chief Finance Officer

Further Information

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. This has been advertised in the local press. The PCC complies with the Freedom of Information Act 2005 requirements in responding to queries from the general public.

Further information may be obtained from the Chief Finance Officer, at The Office of the Police and Crime Commissioner for Norfolk, Building 8 Jubilee House, Falconers Chase, Wymondham, NR18 0WW.

Movement in Reserves Statement for the PCC for Norfolk Group

Year Ended 31 March 2015	General Fund Balance Restated £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves Restated £000	**Total Unusable Reserves Restated £000**	**Total Reserves £000**
Balance at 1 April 2014	**4,475**	**32,365**	**-**	**132**	**36,972**	**(1,309,572)**	**(1,272,600)**
Surplus or (deficit) on provision of services (accounting basis)	(54,288)	-	-	-	**(54,288)**	**-**	**(54,288)**
Other comprehensive income and expenditure	-	-	-	-	**-**	**(167,642)**	**(167,642)**
Total comprehensive income and expenditure	**(54,288)**	**-**	**-**	**-**	**(54,288)**	**(167,642)**	**(221,930)**
Amortisation of intangible assets	215	-	-	-	**215**	**(215)**	**-**
Depreciation on property, plant and equipment	4,820	-	-	-	**4,820**	**(4,820)**	**-**
Revaluation losses on property, plant and equipment	664	-	-	-	**664**	**(664)**	**-**
Capital grants and contributions credited to the CIES	(1,712)	-	-	1,712	**-**	**-**	**-**
Application of capital grants from unapplied account	-	-	-	(1,833)	**(1,833)**	**1,833**	**-**
Net gain or loss on the sale of non-current assets	(16)	-	335	-	**319**	**(319)**	**-**
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	12	-	-	-	**12**	**(12)**	**-**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	70,760	-	-	-	**70,760**	**(70,760)**	**-**
Movement on the collection fund adjustment account	(865)	-	-	-	**(865)**	**865**	**-**
Capital expenditure charged to the General Fund Balance	(1,106)	-	-	-	**(1,106)**	**1,106**	**-**
Statutory provision for the repayment of debt	(1,555)	-	-	-	**(1,555)**	**1,555**	**-**
Contribution to the Police Pension Fund	(16,578)	-	-	-	**(16,578)**	**16,578**	**-**
Movement on the Compensated Absences Account	7	-	-	-	**7**	**(7)**	**-**
Use of capital receipts to fund asset purchases	-	-	(335)	-	**(335)**	**335**	**-**
Adjustments between accounting basis and funding basis under regulations	**54,645**	**-**	**-**	**(121)**	**54,524**	**(54,524)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**357**	**-**	**-**	**(121)**	**236**	**(222,166)**	**(221,930)**
Transfers to / from earmarked reserves	(357)	357	-	-	**-**	**-**	**-**
Increase / decrease in year	**-**	**357**	**-**	**(121)**	**236**	**(222,166)**	**(221,930)**
Balance at 31 March 2015	**4,475**	**32,722**	**-**	**11**	**37,208**	**(1,531,737)**	**(1,494,529)**

Movement in Reserves Statement for the PCC for Norfolk Group

Year Ended 31 March 2016	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2015	**4,475**	**32,722**	**-**	**11**	**37,208**	**(1,531,737)**	**(1,494,529)**
Surplus or (deficit) on provision of services (accounting basis)	(47,585)	-	-	-	**(47,585)**	**-**	**(47,585)**
Other comprehensive income and expenditure	-	-	-	-	**-**	**193,887**	**193,887**
Total comprehensive income and expenditure	**(47,585)**	**-**	**-**	**-**	**(47,585)**	**193,887**	**146,302**
Amortisation of intangible assets	480	-	-	-	**480**	**(480)**	**-**
Depreciation on property, plant and equipment	4,940	-	-	-	**4,940**	**(4,940)**	**-**
Revaluation losses on property, plant and equipment	245	-	-	-	**245**	**(245)**	**-**
Capital grants and contributions credited to the CIES	(1,654)	-	-	-	**(1,654)**	**1,654**	**-**
Application of capital grants from unapplied account	-	-	-	(11)	**(11)**	**11**	**-**
Net gain or loss on the sale of non-current assets	16	-	513	-	**529**	**(529)**	**-**
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	12	-	-	-	**12**	**(12)**	**-**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	65,176	-	-	-	**65,176**	**(65,176)**	**-**
Movement on the collection fund adjustment account	152	-	-	-	**152**	**(152)**	**-**
Capital expenditure charged to the General Fund Balance	(3,558)	-	-	-	**(3,558)**	**3,558**	**-**
Statutory provision for the repayment of debt	(4,773)	-	-	-	**(4,773)**	**4,773**	**-**
Contribution to the Police Pension Fund	(21,844)	-	-	-	**(21,844)**	**21,844**	**-**
Movement on the Compensated Absences Account	211	-	-	-	**211**	**(211)**	**-**
Use of capital receipts to fund asset purchases	-	-	(513)	-	**(513)**	**513**	**-**
Adjustments between accounting basis and funding basis under regulations	**39,402**	**-**	**-**	**(11)**	**39,391**	**(39,391)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**(8,183)**	**-**	**-**	**(11)**	**(8,194)**	**154,495**	**146,301**
Transfers to / from earmarked reserves	8,183	(8,183)	-	-	-	-	-
Increase / decrease in year	**-**	**(8,183)**	**-**	**(11)**	**(8,194)**	**154,495**	**146,301**
Balance at 31 March 2016	**4,475**	**24,539**	**-**	**-**	**29,012**	**(1,377,242)**	**(1,348,228)**

Movement in Reserves Statement for the PCC for Norfolk

Year Ended 31 March 2015	General Fund Balance Restated £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves Restated £000	**Total Unusable Reserves Restated £000**	**Total Reserves £000**
Balance at 1 April 2014	**4,475**	**32,365**	**-**	**132**	**36,972**	**(13,262)**	**23,710**
Surplus or (deficit) on provision of services (accounting basis)	(508)	-	-	-	**(508)**	**-**	**(508)**
Other comprehensive income and expenditure	-	-	-	-	**-**	**4,274**	**4,274**
Total comprehensive income and expenditure	**(508)**	**-**	**-**	**-**	**(508)**	**4,274**	**3,766**
Amortisation of intangible assets	215	-	-	-	**215**	**(215)**	**-**
Depreciation on property, plant and equipment	4,820	-	-	-	**4,820**	**(4,820)**	**-**
Revaluation losses on property, plant and equipment	664	-	-	-	**664**	**(664)**	**-**
Capital grants and contributions credited to the CIES	(1,712)	-	-	1,712	**-**	**-**	**-**
Application of capital grants from unapplied account	-	-	-	(1,833)	**(1,833)**	**1,833**	**-**
Net gain or loss on the sale of non-current assets	(16)	-	335	-	**319**	**(319)**	**-**
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	12	-	-	-	**12**	**(12)**	**-**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	408	-	-	-	**408**	**(408)**	**-**
Movement on the collection fund adjustment account	(865)	-	-	-	**(865)**	**865**	**-**
Capital expenditure charged to the General Fund Balance	(1,106)	-	-	-	**(1,106)**	**1,106**	**-**
Statutory provision for the repayment of debt	(1,555)	-	-	-	**(1,555)**	**1,555**	**-**
Use of capital receipts to fund asset purchases	-	-	(335)	-	**(335)**	**335**	**-**
Adjustments between accounting basis and funding basis under regulations	**864**	**-**	**-**	**(121)**	**743**	**(743)**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**357**	**-**	**-**	**(121)**	**236**	**3,531**	**3,766**
Transfers to / from earmarked reserves	(357)	357	-	-	-	-	-
Increase / decrease in year	**-**	**357**	**-**	**(121)**	**236**	**3,531**	**3,766**
Balance at 31 March 2015	**4,475**	**32,722**	**-**	**11**	**37,208**	**(9,733)**	**27,475**

Movement in Reserves Statement for the PCC for Norfolk

Year Ended 31 March 2016	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	**Total Unusable Reserves £000**	**Total Reserves £000**
Balance at 1 April 2015	**4,475**	**32,722**	**-**	**11**	**37,208**	**(9,732)**	**27,476**
Surplus or (deficit) on provision of services (accounting basis)	(4,241)	-	-	-	**(4,241)**	**-**	**(4,241)**
Other comprehensive income and expenditure	-	-	-	-	-	**545**	**545**
Total comprehensive income and expenditure	**(4,241)**	**-**	**-**	**-**	**(4,241)**	**545**	**(3,696)**
Amortisation of intangible assets	480	-	-	-	**480**	**(480)**	-
Depreciation on property, plant and equipment	4,940	-	-	-	**4,940**	**(4,940)**	-
Revaluation losses on property, plant and equipment	245	-	-	-	**245**	**(245)**	-
Capital grants and contributions credited to the CIES	(1,654)	-	-	-	**(1,654)**	**1,654**	-
Application of capital grants from unapplied account	-	-	-	(11)	**(11)**	**11**	-
Net gain or loss on the sale of non-current assets	16	-	513	-	**529**	**(529)**	-
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	12	-	-	-	**12**	**(12)**	-
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	199	-	-	-	**199**	**(199)**	-
Movement on the collection fund adjustment account	152	-	-	-	**152**	**(152)**	-
Capital expenditure charged to the General Fund Balance	(3,558)	-	-	-	**(3,558)**	**3,558**	-
Statutory provision for the repayment of debt	(4,773)	-	-	-	**(4,773)**	**4,773**	-
Use of capital receipts to fund asset purchases	-	-	(513)	-	**(513)**	**513**	-
Adjustments between accounting basis and funding basis under regulations	**(3,942)**	**-**	**-**	**(11)**	**(3,953)**	**3,953**	**-**
Net increase / decrease before transfers to Earmarked Reserves	**(8,183)**	**-**	**-**	**(11)**	**(8,194)**	**4,498**	**(3,696)**
Transfers to / from earmarked reserves	8,183	(8,183)	-	-	-	-	-
Increase / decrease in year	**-**	**(8,183)**	**-**	**(11)**	**(8,194)**	**4,498**	**(3,696)**
Balance at 31 March 2016	**4,475**	**24,539**	**-**	**-**	**29,014**	**(5,234)**	**23,780**

Comprehensive Income and Expenditure Statement

for the PCC for Norfolk Group

for the year ended 31 March 2016

Gross Expenditure 2014/15 Restated £000	Income 2014/15 Restated £000	Net Expenditure 2014/15 Restated £000		Note	Gross Expenditure 2015/16 £000	Income 2015/16 £000	Net Expenditure 2015/16 £000
			Division of Service:				
78,089	(2,501)	75,588	Local Policing		77,528	(2,718)	74,810
12,409	(513)	11,896	Dealing with the Public		12,591	(477)	12,114
17,616	(5,285)	12,331	Criminal Justice Arrangements		18,034	(5,607)	12,427
10,566	(2,848)	7,718	Road Policing		5,863	(1,777)	4,086
5,014	(1,374)	3,640	Specialist Operations		8,480	(565)	7,915
5,939	(228)	5,711	Intelligence		8,689	(287)	8,402
34,043	(1,591)	32,452	Investigations		34,626	(1,776)	32,851
3,640	(105)	3,535	Investigative Support		4,961	(176)	4,785
6,211	(4,761)	1,450	National Policing		14,155	(13,561)	594
-	-	-	Non-distributed costs		523	-	523
2,108	(73)	2,035	Corporate and democratic core		1,384	(45)	1,339
1,829	(929)	900	PCC Commissioning		1,795	(981)	813
177,464	**(20,207)**	**157,257**	**Net Cost of Police Services**	**7**	**188,628**	**(27,969)**	**160,659**
			Other Operating Expenditure:				
-	(16,578)	(16,578)	Home Office contribution to police pensions	**9**	-	(21,844)	(21,844)
-	(16)	(16)	Loss/(profit) on disposal of fixed assets		34	-	34
-	**(16,594)**	**(16,594)**			**34**	**(21,844)**	**(21,811)**
			Financing and Investment Income and Expenditure:				
7,496	-	7,496	Interest payable and similar charges		7,172	-	7,172
57,136	-	57,136	Pensions interest cost and expected return on pensions assets	**18**	50,111	-	50,111
-	(275)	(275)	Interest and investment income		-	(265)	(265)
64,632	**(275)**	**64,357**			**57,283**	**(265)**	**57,018**
			Taxation and Non-specific Grant Income:				
-	(63,104)	(63,104)	General grants	**9**	-	(59,811)	(59,811)
-	(1,712)	(1,712)	Capital grants and contributions	**9**	-	(1,654)	(1,654)
-	(29,925)	(29,925)	Non-domestic rate redistribution	**9**	-	(28,939)	(28,939)
	(55,991)	(55,991)	Precepts	**12**		(57,877)	(57,877)
-	**(150,731)**	**(150,731)**			**-**	**(148,282)**	**(148,282)**
		54,288	**Deficit/(Surplus) on the Provision of Services**				**47,585**
			Other Comprehensive Income and Expenditure:				
		(4,489)	(Surplus) / deficit on the revaluation of assets	**14**			(194)
		172,131	Remeasurements of the net defined benefit liability (asset)	**18**			(193,693)
		167,642					**(193,887)**
		221,930	**Total Comprehensive Income and Expenditure**				**(146,302)**

Comprehensive Income and Expenditure Statement

for the PCC for Norfolk

for the year ended 31 March 2016

Gross Expenditure 2014/15 Restated £000	Income 2014/15 Restated £000	Net Expenditure 2014/15 Restated £000		Note	Gross Expenditure 2015/16 £000	Income 2015/16 £000	Net Expenditure 2015/16 £000
			Division of Service:				
3,531	(1,593)	1,938	Local Policing		3,795	(1,626)	2,169
648	(296)	352	Dealing with the Public		612	(301)	311
768	(3,813)	(3,045)	Criminal Justice Arrangements		881	(3,815)	(2,934)
355	(87)	268	Road Policing		267	(86)	181
135	(128)	7	Specialist Operations		305	(133)	172
263	(139)	124	Intelligence		313	(143)	170
1,337	(662)	675	Investigations		1,451	(678)	774
133	(79)	54	Investigative Support		179	(81)	98
236	(90)	146	National Policing		5,014	(4,876)	138
-	-	-	Non-distributed costs		-	-	-
1,856	(74)	1,782	Corporate and democratic core		1,384	(45)	1,339
1,829	(929)	900	PCC commissioning		1,795	(981)	813
11,091	**(7,889)**	**3,202**	**Net Cost of Police Services before group funding**	**7**	**15,997**	**(12,767)**	**3,230**
157,396	-	157,396	Intra-group funding	5	164,173	-	164,173
168,487	**(7,889)**	**160,599**	**Net Cost of Policing Services**		**180,170**	**(12,767)**	**167,403**
			Other Operating Expenditure:				
-	(16,578)	(16,578)	Home Office contribution to police pensions	**9**	-	(21,844)	(21,844)
-	(16)	(16)	Loss/(profit) on disposal of fixed assets		34	-	34
-	**(16,594)**	**(16,594)**			**34**	**(21,844)**	**(21,811)**
			Financing and Investment Income and Expenditure:				
7,496	-	7,496	Interest payable and similar charges		7,172	-	7,172
15	-	15	Pensions interest cost and expected return on pensions assets	**18**	23	-	23
-	(275)	(275)	Interest and investment income		-	(265)	(265)
7,510	**(275)**	**7,235**			**7,195**	**(265)**	**6,930**
			Taxation and Non-specific Grant Income:				
-	(63,104)	(63,104)	General grants	**9**	-	(59,811)	(59,811)
-	(1,712)	(1,712)	Capital grants and contributions	**9**	-	(1,654)	(1,654)
-	(29,925)	(29,925)	Non-domestic rate redistribution	**9**	-	(28,939)	(28,939)
-	(55,991)	(55,991)	Precepts	**12**	-	(57,877)	(57,877)
-	**(150,731)**	**(150,731)**			**-**	**(148,282)**	**(148,282)**
		508	**Deficit/(Surplus) on the Provision of Services**				**4,241**
			Other Comprehensive Income and Expenditure:				
		(4,489)	(Surplus) / deficit on the revaluation of assets	**14**			(194)
		214	Remeasurements of the net defined benefit liability (asset)	**18**			(351)
		(4,275)					**(545)**
		(3,768)	**Total Comprehensive Income and Expenditure**				**3,696**

Balance Sheet for the PCC for Norfolk Group

as at 31 March 2016

31 March 2015 £000		Notes	31 March 2016 £000
78,249	Property, plant and equipment	**14**	75,016
396	Intangible assets	**14**	3,598
78,644	**Non-Current Assets**		78,614
-	**Long Term Debtors**		-
78,644	**Total Long term Assets**		78,614
241	Inventories		447
11,224	Short term debtors and prepayments	**20**	14,460
12,997	Cash and cash equivalents	**21**	8,409
20,128	Short term investments	**19**	21,117
409	Assets held for sale	**22**	176
44,999	**Current Assets**		44,608
123,643	**TOTAL ASSETS**		**123,222**
16,978	Short-term creditors and accruals	**23**	16,434
156	Short Term Borrowing	**33**	6,001
607	Provisions	**25**	1,115
808	PFI Liabilities	**17**	908
18,549	**Current Liabilities**		24,457
1,522,147	Other long term liabilities	**18**	1,371,786
128	Provisions	**25**	-
13,785	Long term borrowing	**33**	12,840
63,563	PFI Liabilities	**17**	62,365
1,599,623	**Long Term Liabilities**		1,446,992
1,618,172	**TOTAL LIABILITIES**		**1,471,448**
(1,494,529)	**NET ASSETS / (LIABILITIES)**		**(1,348,226)**
37,207	Usable reserves	**27**	29,014
(1,531,737)	Unusable reserves	**29**	(1,377,240)
(1,494,529)	**TOTAL RESERVES**		**(1,348,226)**

The unaudited accounts were issued on 30 June 2016.

J Hummersone FCPFA, PCC – CFO

Balance Sheet for the PCC for Norfolk

as at 31 March 2016

31 March 2015 £000		Notes	31 March 2016 £000
78,248	Property, plant and equipment	**14**	75,016
396	Intangible assets	**14**	3,598
78,644	**Non-Current Assets**		78,614
241	Inventories		447
11,224	Short term debtors and prepayments	**20**	14,460
12,997	Cash and cash equivalents	**21**	8,409
20,128	Short term investments	**19**	21,117
409	Assets held for sale	**22**	176
44,999	**Current Assets**		44,609
123,643	**TOTAL ASSETS**		**123,223**
16,498	Short-term creditors and accruals	**23**	15,742
156	Short Term Borrowing	**33**	6,001
607	Provisions	**25**	1,115
808	PFI Liabilities	**17**	908
18,069	**Current Liabilities**		23,766
624	Other long term liabilities	**18**	472
128	Provisions	**25**	-
13,785	Long term borrowing	**33**	12,840
63,563	PFI Liabilities	**17**	62,365
78,099	**Long Term Liabilities**		75,677
96,169	**TOTAL LIABILITIES**		**99,443**
27,474	**NET ASSETS / (LIABILITIES)**		**23,780**
37,208	Usable reserves	**27**	29,014
(9,733)	Unusable reserves	**29**	(5,234)
27,475	**TOTAL RESERVES**		**23,780**

The unaudited accounts were issued on 30 June 2016.

J Hummersone FCPFA, PCC – CFO

Cash-flow Statement for the PCC for Norfolk Group

for the year ended 31 March 2016

2014/15 £000 Restated		Note	2015/16 £000
(54,288)	**Net Surplus/(deficit) on the provision of services**	**Page 18**	**(47,585)**
61,510	Adjustment for non cash or cash equivalent movements	**32**	45,808
	Adjustment for items included in net deficit on the provision		
-	of services that are investing or financing activities:		-
-	Capital grants and contributions	**31**	(1,654)
7,222	**Net cash flows from operating activities**		(3,431)
(7,703)	Investing activities	**31**	(6,533)
(741)	Financing activities	**31**	5,376
(1,222)	**Net increase or (decrease) in cash and cash equivalents**	**30**	**(4,589)**
14,219	Cash and cash equivalents at the beginning of the reporting period	**21**	12,997
12,997	**Cash and cash equivalents at the end of the reporting period**	**21**	**8,409**

Cash-flow Statement for the PCC for Norfolk

for the year ended 31 March 2016

2014/15 £000		Note	2015/16 £000
(508)	**Net Surplus/(deficit) on the provision of services**	**Page 19**	**(4,241)**
7,730	Adjustment for non cash or cash equivalent movements	**32**	2,464
-	Adjustment for items included in net deficit on the provision of services that are investing or financing activities:		-
-	Capital grants and contributions	**31**	(1,654)
7,222	**Net cash flows from operating activities**		(3,431)
(7,703)	Investing activities	**31**	(6,533)
(741)	Financing activities	**31**	5,376
(1,222)	**Net increase or (decrease) in cash and cash equivalents**	**30**	**(4,588)**
14,219	Cash and cash equivalents at the beginning of the reporting period	**21**	12,997
12,997	**Cash and cash equivalents at the end of the reporting period**	**21**	**8,409**

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 2015/16 financial year and its position at the year-end of 31 March 2016. 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. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (COP) and the Service Reporting Code of Practice 2015/16 (SeRCoP), 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

The PCC pays for all expenditure including salaries of police officers, police community support officers and police staff. There is no transfer of real cash between the PCC and Chief Constable and the latter does not have a bank account into which monies can be received or paid from. Operational costs and incomes are recognised in the Chief Constable's Accounts to reflect the PCC's resources consumed in the direction and control of day-to-day policing at the request of the Chief Constable. The Chief Constable also recognises the employment and post-employment costs and liabilities in his Accounts. To fund these costs the Chief Constable's Accounts show a funding guarantee provided by the Commissioner to the Chief Constable as income, although no real cash changes hands. This treatment forms the basis of the intra-group adjustment between the Accounts of the Commissioner and Chief Constable.

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 CC 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 and certain payroll balances, a de-minimis level of £1,000 is set for year-end accruals.

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

Services and Support Services are debited with the following amounts to record the cost of holding non-current assets during the year:

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

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 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 equal instalments of MRP being charged over the related assets' useful life.

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. The cost of annual leave entitlement, time off in lieu and flexi time earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave or similar balances into the following period. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which the employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit.

Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pensions 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 benefits 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 are discounted to their value at current prices, using a discount rate specified each year by the actuary; this is based on the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

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, 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 seven 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 disclosed on a straight-line basis over the period in which the increase in benefit vests, and are debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.
- 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.
- Expected return on assets – the annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return. It is credited to the Financing and Investment Income and Expenditure line in the CIES.
- 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 debited to the pension reserve.
- Contributions paid to the three 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.

<u>Discretionary Benefits</u>

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 and accounted for.

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

<u>Financial liabilities</u>

Financial liabilities are recognised on the Balance Sheet when the Group 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 Group 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.

<u>Financial Assets</u>

Financial assets can be classified into two types:

(i) Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

(ii) Available-for-sale assets – assets that have a quoted market price and/or do not have a fixed or determinable payment

The PCC does not hold any available-for-sale financial assets.

<u>Loans and Receivables</u>

Loans and receivables 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For 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 Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the CIES.

Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the 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. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the PCC 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 PCC.

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 PCC 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's services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the PCC can be determined by reference to an active market. In practice, no intangible asset held by the PCC 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 relevant service line 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 relevant service line 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.

Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. Supplies from inventories are charged to the relevant service line in the CIES using an average cost formula.

Investment policy

The PCC works closely with its external treasury advisors Capita to determine the criteria for high quality institutions. The minimum rating criteria uses the 'lowest common denominator' method of selecting counterparties and applying lending limits to those counterparties

- UK Banks which have as a minimum, the following Fitch, Standard and Poors and Moody's credit ratings:

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

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- Non-UK Banks domiciled in a country which has a minimum sovereign rating of AAA and as a minimum, the following Fitch, Standard and Poors and Moody's credit ratings:

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 plc)
- Building Societies (which meet the minimum ratings criteria for Banks);
- Money Market Funds;
- UK Government;
- Local Authorities, Parish Councils etc.

All cash invested by the PCC in 2015/16 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.

Jointly controlled operations and jointly controlled assets

Jointly controlled operations are activities undertaken by the PCC or the CC 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 CC Comprehensive Income and Expenditure Statement with its share of the expenditure incurred and income earned from the activity of the operation.

Jointly controlled 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 jointly controlled 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.

<u>The PCC as Lessee</u>

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 towards 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.

<u>The PCC as Lessor</u>

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 Other Operating Expenditure 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.

Overheads and support services

The costs of overheads and support services are charged to service lines that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SeRCoP). Costs are attributed to service lines either directly or using an appropriate cost driver with the exception of:

- Corporate and Democratic Core – costs relating to the PCC's status as a multi-functional, democratic organisation.
- Non Distributed Costs – costs relating to retirement benefits and unused and unusable shares of assets.

These two cost categories are defined in SeRCoP and accounted for as separate headings in the CIES, as part of the Net Cost of Policing Services.

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 has use of the assets for the substantial part of their useful lives, 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 relevant service in the CIES.

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- 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 – charged to the unitary payment when they are incurred in future years.

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.

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)
- 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 relevant service lines 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.

<u>Impairment</u>

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.

<u>Depreciation</u>

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.

<u>Disposals and Non-Current Assets Held for Sale</u>

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.

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.

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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 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 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 CC 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 CC 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 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 Comprehensive Income and Expenditure Statement. Irrecoverable VAT is VAT charged which under legislation is not reclaimable (e.g., purchase of command platform vehicles).

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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 2015/16 (COP), the COP is based on International Financial Reporting Standards (IFRSs).

In 2016/2017 adoption of the amendments to the following may be required to be reported;

- IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs (2010 to 2012 cycle).
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs (2012 to 2014 cycle).
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- The changes to the format of the Fund Account and the Net Assets Statement
- IFRS 13 Fair Value Measurement

Application of the IFRSs referred to above, as adopted by the Code, is required by 1 April 2016, and these IFRSs will be initially adopted as at 1 April 2016. The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. It is not expected that the adoption of these standards will have a material effect on the 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 2016/2017 in regard of what the PCC will receive from the government and limitations around the precept. The PCC and 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, that has been set out in the Narrative Statement to these accounts, is a judgement as a result of greater clarity and a better understanding of arrangements and governance between the PCC and the Chief Constable, as well as bulletins issued by CIPFA and the Audit Commission that enhanced the prevailing guidance.
- The PCC has taken over the obligations arising from a PFI contract entered into by the former Police Authority. The 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. Associated assets have been capitalised and treated “on Balance Sheet” as required by IFRS.
- The Norfolk PCC 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 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 CC have responsibility for

the use of the consumables, heating and lighting and so forth. Consequently, these costs are shown in the CC 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 in 2015/16 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 life of the assets. If the useful life of an asset is reduced then the depreciation charge to 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 assumptions would result in an increase in the pension liability of £167.9m.

Exit Packages

Provisions for exit packages are based on information available at the time of the production of the accounts, there may be occasions where employees are subsequently redeployed resulting in the provision being overstated.

Property, plant and equipment

The value of land and property together with 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	£13.0m
Property	£49.7m

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 Statement.

The PCC receives 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.

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This intra-group adjustment is mirrored in the PCC's CIES. The financial impact associated with the costs of the employment liabilities is carried on the balance sheet in accordance with the Code and add to the carrying value of the Pensions Liability and the Accumulated Absences Liability.

6. Service Expenditure Analysis

The principal functions included within the Net Cost of Service line in the Group's financial statements relate to the day to day costs of administering and supporting the PCC's office as well as working directly with local communities and the public. The Net Cost of Service line also includes the financial resources of the Group under the direction and control of the Chief Constable through operational policing, and is included in the CIES as follows:

Local policing
Neighbourhood policing
Incident (response) management
Specialist community liaison
Local command team and support overheads

Dealing with the public
Dealing with the public command team and support overheads
Local call centres/front desk
Central communications unit
Contact management units

Road policing
Roads Policing command team and support overheads
Traffic units
Traffic wardens/PCSOs - Traffic
Vehicle recovery
Casualty reduction partnership

Specialist operations
Central Operations command team and support overheads
Air operations
Dogs section
Level 1 advanced public order
Firearms unit
Civil contingencies

Intelligence
Central Intelligence command team and support overheads
Intelligence/threat assessments
Intelligence gathering

Criminal justice arrangements
Criminal Justice Arrangements command team and support overheads
Custody
Criminal justice
Police National Computer (PNC)
Disclosure and Barring Service (DBS)
Coroner assistance
Fixed penalty scheme (central ticket office)
Property officer/stores

Investigations
Crime Support command team and support overheads
Major investigation unit
Economic crime (including regional asset recovery team)
Investigations
Serious and organised crime unit
Public protection

Investigative support
Investigative Support command team and support overheads
Scenes of crime officers
External forensic costs
Fingerprint/Internal forensic costs
Photographic image recovery
Other forensic services

National policing
Secondments (out of force)
Counter-terrorism/Special Branch
NPCC projects/initiatives

Please note that business support function costs are absorbed into the above operational functions.

Corporate and Democratic Core costs relate to the democratic representation, management, administration and governance functions of the PCC's office, the amount also includes officer time spent on advising the PCC and public consultation.

Non Distributed costs are costs that cannot be allocated to current operational functions. Examples are impairments of non-operational property such as police houses and past service pension costs.

PCC Commissioning is not a separately defined category within the Service Reporting Code of Practice, however the related income and expenditure has been shown separately within the Net Cost of Police Services in the CIES for enhanced transparency.

7. Amounts Reported for Resource Allocation Decisions

	Total Chief Constable	PCC's Office	Not reported to management			Amount not included in CIES			Total Group
			PCC	CC	total	PCC	CC	total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Reported to Chief Officers in 2015/16									
Fees charges and other income	(5,639)	(17)	(199)	199	-	-	265	265	**(5,391)**
Government grants	(15,097)	(5,794)	(6,757)	6,757	-	-	-	-	**(20,891)**
Total Service Income	**(20,736)**	**(5,811)**	**(6,956)**	**6,956**	**-**	**-**	**265**	**265**	**(26,282)**
Employee expenses	129,445	817	206	36,694	36,900	(104)	(21,520)	(21,624)	**145,538**
Other service expenses	28,958	6,728	2,378	(61)	2,317	-	(2,572)	(2,572)	**35,431**
Depreciation, impairments & capital	10,362	-	5,971	-	5,971	-	(10,362)	(10,362)	**5,971**
Contingencies & appropriations	(1,708)	(1,275)	-	-	-	1,275	1,708	2,983	-
Total Service Expenditure	**167,056**	**6,271**	**8,555**	**36,633**	**45,189**	**1,171**	**(32,745)**	**(31,574)**	**186,941**
Net Cost of Police Services	**146,320**	**460**	**1,600**	**43,589**	**45,189**	**1,171**	**(32,481)**	**(31,310)**	**160,659**
Reported to Chief Officers in 2014/15									
Fees charges and other income	**(7,333)**	**(3)**	-		-	275		275	**(7,061)**
Government grants	**(11,815)**	**(986)**	-	-	-	3,309		3,309	**(9,492)**
Other Grants and Contributions	**(337)**	**(8)**	-	-	-	-	-	-	**(345)**
Total Income	**(19,485)**	**(997)**	**-**	**-**	**-**	**3,584**	**-**	**3,584**	**(16,898)**
Employee expenses	**128,038**	**751**	393	13,237	13,630			-	**142,419**
Other service expenses	**37,244**	**2,247**			-	(10,502)	-	(10,502)	**28,989**
Depreciation and impairments	-	-	5,700		5,700		-	-	**5,700**
Gains & Losses on Disposal of PPE	-	-		-	-		-	-	-
Total Operating Expenditure	**165,282**	**2,998**	**6,093**	**13,237**	**19,330**	**(10,502)**	**-**	**(10,502)**	**177,108**
Transfers To/ (From) Reserves	-	356			-			-	**356**
Net Operating Expenditure	**145,797**	**2,357**	**6,093**	**13,237**	**19,330**	**(6,918)**	**-**	**(6,918)**	**160,566**

The analysis of income and expenditure in the CIES is specified by the Service Reporting Code of Practice. However, decisions about resource allocation were taken by Cabinet (chief officers and heads of department) on the basis of budget reports analysed across directorates and are prepared on a different basis. For example retirement benefits are shown in the budget reports based on employer contributions whereas in the CIES pension costs are based on current service costs of benefits accrued during the year. The income and expenditure of the principal directorates recorded in the budget reports are shown in the table above.

8. Minimum Revenue Provision

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 2008 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 using the equal instalment method. Option 3 results in MRP charged in equal annual instalments over the assets 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 2015/16 was £4,773k (2014/15 - £1,555k). This included £2,250k in respect of back funding MRP balances and £780k relating to the early settlement of transferred debt.

9. Government Grants

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

	Amount receivable for 15/16 £000	Amount receivable for 14/15 £000 Restated
Credited to Taxation and Non Specific Grant Income		
General police grant	50,507	53,799
Council Tax support Grant	7,877	7,877
Council tax freeze grant	1,428	1,428
Capital grants and contributions	1,654	1,712
Non-domestic rate redistribution	28,939	29,925
Precepts	57,877	55,991
	148,282	**150,731**
Credited to Other Operating Expenditure		
Home Office contribution to police pensions	21,844	16,578
	21,844	**16,578**
Credited to Services		
Police incentivisation	111	134
Police community support officers	-	-
Counter terrorism	106	4,151
Basic command unit	-	-
PFI grants (OCC and PICs)	6,757	6,757
Other specific grants	13,917	1,943
	20,891	**12,985**

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

	Amount receivable for 15/16 £000	Amount receivable for 14/15 £000 Restated
Credited to Taxation and Non Specific Grant Income		
General police grant	50,507	53,799
Council Tax support Grant	7,877	7,877
Council tax freeze grant	1,428	1,428
Capital grants and contributions	1,654	1,712
Non-domestic rate redistribution	28,939	29,925
Precepts	57,877	55,991
	148,282	**150,731**
Credited to Other Operating Expenditure		
Home Office contribution to police pensions	21,844	16,578
	21,844	**16,578**
Credited to Services		
Police incentivisation	-	-
Police community support officers	-	-
Counter terrorism	-	-
Basic command unit	-	-
PFI grant	6,757	6,757
Other specific grants	13,698	1,035
	20,455	**7,792**

10. Employees' Remuneration

The numbers of employees and police officers whose remuneration exceeded £50k in 2015/16 were as follows:

	GROUP		OPCC	
	2015/16	2014/15	2015/16	2014/15
Remuneration				
£50,000 - £54,999	6	5	-	-
£55,000 - £59,999	5	6	1	1
£60,000 - £64,999	-	1	-	-
£65,000 - £69,999	1	1	1	-
£70,000 - £74,999	1	1	-	1
£75,000 - £79,999	1	2	-	-
£80,000 - £84,999	3	4	-	0.6
£85,000 - £89,999	4	1	1	1
£90,000 - £94,999	-	-	-	-
£95,000 - £99,999	2	1	0.34	-
£100,000 - £104,999	-	2	-	-
£105,000 - £109,999	1	-	-	-
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	1	-	-	-
£120,000 - £124,999	-	1	-	-
£145,000 - £149,999	-	1	-	-
£150,000 - £154,999	1	-	-	-
£175,000 - £179,999	-	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."

In addition to the above the Accounts and Audit Regulations 2015 requires a detailed disclosure of employees' remuneration for relevant senior police officers, certain statutory and non-statutory chief officers and other persons with a responsibility for management of the PCC. The officers listed in the following table are also included in the above banding disclosure note.

	Salaries Fees and Allowances £000	Termination Payments £000	Bonuses £000	Employers Pension Contributions £000	Benefits in Kind Estimates £000	Expenses £000	Total £000
2015/16							
Position held							
Chief Constable - Simon Bailey	152	-	-	36	-	2	190
Deputy Chief Constable	119	-	-	28	-	2	149
Assistant Chief Constable	107	-	-	25	-	-	132
Temporary Assistant Chief Constable	79	-	-	18	-	-	97
(23 Jun 2014 to 3 Jan 2016)							
CFO (CC) - 0.66 FTE	64	-	-	-	-	-	64
Police and Crime Commissioner	70	-	-	13	-	-	83
Chief Executive (PCC)	89	-	-	17	-	-	106
Deputy Police and Crime Commissioner	58	-	-	11	-	-	69
CFO (PCC) - 0.34 FTE	33	-	-	-	-	-	33
2014/15							
Position held							
Chief Constable - S Bailey	144	-	-	33	4	2	183
Deputy Chief Constable	118	-	-	28	6	1	153
Assistant Chief Constable (1)	102	-	-	24	5	-	131
Assistant Chief Constable (2)	33	-	-	7	1	-	41
(Transferred 18 Jul 2014)							
Assistant Chief Constable (3)	95	-	-	21	3	-	119
Assistant Chief Officer - Resources	107	93	-	-	-	6	206
CFO (CC) - 0.4 FTE	34	-	-	-	-	-	34
Police and Crime Commissioner	70	-	-	13	-	-	83
Deputy Police and Crime Commissioner	57	-	-	10	-	-	67
Chief Executive (PCC)	85	-	-	15	-	1	101
CFO (PCC) - 0.6 FTE	48	-	-	0	-	-	48

A chief officer from Norfolk acted as Assistant Chief Constable in a joint capacity for Norfolk and Suffolk Constabularies; a contribution of £63.1k was paid by Suffolk Constabulary in respect 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 and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band including Special Payments	Number of Compulsory Redundancies 2015/16	Number of Compulsory Redundancies 2014/15	Number of Other Agreed Departures 2015/16	Number of Other Agreed Departures 2014/15	Total Number of Exit Packages 2015/16	Total Number of Exit Packages 2014/15	Total Value of Exit Packages 2015/16 £000	Total Value of Exit Packages 2014/15 £000
£0 - £20,000	33	25	-	-	33	25	295	251
£20,001 - £40,000	8	6	-	-	8	6	189	171
£40,001 - £60,000	2	2	-	1	2	3	89	141
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	1	-	-	-	1	-	93
	43	34	-	1	43	35	573	656

11. Related Parties 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. The total of transactions with related parties, where these are material and not disclosed elsewhere in the statement of accounts, are set out below:

During 2015/16 there were no material related party transactions involving, officers of the PCC or senior officers of the Constabulary, other than those included under employees' remuneration set out in Note 10 of these financial statements.

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 9 of these financial statements.

12. Council Tax

The Norfolk district and borough councils are required to collect the amount of council tax determined by the PCC for policing the county. In 2015/16 the precept, including the estimated 2014/15 collection fund surplus/(deficit) was paid to the PCC during the year and amounted to £58.0m 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:

2014/15 £000		Received from Billing Authority £000	surplus/(deficit) on Collection Fund at 31.3.15 £000	31.3.16 £000	Total 2015/16 £000
8,173	Breckland	8,519	628	573	8,463
8,784	Broadland	9,016	72	131	9,075
9,773	Kings Lynn & West Norfolk	10,155	120	74	10,109
6,996	Norwich	7,254	568	573	7,260
5,374	Great Yarmouth	5,558	84	65	5,539
7,717	North Norfolk	7,929	224	282	7,987
9,174	South Norfolk	9,598	310	156	9,445
55,991		**58,029**	**2,006**	**1,854**	**57,877**

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 31.3.15 £000		Collection Fund £000	Net Arrears £000	repayments £000	Balance at 31.3.16 £000
(454)	Breckland	(573)	231	(105)	(447)
(82)	Broadland	(131)	84	(114)	(161)
120	Kings Lynn & West Norfolk	(74)	354	(156)	124
(530)	Norwich	(573)	265	(209)	(518)
97	Great Yarmouth	(65)	327	(132)	130
(173)	North Norfolk	(282)	175	(151)	(259)
(242)	South Norfolk	(156)	143	(86)	(98)
(1,264)		**(1,854)**	**1,579**	**(954)**	**(1,230)**

13. External Audit Fees

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

2014/15 £000		2015/16 £000
	The Group has incurred the following costs in relation to the audit of the Statement of Accounts	
45	The PCC for Norfolk	38
20	The Chief Constable of Norfolk	15
65		**53**

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

The 2015/2016 audit fees include an amount of £3.8k, attributable to the PCC, in respect of 2014/2015 which has not been provided for but had been an approved increase to the original scale fees.

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

14. Non-Current Assets

Movements in 2015-16	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 1.4.15	67,575	25,506	4,350	-	97,432
Reclassifications	(182)	1,472	(4,215)	-	(2,924)
Restatements	-	-	-	-	-
Additions	780	3,506	500	-	4,785
Derecognition - disposals	-	(612)	-	-	(612)
Derecognition - other	-	-	-	-	-
Net revaluation gains/losses recognised in the CIES	(932)	-	-	-	(932)
Net revaluation gains/losses recognised in the Revaluation reserve	194	-	-	-	194
Balance at 31.3.16	**67,435**	**29,873**	**635**	**-**	**97,943**
Depreciation and impairments					
Balance at 1.4.15	3,565	15,618	-	-	19,183
Reclassifications	(6)	4	(15)	-	(17)
Revaluations	(687)	-	-	-	(687)
Impairments	-				-
Derecognition - disposals	-	(492)	-	-	(492)
Derecognition - other					
Depreciation for the year	1,838	3,087	15	-	4,939
Balance at 31.3.16	**4,711**	**18,217**	**-**	**-**	**22,927**
Net book value at 31.3.15	64,010	9,888	4,350	-	78,248
Net book value at 31.3.16	**62,724**	**11,656**	**635**	**-**	**75,016**

	Software Licences £000
Purchased intangible assets	
Historic cost or revaluation	
Balance at 1.4.15	1,475
Reclassifications	2,742
Additions	951
Derecognition - disposals	-
Balance at 31.3.16	**5,168**
Amortisation	
Balance at 1.4.15	1,080
Amortisation for the year	480
Reclassifications	11
Derecognition - disposals	-
Balance at 31.3.16	**1,570**
Net book value at 31.3.15	396
Net book value at 31.3.16	**3,598**

Movements in 2014-15	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 1.4.14	69,424	25,595	1,560	415	96,993
Reclassifications	20	-	(20)	(415)	(415)
Restatements	-	-	-		-
Additions	121	2,987	2,812		5,920
Derecognition - disposals	(22)	(3,042)	-		(3,064)
Derecognition - other	(2)	(33)	(2)		(37)
Net revaluation gains/losses recognised in the CIES	(286)	-	-		(286)
Net revaluation gains/losses recognised in the Revaluation reserve	(1,680)	-	-		(1,680)
Balance at 31.3.15	**67,575**	**25,506**	**4,350**	**-**	**97,432**
Depreciation and impairments					
Balance at 1.4.14	8,319	14,955	-	2	23,275
Reclassifications	-	-	-	(6)	(6)
Revaluations	(3,405)	-	-		(3,405)
Impairments	(3,016)	2			(3,014)
Derecognition - disposals	(1)	(2,836)	-		(2,837)
Derecognition - other					-
Depreciation for the year	1,668	3,497	-	4	5,169
Balance at 31.3.15	**3,566**	**15,618**	**-**	**-**	**19,183**
Net book value at 31.3.14	61,105	10,640	1,560	413	73,718
Net book value at 31.3.15	**64,010**	**9,888**	**4,350**	**-**	**78,248**

	Software Licences £000
Purchased intangible assets	
Historic cost or revaluation	
Balance at 1.4.14	1,377
Reclassifications	-
Restatements	-
Additions	106
Derecognition - disposals	(9)
Balance at 31.3.15	**1,474**
Amortisation	
Balance at 1.4.14	863
Amortisation for the year	215
Derecognition - disposals	-
Balance at 31.3.15	**1,078**
Net book value at 31.3.14	514
Net book value at 31.3.15	**396**

Assets under construction are assets that are not yet operationally complete, the balance relates to expenditure on land and buildings (£455k), IT assets (£141k) and intangible assets (£39k).

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, with the remaining 70% owned by Suffolk PCC, who is co-occupier of the centre. Therefore only 30% of the current value of the land is included in the table above, amounting to £0.48m. 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 £330k, net of revaluation loss.

The depreciation and amortisation policy is set out on page 32. Assets have been depreciated on a straight-line basis over their economic useful lives.

15. Financing of Capital Expenditure

Capital financing is accounted for on an accruals basis. The sources of capital finance in 2015/16 are set out below.

2014/15 £000		2015/16 £000
89,023	Opening capital financing requirement	90,220
	Capital investment	
106	Intangible fixed assets	951
3,108	Operational assets	4,286
2,812	Non operational assets	500
	Sources of finance	
(335)	Capital receipts	(513)
(1,833)	Government grants and other contributions	(1,665)
(1,106)	Direct Revenue Contributions	(3,558)
(1,399)	Revenue provision including MRP	(3,993)
	Other Adjustments	
(156)	Transferred Debt Repayment	(780)
90,220	**Closing capital financing requirement**	**85,446**
	Explanation of movements in year	
1,197	Increase/(decrease) in underlying need to borrow	(4,773)
1,197	**Increase/(decrease) in capital financing requirement**	**(4,773)**

Included in the “Revenue provision including MRP” figure of £3,993k above are amounts of £2,250k in respect of the back funding of short life assets previously being funded over their useful lives.

16. Fixed 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. 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 current value 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	660	11,656	635	-	12,951
Valued at fair value at:					
2015	5,813				5,813
2014	26,944				26,944
2013	3,269				3,269
2012	20,988				20,988
2011	5,051				5,051
Balance at 31.3.15	**62,724**	**11,656**	**635**	**-**	**75,016**

17. Private Finance Initiative (PFI)

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 the 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 contractor fails to meet availability and performance standards in any year but which is otherwise fixed. The payment recognised in the CC accounts for the services element during 2015/16 was £1.248m (£1.336m in 2014/15). Payments remaining to be made under the PFI contract for services at 31 March 2016 (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 2016/17	1,444	360	3,027	-	4,832
Payable within two to five years	6,146	1,907	11,643	-	19,697
Payable within six to ten years	8,521	3,913	13,025	-	25,459
Payable within eleven to fifteen years	8,637	6,752	10,186	-	25,575
Payable within sixteen to twenty years	9,772	11,651	5,287	-	26,710
Payable within twenty one to twenty five years	1,394	1,678	129	-	3,201
Payable within twenty six to thirty years	-	-	-	-	-
	35,914	**26,262**	**43,298**	-	**105,474**

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 up is made up as follows:

	2015/16 £000	2014/15 £000
Balance outstanding at the beginning of the year	26,851	27,117
Capital repayments during the year	(589)	(266)
Capital expenditure incurred in the year	-	-
Other movements	-	-
Balance outstanding at year end	**26,262**	**26,851**

Police Investigations 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 availability of the site and provision and delivery of services within. The contract is for 30 years. At 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 CC accounts is for the net services element which during 2015/2016 amounted to £0.987m million (£0.920m in 2014/2015). This figure includes a credit received from Cambridgeshire Police of £0.499m in respect of services provided at the Kings Lynn PIC. A summary of the sites, their initial contract capital values 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	Cost in Norfolk 31.3.16 £000	31.3.15 £000
Aylsham - 28.2.11	8	-	-	6,967	4,998	4,998
Wymondham - 4.4.11	30	-	-	11,398	9,058	9,058
Kings Lynn - 25.4.11	16	-	8	10,749	7,771	7,771
Ipswich - 6.6.11	-	30	-	12,012	-	-
Bury St Edmunds - 4.7.11	8	16	-	10,621	3,084	3,084
Gt Yarmouth - 7.11.11	15	15	-	12,680	3,948	3,948
	77	**61**	**8**	**64,427**	**28,859**	**28,859**

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 2016 (which exclude any availability/performance deductions), are shown in the following table:

	Revenue Services £000	Capital Payments £000	Interest £000	Contingent Rent £000	Total £000
Payable in 2016/17	1,516	547	2,761	384	5,208
Payable within two to five years	7,781	2,630	10,603	308	21,321
Payable within six to ten years	10,447	4,552	11,988	855	27,842
Payable within eleven to fifteen years	12,927	6,523	10,017	(141)	29,327
Payable within sixteen to twenty years	15,123	9,347	7,194	(656)	31,007
Payable within twenty one to twenty five years	15,608	13,412	3,128	185	32,333
Payable within twenty six to thirty years	-	-	-	-	-
	63,401	**37,011**	**45,691**	**935**	**147,037**

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 up is made up as follows:

	2015/16 £000	2014/15 £000
Balance outstanding at the beginning of the year	37,520	37,994
Capital repayments during the year	(509)	(474)
Capital expenditure incurred in the year	-	-
Other movements	-	-
Balance outstanding at year end	**37,011**	**37,520**

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

	2015/16 £000	2014/15 £000
Net book value at the beginning of the year	40,894	39,669
Additions	-	-
Revaluations during the year	(86)	2,415
Depreciation during the year	(1,549)	(1,190)
Net book value at the end of the year	**39,258**	**40,894**

18. 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 office holders and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets.

From April 2014 the LGPS changed to a career average scheme 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 Scheme 2015 Scheme for Police Officers, is a Career Average Revalued Earnings (CARE) scheme, for those who either joined from April 2015 or transferred from the 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. There is a Home Office requirement to charge the CIES with an employer's contribution of 24.2% of pensionable pay, the CIES also meets the costs of injury awards and the capital value of ill-health benefits. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2015 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%.

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 reported 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 benefits 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		Police Schemes	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
		Restated		Restated
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	8,676	6,932	27,490	28,140
Past service Costs	483	263	40	50
(Gain)/loss from settlement	-	16	-	-
Financing and investment income and expenditure				
Net Interest Expense	2,221	1,946	47,890	55,190
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Service	**11,380**	**9,157**	**75,420**	**83,380**
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	1,205	(12,841)	-	-
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	(22,310)	(61,150)
- Actuarial gains/losses arising from changes in financial assumptions	(25,306)	33,593	(132,780)	225,530
- Other	(2,233)	(1,258)	(12,269)	(11,743)
Total post employment benefit charged to the CIES	**(14,954)**	**28,651**	**(91,939)**	**236,017**
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	**14,954**	**(28,651)**	**91,939**	**(236,017)**
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	6,247	5,798	-	-
Retirement benefits payable to pensioners	-	-	37,221	32,557
Net charge to the General Fund	**6,247**	**5,798**	**37,221**	**32,557**

PCC:

	LGPS 2015/16 £000	LGPS 2014/15 £000 Restated	Police Schemes 2015/16 £000	Police Schemes 2014/15 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	210	121	-	-
Past service Costs	-	37	-	-
(Gain)/loss from settlement	-	345	-	-
Financing and investment income and expenditure				
Net Interest Expense	23	15	-	-
Total Post Employment Benefit Charges to the Surplus c Deficit on the Provision of Service	**233**	**518**	**-**	**-**
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	8	(70)	-	-
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	(294)	286	-	-
- Other	(65)	(1)	-	-
Total post employment benefit charged to the CIES	**(118)**	**733**	**-**	**-**
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	**118**	**(733)**	**-**	**-**
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	34	110	-	-
Retirement benefits payable to pensioners	-	-	-	-
Net charge to the General Fund	**34**	**110**	**-**	**-**

Assets and liabilities in relation to retirement benefits

Group:

	Local Government Pension Scheme		Police Pension Schemes	
	2015/16	2014/15	2015/16	2014/15
Present value of liabilities	(212,967)	(225,740)	(1,325,000)	(1,454,160)
Fair value of plan assets	166,181	157,753	-	-
Total Net liabilities	**(46,786)**	**(67,987)**	**(1,325,000)**	**(1,454,160)**

PCC:

	Local Government Pension Scheme		Police Pension Schemes	
	2015/16	2014/15	2015/16	2014/15
Present value of liabilities	(1,577)	(1,563)	-	-
Fair value of plan assets	1,106	940	-	-
Total Net liabilities	**(471)**	**(623)**	**-**	**-**

Reconciliation of present value of the scheme liabilities

Group:

	Local Government Pension Scheme 2015/16 £000	2014/15 £000	Police Pension Schemes 2015/16 £000	2014/15 £000
Opening Balance at 1 April	225,740	180,692	1,454,160	1,250,700
Current service cost	8,676	6,932	27,490	28,140
Interest cost	7,340	7,778	47,890	55,190
Contributions by scheme participants	2,045	2,039	8,260	7,570
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	(22,310)	(61,150)
- Actuarial gains/losses arising from changes in financial assumptions	(25,306)	33,593	(132,780)	225,530
- Other	(2,102)	(1,258)	(12,120)	(11,500)
Past service costs	483	263	40	50
Losses/(gains) on curtailment	-	-	-	-
Benefits Paid	(3,909)	(4,315)	(45,630)	(40,370)
Effects of settlements	-	16	-	-
Closing Balance at 31 March	**212,967**	**225,740**	**1,325,000**	**1,454,160**

PCC:

	Local Government Pension Scheme 2015/16 £000	2014/15 £000	Police Pension Schemes 2015/16 £000	2014/15 £000
Opening Balance at 1 April	1,563	-	-	-
Current service cost	210	121	-	-
Interest cost	56	48	-	-
Contributions by scheme participants	43	39	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	(294)	286	-	-
- Other	(1)	(1)	-	-
Past service costs	-	37	-	-
Losses/(gains) on curtailment	-	-	-	-
Benefits Paid	-	-	-	-
Effects of settlements	-	1,033	-	-
Closing Balance at 31 March	**1,577**	**1,563**	**-**	**-**

Reconciliation of fair value of the scheme assets

Group:

	Funded Assets Local Government Pension Scheme 2015/16 £000	2014/15 £000	Unfunded Assets Police Pension Schemes 2015/16 £000	2014/15 £000 Restated
Opening fair value of scheme assets	157,753	135,558	-	-
Interest Income	5,119	5,832	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	(1,205)	12,841	-	-
Other	131	-	149	243
The effect of changes in foreign exchange rates				
Contributions from employer	6,247	5,798	37,221	32,557
Contributions from employees into the scheme	2,045	2,039	8,260	7,570
Benefits paid	(3,909)	(4,315)	(45,630)	(40,370)
Effects of settlements	-	-	-	-
Closing fair value of Scheme Assets	**166,181**	**157,753**	**-**	**-**

PCC:

	Funded Assets Local Government Pension Scheme 2015/16 £000	2014/15 £000	Unfunded Assets Police Pension Schemes 2015/16 £000	2014/15 £000
Opening fair value of scheme assets	940	-	-	-
Interest Income	33	33	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	(8)	70	-	-
Other	64	-	-	-
The effect of changes in foreign exchange rates				
Contributions from employer	34	110	-	-
Contributions from employees into the scheme	43	39	-	-
Benefits paid	-	-	-	-
Effects of settlements	-	688	-	-
Closing fair value of Scheme Assets	**1,106**	**940**	**-**	**-**

Total of Assets and Liabilities of the schemes

Group:

	Local Government Pension Scheme 2015/16 £000	2014/15 £000	Police Pension Schemes 2015/16 £000	2014/15 £000 Restated
Opening Balance at 1 April	(67,987)	(45,134)	(1,454,160)	(1,250,700)
Current service cost	(8,676)	(6,932)	(27,490)	(28,140)
Interest cost	(2,221)	(1,946)	(47,890)	(55,190)
Return on plan assets (excluding the amount included in the net interest expense)	(1,205)	12,841	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	22,310	61,150
- Actuarial gains/losses arising from changes in financial assumptions	25,306	(33,593)	132,780	(225,530)
- Other	2,233	1,258	12,269	11,743
Past service costs	(483)	(263)	(40)	(50)
Contributions from Employers	6,247	5,798	37,221	32,557
Effect of Settlements	-	(16)	-	-
Closing Balance at 31 March	**(46,786)**	**(67,987)**	**(1,325,000)**	**(1,454,160)**

PCC:

	Local Government Pension Scheme 2015/16 £000	2014/15 £000	Police Pension Schemes 2015/16 £000	2014/15 £000
Opening Balance at 1 April	(623)	-	-	-
Current service cost	(210)	(121)	-	-
Interest cost	(23)	(15)	-	-
Return on plan assets (excluding the amount included in the net interest expense)	(8)	70	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	294	(286)	-	-
- Other	65	1	-	-
Past service costs	-	(37)	-	-
Contributions from Employers	34	110	-	-
Effect of Settlements	-	(345)	-	-
Closing Balance at 31 March	**(471)**	**(623)**	-	-

The total net pension liabilities of £1,372m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,348.2m (page 20). 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.

The County Council is required to have a funding strategy for elimination of deficits, 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 following categories in the following table. In addition to the assets listed in the table, additional employer's contributions for pension strain have been accrued (£64k). Reciprocal liabilities associated with these additional pension strain costs have also been reflected in the gross pension liabilities note.

	Fair Value of Scheme Assets	
	31 March 2016 £000	**31 March 2015 £000**
Cash and Cash Equivalents	**3,585**	**4,210**
Equity Instruments - industry type:		
- Consumer	11,921	6,782
- Manufacturing	8,656	8,368
- Energy and utilities	3,731	3,474
- Financial Institutions	10,870	10,145
- Health and Care	5,306	5,335
- Information Technology	4,997	5,360
- Other	0	7,995
Sub total Equity	**45,480**	**47,459**
Bonds - by Sector		
- Corporate	0	6,808
- Government	0	0
- Other	0	0
Sub total Bonds	**0**	**6,808**
Property - by type		
- UK Property	18,933	16,755
- Overseas Property	2,560	1,923
Sub total Property	**21,493**	**18,679**
Private equity - all:	**10,680**	**10,375**
Other Investment funds:		
- Equities	42,657	63,494
- Bonds	42,736	
- Hedge Funds	0	0
- Infrastructure	0	0
- Other	0	6,533
Sub total Other Investment Funds	**85,393**	**70,028**
Derivatives:		
- Foreign Exchange	-514	140
- Foreign Exchange	0	56
Sub total Derivatives	**-514**	**196**
Total Assets	**166,117**	**157,753**

The PCC'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 following categories:

	Fair Value of Scheme Assets	
	31 March 2016 £000	31 March 2015 £000
Cash and Cash Equivalents	**24**	**25**
Equity Instruments - industry type:		
- Consumer	79	40
- Manufacturing	58	50
- Energy and utilities	25	21
- Financial Institutions	72	61
- Health and Care	35	32
- Information Technology	33	32
- Other	0	48
Sub total Equity	**303**	**283**
Bonds - by Sector		
- Corporate	0	41
- Government	0	0
- Other	0	0
Sub total Bonds	**0**	**41**
Property - by type		
- UK Property	126	100
- Overseas Property	17	12
Sub total Property	**143**	**111**
Private equity - all:	**71**	**62**
Other Investment funds:		
- Equities	284	378
- Bonds	285	0
- Hedge Funds		0
- Infrastructure		0
- Other		39
Sub total Other Investment Funds	**569**	**417**
Derivatives:		
- Foreign Exchange	(3)	1
- Other	0	0
Sub total Derivatives	**-3**	**1**
Total Assets	**1,106**	**940**

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.

	Local Government Pension Scheme		Police Pension Schemes	
	2015/16	2014/15	2015/16	2014/15
Mortality assumptions:				
Longevity at 65 for future pensioners				
Men	22.1	22.1	23.1	23.3
Women	24.3	24.3	25.1	25.7
Longevity at 65 for future pensioners				
Men	24.5	24.5	25.1	25.4
Women	26.9	26.9	27.2	27.9
Rate of inflation (CPI - LGPS and RPI - PPS)	2.2%	2.4%	3.4%	2.4%
Rate of increases in salaries	3.2%	3.3%	4.3%	4.3%
Rate of increase in pensions	2.2%	2.4%	2.4%	2.4%
Rate for discounting scheme liabilities	3.5%	3.2%	3.2%	3.2%

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 other assumptions 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 analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the following sensitivity analyses did not change from those used in the previous period.

Group:

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability %	**Approximate Monetary Amount £000**	**Approximate Increase to Employers Liability %**	**Approximate Monetary Amount £000**
0.5% decrease in Real Discount Rate	15.0%	27,270	11.0%	140,600
1 year increase in member life expectancy	3.0%	6,387	2.3%	29,800
0.5% increase in the Salary Increase Rate	7.0%	9,932	1.1%	14,100
0.5% increase in the Pension Increase Rate	8.0%	16,870	8.6%	110,400
1 year increase in early retirement	n/a	n/a	0.3%	3,800

PCC:

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability %	**Approximate Monetary Amount £000**	**Approximate Increase to Employers Liability %**	**Approximate Monetary Amount £000**
0.5% decrease in Real Discount Rate	17.0%	265		
1 year increase in member life expectancy	3.0%	47		
0.5% increase in the Salary Increase Rate	9.0%	138		
0.5% increase in the Pension Increase Rate	8.0%	120		

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. The 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 is 13% plus £2.128m (13% plus 1.806m 2014/15) respectively. The last triennial valuation was dated 31 March 2013.

Estimated employer's contributions for 2016/17 amount to £6.1m on the LGPS and £24.5m on the Police schemes.

Maturity profile of the defined benefit obligation:

Group:

	LGPS			Police Pension Schemes excluding injury		
	Liability split as at 31 March 2016 £000	Liability split as at 31 March 2016 %	Weighted Average Duration at Previous Formal Valuation	Liability split as at 31 March 2016 £000	Liability split as at 31 March 2016 %	Weighted average duration of the defined benefit obligation
Active members	132,613	62.4%	27.3	575,270	44.9%	
Deferred members	30,879	14.5%	25.4	29,180	2.3%	
Pensioner members	49,177	23.1%	12.6	675,390	52.8%	
Total	**212,669**	**100%**	**22.2**	**1,279,840**	**100%**	**22**
Active Members				12,160	26.9%	
Pensions in Payment (injury awards)				33,000	73.1%	
Total				**45,160**	**100%**	

The actuary does not provide a split of the weighted average duration of the defined benefit scheme between active, deferred and pensioner members for the Police Pension Schemes.

PCC:

	LGPS		
	Liability split as at 31 March 2016 £000	Liability split as at 31 March 2016 %	Weighted Average Duration at Previous Formal Valuation
Active members	1,542	97.8%	31.7
Deferred members	0	0.0%	0.0
Pensioner members	35	2.2%	0.0
Total	**1,577**	**100%**	**31.7**

19. 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 2016 temporary lending comprised:

	31 March 2016 £000	31 March 2015 £000
Money market and temporary cash deposits		
Banks	17,112	32,980
Building societies	6,006	
Local Authorities	3,002	
Total temporary lending	**26,121**	**32,980**
Represented by:		
Cash and cash equivalents	5,004	12,852
Short term investments	21,117	20,128

20. Debtors and Prepayments

	2015/16 £000	2014/15 £000
Short term debtors:		
Central government bodies (includes pension top up grant)	5,694	4,601
Other local authorities	5,875	3,788
NHS Bodies	36	-
Other entities and individuals	514	1,547
Prepayments	2,341	1,288
Balance at 31 March	**14,460**	**11,224**

21. Cash and Cash Equivalents

	2015/16 £000	2014/15 £000
Imprest accounts	68	25
Bank current accounts	2,574	120
Instant access deposits with banks	764	12,852
Deposit with a maturtity date less than 3 months from acquisition	5,004	-
Balance at 31 March	**8,409**	**12,997**

22. Assets Held for Sale

	Current		Non-current	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Balance at 1 April	409	325	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	176	409	-	-
Assets declassifed as held for sale:				
Property, plant and equipment	-	-		
Assets sold	(409)	(325)		
Balance at 31 March	**176**	**409**	**-**	**-**

23. Creditors

Group:

	2015/16	2014/15
	£000	£000
Short term creditors:		
Central government bodies	3,161	7,983
Other local authorities	5,528	3,132
NHS Bodies	189	36
Public corporations and trading funds	-	-
Other entities and individuals	7,556	6,791
Balance at 31 March	**16,434**	**17,942**

PCC:

	2015/16	2014/15
	£000	£000
Short term creditors:		
Central government bodies	3,161	7,983
Other local authorities	5,528	3,132
NHS Bodies	189	36
Public corporations and trading funds	-	-
Other entities and individuals	6,865	6,311
Balance at 31 March	**15,743**	**17,462**

24. 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. No formal claims have yet been made relating to the time when MMI were the Constabulary's Insurers.

Capped Overtime Claims

The organisation potentially has a liability in respect of historic overtime claims for Covert Human Intelligence Source (CHIS) handlers and those of a similar nature. Officers from Devon and Cornwall Police claimed successful 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 and other claims. At this point in time Norfolk Police have received ?? claims in respect of CHIS handlers and ?? claims in respect of caps relating to other types of overtime claims. The number and amount of potential claims has yet to be quantified.

Pension Regulations – Unlawful Discrimination

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

25. 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 2016 relates to two Employment Tribunal and one Judicial Review. 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 2016 was to provide for eight members of staff given notice prior to 1 April 2016 but who will not leave the Constabulary until after 1 April 2016. The balance also includes pension strain costs yet to be paid for 10 employees.

Pension

The balance as at 31 March 2016 relates to a claim in respect of loss of protected pension age.

	Balance 1 April 2015 £000	Provision in year £000	Paid/ Reversed in year £000	Balance 31 March 2016 £000
Insurance claims	381	546	(117)	810
Employment Tribunals and Judicial Reviews	11	9	-	20
Exit Packages	295	282	(306)	271
Pension	48	-	(34)	13
Total	**735**	**837**	**(457)**	**1,115**

26. Leases

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

Operating Leases as Lessee:

The PCC has a number of properties 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 2016 £000	31 March 2015 £000
Not later than one year	437	668
later than one year but not later than five years	657	1,388
later than five years	-	680
	1,093	**2,736**

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

	2015/16 £000	2014/15 £000
Minimum lease payments	598	758
Contingent rents	182	-
	780	**758**

Operating Leases as Lessor:

The PCC has granted several leases on properties which have been accounting for as Operating Leases. The future minimum lease payments receivable under uncancellable leases in the future years are:

	31 March 2016 £000	31 March 2015 £000
Not later than one year	14	24
later than one year but not later than five years	3	27
later than five years	-	13
	17	**64**

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

	2015/16 £000	2014/15 £000
Minimum lease payments	25	32
Contingent rents	6	-
	31	**32**

27. Usable Reserves

Movements in the Group's and the PCC's usable reserves are detailed in the Movement in Reserves Statements on pages 14-17.

28. Earmarked Reserves

The movements in earmarked reserves in 2015/16 are analysed as follows:

	Note	Balance 1 April 2015 £000	Received £000	Applied £000	Reallocated £000	Balance 31 March 2016 £000
Revenue reserves:						
OCC Unitary Charge	**(a)**	1,840	-	(80)	-	1,760
PIC Unitary Charge	**(b)**	420	-	(18)	-	402
Insurance Reserve	**(c)**	786	-	-	-	786
Operational Contingency	**(d)**	400	-	(400)	-	-
Budget Support Reserve	**(e)**	21,414	1,137	(2,146)	(12,610)	7,796
Invest to Save Reserve	**(f)**	1,628	-	(274)	-	1,354
Job Evaluation Reserve	**(g)**	3,200	-	(1,000)	(2,200)	-
Safety Camera Reserve	**(h)**	2,016	692	(1,422)	-	1,285
PCC Reserve	**(i)**	1,017	271	(350)	-	938
Capital Financing Reserve	**(j)**	-	-	(4,592)	14,810	10,218
Total		**32,722**	**2,099**	**(10,282)**	**-**	**24,539**

(a) OCC Unitary Charge
The net excess of specific grant over unitary charge payments in the early years of the PFI funded OCC, to be offset against a net shortfall in the later years.

(b) PIC Unitary Charge
The net excess of specific grant over unitary charge payments in the first year of the PFI funded PICs, to be offset against a net shortfall in the later years.

(c) Insurance Reserve
The PCC operates a self-insurance policy and pays the first £350,000 of every employer liability, public liability and motor claim. This reserve is held to cover large unexpected losses that may exceed the annual revenue budget.

(d) Operational contingency
To provide for the additional cost of operations over and above that held within the revenue budget for periods where a high level of incidents occur in a relatively short space of time.

(e) Budget Support Reserve
As part of the approved financial strategy this reserve will be used to smooth the effects of budget shortfalls over future financial years.

(f) Invest to Save Reserve
As part of the approved financial strategy this reserve is used to support one off investment on organisational change and projects that will generate future cost savings and benefits.

(g) Job Evaluation Reserve
To provide for the potential additional cost of regradings following the Job Evaluation review.

(h) Safety Camera Reserve
The PCC holds this reserve on behalf of the Norfolk Safety Camera Partnership (comprising Norfolk County Council, Norfolk Constabulary and the PCC). The reserve is used to finance road safety initiaties with a view to reducing the numbers killed and seriously injured in road traffic collisions. The reserve includes an amount (£250k) for scheme closure costs should the partnership come to an end.

(i) PCC Reserve

Previously the Norfolk Police Authority Reserve, this reserve allows for potential non budgeted costs relating to and following the appointment of the Police & Crime Commissioner in November 2012.

(j) Capital Financing Reserve

Any balance on this reserve is committed to financing part of the capital programme.

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 compensating 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 fixed 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 fixed 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 burden on council tax. Here this was 10 years from when the loan was redeemed, resulting in the balance at 31 March 2016 being recovered over the next 4 years.

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 provisions. 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. The first two tables provide the position for the Group; the second two tables provide the position for the PCC.

Year Ended 31 March 2016	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 2015	**(1,522,147)**	**8,193**	**(19,358)**	**2,006**	**51**	**(480)**	**(1,531,735)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	193,693	194	-	-	-	-	**193,887**
Total comprehensive income and expenditure	**193,693**	**194**	**-**	**-**	**-**	**-**	**193,887**
Amortisation of intangible assets	-	-	(480)	-	-	-	**(480)**
Depreciation on property, plant and equipment	-	(281)	(4,659)	-	-	-	**(4,940)**
Revaluation losses on property, plant and equipment	-	-	(245)	-	-	-	**(245)**
Capital grants and contributions credited to the CIES	-	-	1,654	-	-	-	**1,654**
Application of capital grants from unapplied account	-	-	11	-	-	-	**11**
Net gain or loss on the sale of non-current assets	-	(306)	(223)	-	-	-	**(529)**
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	-	-	-	-	(12)	-	**(12)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(65,176)	-	-	-	-	-	**(65,176)**
Movement on the collection fund adjustment account	-	-	-	(152)	-	-	**(152)**
Capital expenditure charged to the General Fund Balance	-	-	3,558	-	-	-	**3,558**
Statutory provision for the repayment of debt	-	-	4,773	-	-	-	**4,773**
Contribution to the Police Pension Fund	21,844	-	-	-	-	-	**21,844**
Movement on the Compensated Absences Account	-	-	-	-	-	(211)	**(211)**
Use of capital receipts to fund asset purchases	-	-	513	-	-	-	**513**
Adjustments between accounting basis and funding basis under regulations	**(43,332)**	**(587)**	**4,903**	**(152)**	**(12)**	**(211)**	**(39,391)**
Net increase / decrease before transfers to Earmarked Reserves	**150,361**	**(393)**	**4,903**	**(152)**	**(12)**	**(211)**	**154,496**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**150,361**	**(393)**	**4,903**	**(152)**	**(12)**	**(211)**	**154,496**
Balance at 31 March 2016	**(1,371,786)**	**7,800**	**(14,456)**	**1,854**	**39**	**(691)**	**(1,377,240)**

Year Ended 31 March 2015	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 2014	**(1,295,834)**	**3,905**	**(18,371)**	**1,141**	**63**	**(473)**	**(1,309,572)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(172,131)	4,489	-	-	-	-	**(167,642)**
Total comprehensive income and expenditure	**(172,131)**	**4,489**	-	-	-	-	**(167,642)**
Amortisation of intangible assets	-	-	(215)	-	-	-	**(215)**
Depreciation on property, plant and equipment	-	(202)	(4,618)	-	-	-	**(4,820)**
Revaluation losses on property, plant and equipment	-	-	(664)	-	-	-	**(664)**
Capital grants and contributions credited to the CIES	-	-	-	-	-	-	-
Application of capital grants from unapplied account	-	-	1,833	-	-	-	**1,833**
Net gain or loss on the sale of non-current assets	-	-	(319)	-	-	-	**(319)**
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	-	-	-	-	(12)	-	**(12)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(70,760)	-	-	-	-	-	**(70,760)**
Movement on the collection fund adjustment account	-	-	-	865	-	-	**865**
Capital expenditure charged to the General Fund Balance	-	-	1,106	-	-	-	**1,106**
Statutory provision for the repayment of debt	-	-	1,555	-	-	-	**1,555**
Contribution to the Police Pension Fund	16,578	-	-	-	-	-	**16,578**
Movement on the Compensated Absences Account	-	-	-	-	-	(7)	**(7)**
Use of capital receipts to fund asset purchases	-	-	335	-	-	-	**335**
Adjustments between accounting basis and funding basis under regulations	**(54,182)**	**(202)**	**(987)**	**865**	**(12)**	**(7)**	**(54,524)**
Net increase / decrease before transfers to Earmarked Reserves	**(226,313)**	**4,288**	**(987)**	**865**	**(12)**	**(7)**	**(222,166)**
Transfers to / from earmarked reserves	-	-		-	-	-	-
Increase / decrease in year	**(226,313)**	**4,288**	**(987)**	**865**	**(12)**	**(7)**	**(222,166)**
Balance at 31 March 2015	**(1,522,147)**	**8,193**	**(19,358)**	**2,006**	**51**	**(480)**	**(1,531,737)**

Year Ended 31 March 2016	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 2015	**(623)**	**8,192**	**(19,358)**	**2,006**	**51**	**-**	**(9,732)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	351	194	-	-	-	-	**545**
Total comprehensive income and expenditure	**351**	**194**	**-**	**-**	**-**	**-**	**545**
Amortisation of intangible assets	-	-	(480)	-	-	-	**(480)**
Depreciation on property, plant and equipment	-	(281)	(4,659)	-	-	-	**(4,940)**
Revaluation losses on property, plant and equipment	-	-	(245)	-	-	-	**(245)**
Capital grants and contributions credited to the CIES	-	-	1,654	-	-	-	**1,654**
Application of capital grants from unapplied account	-	-	11	-	-	-	**11**
Net gain or loss on the sale of non-current assets	-	(306)	(223)	-	-	-	**(529)**
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	-	-	-	-	(12)	-	**(12)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(199)	-	-	-	-	-	**(199)**
Movement on the collection fund adjustment account	-	-	-	(152)	-	-	**(152)**
Capital expenditure charged to the General Fund Balance	-	-	3,558	-	-	-	**3,558**
Statutory provision for the repayment of debt	-	-	4,773	-	-	-	**4,773**
Contribution to the Police Pension Fund	-	-	-	-	-	-	-
Movement on the Compensated Absences Account	-	-	-	-	-	-	-
Use of capital receipts to fund asset purchases	-	-	513	-	-	-	**513**
Adjustments between accounting basis and funding basis under regulations	**(199)**	**(587)**	**4,903**	**(152)**	**(12)**	**-**	**3,953**
Net increase / decrease before transfers to Earmarked Reserves	**152**	**(393)**	**4,903**	**(152)**	**(12)**	**-**	**4,498**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**152**	**(393)**	**4,903**	**(152)**	**(12)**	**-**	**4,498**
Balance at 31 March 2016	**(471)**	**7,799**	**(14,455)**	**1,854**	**39**	**-**	**(5,234)**

Year Ended 31 March 2015	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 2014	**-**	**3,905**	**(18,371)**	**1,141**	**63**	**-**	**(13,265)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(215)	4,489	-	-	-	-	**4,274**
Total comprehensive income and expenditure	**(215)**	**4,489**	**-**	**-**	**-**	**-**	**4,274**
Amortisation of intangible assets	-	-	(215)	-	-	-	**(215)**
Depreciation on property, plant and equipment	-	(202)	(4,618)	-	-	-	**(4,820)**
Revaluation losses on property, plant and equipment	-	-	(664)	-	-	-	**(664)**
Capital grants and contributions credited to the CIES	-	-	-	-	-	-	-
Application of capital grants from unapplied account	-	-	1,833	-	-	-	**1,833**
Net gain or loss on the sale of non-current assets	-	-	(319)	-	-	-	**(319)**
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	-	-	-	-	(12)	-	**(12)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(408)	-	-	-	-	-	**(408)**
Movement on the collection fund adjustment account	-	-	-	865	-	-	**865**
Capital expenditure charged to the General Fund Balance	-	-	1,106	-	-	-	**1,106**
Statutory provision for the repayment of debt	-	-	1,555	-	-	-	**1,555**
Contribution to the Police Pension Fund	-	-	-	-	-	-	-
Movement on the Compensated Absences Account	-	-	-	-	-	-	-
Use of capital receipts to fund asset purchases	-	-	335	-	-	-	**335**
Adjustments between accounting basis and funding basis under regulations	**(408)**	**(202)**	**(987)**	**865**	**(12)**	**-**	**(743)**
Net increase / decrease before transfers to Earmarked Reserves	**(623)**	**4,288**	**(987)**	**865**	**(12)**	**-**	**3,531**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**(623)**	**4,288**	**(987)**	**865**	**(12)**	**-**	**3,531**
Balance at 31 March 2015	**(625)**	**8,193**	**(19,358)**	**2,006**	**51**	**-**	**(9,734)**

30. Movements in Cash

1 April 2014 £000	31 March 2015 £000		1 April 2015 £000	31 March 2016 £000
14,219	12,997	Cash and cash equivalents	12,997	8,409
14,219	12,997	Cash inflows	12,997	8,409
	(1,222)	**Increase / (decrease) in cash and cash equivalents**		**(4,588)**

31. Cash Flow Statement –Investing and Financing Activities

2014/15 £000		2015/16 £000
	Cash Flow Statement - Investing Activities	
6,026	Purchase of non current assets	6,046
	Other payments for investing activities	
20,000	Purchase of short-term or long term investments	31,000
(335)	Proceeds from the sale of non currents assets	(513)
128	Proceeds from short-term or long-term investments	(30,000)
(18,116)	Other receipts from investing activities	
7,703	**Cash outflow**	**6,533**
	Cash Flow Statement - Financing Activities	
-	Cash receipts of short and long-term borrowing	(6,000)
-	Other receipts from financing activities	(1,654)
741	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	1,098
-	Repayments of short and long-term borrowing	1,180
741	**Cash outflow**	**(5,376)**

32. Reconciliation of Revenue Cash Flow

Group:

2014/15 £000 Restated	£000		2015/16 £000	£000
		Adjustment for non cash or cash equivalent items within deficit on provision of services:		
5,700		Depreciation and impairments		5,665
-		Profit and loss on disposal of fixed assets		16
261		Internal Capital movement met from revenue		
54,182		Movements on pension liability		43,332
(343)	-	Other		-
59,800				49,012
	6,277	Increase/(decrease) in revenue creditors	(154)	
	(4,315)	decrease/(increase) in revenue debtors	(3,224)	
	(30)	decrease/(increase) in stocks	(206)	
	(222)	Increase/(decrease) in revenue provisions	380	
	-	Increase/(decrease) in grants received in advance	-	
1,710				(3,205)
61,510				**45,808**
		The cash flows for operating activities include:		
7,496		Interest paid and similar charges		7,092
(275)		Interest received		(268)

PCC:

2014/15 £000	£000		2015/16 £000	£000
		Adjustment for non cash or cash equivalent items within deficit on provision of services:		
5,700		Depreciation and impairments		5,665
-		Profit and loss on disposal of fixed assets		16
261		Internal Capital movement met from revenue		-
408		Movements on pension liability		199
(343)		Other		-
6,026				5,879
	6,270	Increase/(decrease) in revenue creditors	(365)	
	(4,315)	decrease/(increase) in revenue debtors	(3,224)	
	(30)	decrease/(increase) in stocks	(206)	
	(222)	Increase/(decrease) in revenue provisions	380	
	-	Increase/(decrease) in grants received in advance	-	
1,703				(3,415)
7,730				**2,464**
		The cash flows for operating activities include:		
7,496		Interest paid and similar charges		7,092
(275)		Interest received		(268)

33. Financial Instruments

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

	Current		Long Term	
	31.3.16	31.3.15 Restated	31.3.16	31.3.15 Restated
	£000	£000	£000	£000
Investments				
Loans and receivables	26,121	20,128	-	-
	26,121	**20,128**	**-**	**-**
Debtors				
Balances per Balance Sheet	14,460	11,224	-	-
Balances relating to Council Tax	(3,062)	(3,147)	-	-
Prepayments	(2,341)	(1,288)	-	-
Loans and receivables	**9,056**	**6,789**	**0**	**0**
Borrowings				
Financial borrowings at amortised cost	6,001	156	12,840	13,785
Financial liabilities at fair value	-	-	-	-
	6,001	**156**	**12,840**	**13,785**
Other long term liabilities				
PFI and finance lease liabilities	908	808	62,365	63,563
	908	**808**	**62,365**	**63,563**
Creditors				
Balances per Balance Sheet	16,434	16,978	-	-
Balances relating to Council Tax	(1,208)	(1,141)	-	-
Balances relating to Compensated Absences	(691)	(480)	-	-
Financial liabilities at amortised cost	14,535	15,358	-	-
Financial liabilities carried at contract amount	-	-	-	-
	14,535	**15,358**	**0**	**0**

Included within short term borrowing is an amount of £6m which was borrowed at the end of the year for cashflow purposes due to the maturity profile of short-term investments.

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

	2015/16			2014/15		
	Financial Liabilities at amortised cost	Loans and receivables	Total	Financial Liabilities at amortised cost	Loans and receivables	Total
	£000	£000	£000	£000	£000	£000
Expense						
Interest expense	6,595	-	6,595	6,842	-	6,842
Fee expense	-	-	-	-	-	0
Contingent rent on PFI	577	-	577	642	-	642
Total in Surplus or Deficit on the Provision of Services	7,172	-	7,172	7,484	-	7,484
Income						
Interest income	-	(265)	(265)	-	(275)	(275)
Total in Surplus or Deficit on the Provision of Services	**7,172**	**(265)**	**6,907**	**7,484**	**(275)**	**7,209**

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

- For PWLB loans, the cash flows are discounted using the premature repayment rates applicable at the year-end for 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 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 2016		31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial liabilities				
PWLB loan	12,840	20,164	13,161	20,442
	12,840	**20,164**	**13,161**	**20,442**

The fair value of the liabilities in 2015/16 is higher than the carrying amount because the rate payable for the PWLB loan is higher than the prevailing rate at the balance sheet date.

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
- 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 Borrowing 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 Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The PCC uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the PCC.

The PCC's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the PCC's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The following analysis summarises the PCC's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectible debts over the past five financial years, adjusted to reflect current market conditions.

	Amount at 31.3.16 £000	Historical experience of default %	Adjusted for market conditions %	Estimated exposure to default £000
Customers	478	0.1%	0.1%	-
	478			**-**

No credit limits were exceeded during the reporting period and the PCC does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Of the £1,497k outstanding from customers £478k is past its due date for payment at the year-end. The past due amount can be analysed by age as follows:

	Amount Due 31.3.16 £000	Amount Due 31.3.15 £000
Less than three months	408	489
Three to six months	20	4
Six months to one year	50	14
More than one year	-	10
	478	**517**

Liquidity risk
Cash flow is monitored daily to ensure that sufficient cash is available as needed. If unexpected movements happen the PCC has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). There is no significant risk that it will be unable to raise finance to meet its commitments. The PCC has 20 loans with the PWLB that are repayable on maturity. The loans are due to mature between 6 and 42 years. All trade and other payables are due to be paid in less than one year.

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 has mitigated its exposure to market risk in regards to interest expense by fixing the interest rate payable for the duration of the loans. The risk is therefore shifted to the risk on the movement of fair value that would arise when prevailing rates differ from the contract rate payable. However borrowings are not carried at fair value, so nominal gains or losses on fixed rate borrowings 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 liability by £2,544k.

Market risk – price risk
The PCC does not invest in equity shares and therefore has no exposure to price risk.

Market risk – exchange risk
The PCC has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

34. Collaborative Arrangements

Norfolk and Suffolk Constabularies have implemented and are developing ways in which both forces can work together to improve performance and to make financial savings. Currently the forces are focusing on Protective Services, Justice Services, Business Support, and from April 2015, elements of County Policing. At 31 March 2016 significant progress towards fully collaborated units had been made, with some units working as joint departments, with operational cost sharing, while other units currently only share common management costs. Although both forces control their own financial arrangements in respect of these units, an agreement was drawn up to enable certain costs to be shared on an agreed ratio. The PCC regards these units as Jointly Controlled Operations. 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
2015/16					
Suffolk PCC	16,676	9,015	14,946	709	41,346
Norfolk PCC	21,659	11,709	19,413	921	53,702
Total shared running costs	**38,335**	**20,724**	**34,359**	**1,630**	**95,048**
2014/15					
Suffolk PCC	16,555	8,970	14,858		40,383
Norfolk PCC	21,502	11,651	19,299		52,452
Total shared running costs	**38,057**	**20,621**	**34,157**		**92,835**

On 1 April 2010, police forces within the Eastern Region entered into a collaborative agreement called the Eastern Region Specialist Operations Unit (ERSOU); Bedfordshire act as the lead PCC. The net expenditure incurred by each force is as follows:

	Total 2015/16 £000	Total 2014/15 £000
Operating costs inc Depreciation	14,527	11,731
Specific Home Office grant	(2,597)	(2,891)
Other income		-
Total Deficit/ (Surplus) for the year	11,930	8,840
Net Surplus/Deficit per force		
Bedfordshire	1,715	1,258
Cambridgeshire	2,160	1,622
Essex	576	428
Hertfordshire	3,095	2,301
Norfolk	2,486	1,832
Suffolk	1,898	1,399
Deficit/ (Surplus) for the year	11,930	8,840
Norfolk underspend held in Balance Sheet	-	14

35. 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 September 2016.

No adjusting events have occurred that require restatement of the Statement of Accounts.

36. Capital Commitments

Significant commitments under capital contracts as at 31 March 2016 are analysed as follows:

2014/15 £000		2015/16 £000
539	Athena Regional Crime Management & Case Preparation System	
92	Vehicle Replacements	
99	Carbon Management	
69	Livelink	
-	Towed Welfare Units	27
-	Extension & refurbishment of police station	138
-	Redevelopment of police station	2,173
799	**Total committed**	**2,337**

37. Prior Period Adjustments, changes in Accounting Policies and Estimates and Errors

Amendments which have been made to the 2014/15 brought forward comparatives and the reasons for the restated position are disclosed below for completeness. Some presentational enhancements have also been made to the statements as detailed in the narrative statement.

PFI Grant (OCC)

In the 2014/15 audited accounts, the PFI grant for the OCC was shown within taxation and non-specific grant income. The correct treatment required by the Service Reporting Code of Practice is to show this within the net cost of services. The effects of the restatement is shown in the tables below; this restatement only impacts the CIES for the PCC and the Group.

Police General Fund contribution to Police Pension Fund

In the 2014/15 audited accounts, the expenditure in relation to the additional employer's contribution to meet the deficit on the Police Pension Fund is shown in the CIES within other operating expenditure. The correct treatment required by the Code of Practice is to debit the additional employer's contribution to the General Fund Balance in the MIRS rather than to debit expenditure in the CIES.

No changes have been made to the balance sheet, the total comprehensive income and expenditure in the CIES, or the opening and closing balances for any of the reserves. The effects of the restatement are shown in the tables below.

Movement in Reserves Statement – Group

Year Ended 31 March 2015	Audited Statements General Fund Balance £000	Audited Statements Pension Reserves £000	Change General Fund Balance £000	Change Pension Reserves £000	Restated Comparators General Fund Balance £000	Restated Comparators Pension Reserves £000
Balance at 1 April 2014	**4,475**	**(1,295,834)**	-	-	**4,475**	**(1,295,834)**
Surplus or (deficit) on provision of services					-	0
(accounting basis)	(70,867)		16,578	-	(54,288)	-
Other comprehensive income and expenditure		(155,554)	-	(16,578)	-	(172,131)
Total comprehensive income and expenditure	**(70,867)**	**(155,554)**			**(54,288)**	**(172,131)**
Contribution to the Police Pension Fund			(16,578)	16,578	(16,578)	16,578
Adjustments between accounting basis and funding basis under regulations	**71,223**	**(70,759)**	(16,578)	16,578	**54,633**	**(54,181)**
Balance at 31 March 2015	**4,475**	**(1,522,147)**	-	-	**4,475**	**(1,522,147)**

There has been no change made to the PCC's Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement – Group

	Audited Statements			Change			Restated Comparators		
	Gross Expenditure 2014/15 £000	Income 2014/15 £000	Net Expenditure 2014/15 £000	Gross Expenditure 2014/15 £000	Income 2014/15 £000	Net Expenditure 2014/15 £000	Gross Expenditure 2014/15 £000	Income 2014/15 £000	Net Expenditure 2014/15 £000
Division of Service:									
Local Policing	78,089	(968)	77,121	-	(1,533)	(1,533)	78,089	(2,501)	75,588
Dealing with the Public	12,409	(228)	12,181	-	(285)	(285)	12,409	(513)	11,896
Criminal Justice Arrangements	17,616	(4,938)	12,678	-	(347)	(347)	17,616	(5,285)	12,331
Road Policing	10,566	(2,767)	7,799	-	(81)	(81)	10,566	(2,848)	7,718
Specialist Operations	5,014	(1,248)	3,766	-	(126)	(126)	5,014	(1,374)	3,640
Intelligence	5,939	(93)	5,846	-	(135)	(135)	5,939	(228)	5,711
Investigations	34,043	(951)	33,092	-	(640)	(640)	34,043	(1,591)	32,452
Investigative Support	3,640	(28)	3,612	-	(77)	(77)	3,640	(105)	3,535
National Policing	6,211	(4,675)	1,536	-	(86)	(86)	6,211	(4,761)	1,450
Non-distributed costs	-		-	-	-	-	-	-	-
Corporate and democratic core	3,937	(1,002)	2,935	(1,829)	929	(900)	2,108	(73)	2,035
PCC Commissioning			-	1,829	(929)	900	1,829	(929)	900
Net Cost of Police Services	**177,464**	**(16,898)**	**160,566**	-	**(3,309)**	**(3,309)**	**177,464**	**(20,207)**	**157,257**
Other Operating Expenditure:									
Home Office contribution to police pensions	16,577	(16,577)	-	(16,578)	-	(16,578)	-	(16,578)	(16,578)
	16,577	**(16,593)**	**(16)**	**(16,578)**	-	**(16,578)**	-	**(16,594)**	**(16,594)**
Taxation and Non-specific Grant Income:									
Other Government Grants			(3,309)			3,309			-
	-	-	**(154,040)**	-	-	**3,309**	-	-	**(150,731)**
Deficit/(Surplus) on the Provision of Services			**70,867**			**(16,578)**			**54,288**
Other Comprehensive Income and Expenditure:									
Remeasurements of the net defined benefit liability (asset)			155,554			16,578			172,131
			151,065			**16,578**			**167,642**
Total Comprehensive Income and Expenditure			**221,932**			-			**221,930**

Comprehensive Income and Expenditure Statement – PCC

	Audited Statements			Change			Restated Comparators		
	Gross Expenditure 2014/15 £000	**Income 2014/15 £000**	**Net Expenditure 2014/15 £000**	**Gross Expenditure 2014/15 £000**	**Income 2014/15 £000**	**Net Expenditure 2014/15 £000**	**Gross Expenditure 2014/15 £000**	**Income 2014/15 £000**	**Net Expenditure 2014/15 £000**
Division of Service:									
Local Policing	3,531	(60)	3,471	-	(1,533)	(1,533)	3,531	(1,593)	1,938
Dealing with the Public	648	(11)	637	-	(285)	(285)	648	(296)	352
Criminal Justice Arrangements	768	(3,466)	(2,698)	-	(347)	(347)	768	(3,813)	(3,045)
Road Policing	355	(6)	349	-	(81)	(81)	355	(87)	268
Specialist Operations	135	(2)	133	-	(126)	(126)	135	(128)	7
Intelligence	263	(4)	259	-	(135)	(135)	263	(139)	124
Investigations	1,337	(22)	1,315	-	(640)	(640)	1,337	(662)	675
Investigative Support	133	(2)	131	-	(77)	(77)	133	(79)	54
National Policing	236	(4)	232	-	(86)	(86)	236	(90)	146
Non-distributed costs	-	-	-	-	-	-	-	-	-
Corporate and democratic core	3,685	(1,003)	2,682	(1,829)	929	(900)	1,856	(74)	1,782
PCC commissioning	-	-	-	1,829	(929)	900	1,829	(929)	900
Net Cost of Police Services before group fun	**11,091**	**(4,580)**	**6,511**	-	(3,309)	(3,309)	**11,091**	**(7,889)**	**3,202**
Intra-group funding			140,818	-	-	16,578			157,396
Net Cost of Policing Services			**147,329**			**13,270**			**160,599**
Other Operating Expenditure:									
Home Office contribution to police pensions	16,577	(16,577)	-	(16,578)	-	(16,578)	-	(16,578)	(16,578)
	16,577	**(16,593)**	**(16)**	(16,578)	-	(16,578)	-	**(16,594)**	**(16,594)**
Taxation and Non-specific Grant Income:									
Other Government Grants			(3,309)			3,309			-
	-	-	**(154,040)**	-	-	3,309	-	-	**(150,731)**
Deficit/(Surplus) on the Provision of Services			**509**	-	-	-			**508**
Total Comprehensive Income and Expenditure			**(3,765)**	-	-				**(3,768)**

Cashflow Statement – Group

	Note	Audited Statements 2014/15 £000	Change 2014/15 £000	Restated Comparators 2014/15 £000
Net Surplus/(deficit) on the provision of services	**Page 18**	**(70,867)**	**16,578**	**(54,288)**
Adjustment for non cash or cash equivalent movements	**32**	78,089	(16,578)	61,510

There has been no change made to the PCC's Cashflow Statement.

Police Pension Fund Accounting Statements

Fund Account

2014/15 £000	2014/15 £000		2015/16 £000	2015/16 £000
		Contributions receivable		
		Employer		
	13,453	Normal	11,710	
	1,116	Early retirements	620	
	-	Other - 30+ payments	-	
14,569				12,329
		Members		
	7,567	Normal	7,540	
7,567				7,540
		Transfers in		
	249	Individual transfers in from other schemes	731	
	-	Other	-	
249				731
		Benefits payable		
	(31,065)	Pensions	(32,087)	
	(7,595)	Commutations and lump sum retirement benefits	(11,553)	
	-	Lump sum death benefits	-	
	-	Other	-	
(38,660)				(43,640)
		Payments to and on account of leavers		
	(10)	Refunds on contributions	(13)	
	(294)	Individual transfers out to other schemes	(386)	
	-	Other	-	
(304)				(399)
(16,578)		**Net amount receivable for the year before contribution from the Police General Fund**		**(23,438)**
16,578		**Contribution from the Police General Fund**		**21,844**
-		**Additional funding payable by the local policing body**		**1,594**
-		**Net balance receivable for the year**		-

The actuarial valuation has set the employer contribution rate for all three police pension schemes from 1 April 2015 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

	2014/15 £000	2015/16 £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 valuation (experience gains and losses) or

b) the actuarial assumptions have changed.

Capital expenditure

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

Capital Receipt

Income derived from the sale or disposal of a fixed 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.

Corporate and democratic core

The corporate and democratic core comprises all activities that local authorities undertake specifically because they are elected authorities. The costs of these activities are thus over and above those that would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

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).

Defined contribution scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

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

Emoluments

All sums paid to or receivable by an employee; sums due as expenses allowances (as far as these are subject to UK income tax); and the money value of any other benefits received other than in cash. An employee's pension contributions are deducted from emoluments.

Fixed assets

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

Glossary

An explanation of terms used

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 PCC 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 fixed asset below its carrying amount on the balance sheet.

Intangible fixed assets

Intangible assets are non-financial fixed 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 fixed assets are included in the balance sheet, meaning their historical cost or current value less the cumulative amounts allowed for depreciation.

Net current replacement cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, meaning the cost of its replacement or of the nearest equivalent asset, after adjusting the price to reflect the current condition of the existing asset.

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-Distributed Costs

Relates to the apportionment of certain pension costs including ‘past service costs’ ‘settlements’ and ‘curtailments’.

Non-operational assets

Fixed assets held by the PCC but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

NPCC

The National Police Chiefs’ Council.

Operational assets

Fixed 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.

PCC

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

Projected Unit 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 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 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.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When it will not be used until later, it is appropriate to carry forward the amount that will be used when the need arises.

Useful life

The period over which the PCC will derive benefits from the use of a fixed asset.

Vested Rights

In relation to a defined benefit scheme, these are:

a) for active members, benefits to which they would unconditionally be entitled 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.