DRAFT

Northamptonshire Chief Constable Statement of Accounts

2015-16

C O N T E N T S

STATEMENT OF ACCOUNTS 2015-16

NARRATIVE TO THE FINANCIAL STATEMENTS

Introduction

The Statement of Accounts provides details of the finances of the Chief Constable (CC) for Northamptonshire Police Force for the financial year ending 31st March 2016. The Auditor is KPMG LLP.

(a) Narrative to the Financial Statements Pages 4-19

This provides a brief background to the CC's budget for 2015-16, the final outturn position and an assessment of the CC's future financial prospects.

(b) Annual Governance Statement for the Chief Constable (CC) Pages 20-23

The CC has adopted the Code of Corporate Governance and this statement explains how the CC has complied with the code and monitored its effectiveness.

(c) Statement of Responsibilities for the Statement of Accounts Page 24

This outlines the CC's and the Chief Financial Officers (CFO's) responsibilities.

(d) Comprehensive Income and Expenditure Statement Pages 25

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

(e) Balance Sheet Page 26

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the CC. The net liabilities of the CC (assets less liabilities) are matched by unusable reserves.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that only the ONPCC 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 categories of reserves are those that the CC 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'.

All useable reserves are held under the control of the OPCC.

(f) Movement in Reserves Statement Page 27

This statement shows the movement in the year on the different reserves held by the CC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the CC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The net increase /decrease before transfers to or from earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the CC, however, reserves balances are owned by the OPCC and so the CC can make transfers but will not own the asset.

(g) Cash Flow Statement Page 28

The Cash Flow Statement shows the changes in cash and cash equivalents of the CC during the year. The statement shows how the CC generates and uses cash and cash equivalents by classifying cash flows as operating, investing or 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 CC are funded by way of taxation and grant income or from the recipients of services provided by the CC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the CC'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 CC.

(h) Notes on the Core Financial Statements Page 29-53

Additional information concerning items included within the core financial statements, including additional pension disclosures as required by IAS 19.

(i) Police Pension Fund Account Page 51

The amounts received into and paid out of the police pension fund during the year and a statement of the net current assets and liabilities of the scheme.

(j) Prior Period Adjustments Page 52

Information concerning the prior period restatement of the Core Financial Statements

(k) Accounting Policies Page 54

The Accounts are supported by the Statement of Accounting Policies, which identifies the accounting practices adopted in the preparation of the Accounts. Other notes are provided to explain further the information given.

(l) Glossary of Terms Page 60

Wherever possible, the use of technical phraseology has been avoided, however, the Statement of Accounts does contain some accounting and local government terminology and a glossary is provided to simplify and explain such terminology.

(m) Independent Auditor's Report Pages 63

Introduction to the Financial Statements

I am pleased to introduce the financial Statement of Accounts for the 2015/16 financial year which sets out the single entity statements of the Chief Constable for Northamptonshire Police Force. The Police and Crime Commissioner for Northamptonshire (the Commissioner) have also produced group accounts which consolidate the single entity statements of the Chief Constable and the Commissioner. The accounts are published in accordance with the Accounts and Audit Regulations 2015.

The statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2016. The reporting format is specifically designed to meet the requirements of the Code of Practice on Local Authority Accounting. A series of notes are provided to assist readers in their understanding of the statement. This is the first year that the statement has incorporated a narrative statement, which has replaced the Chief Finance Officer introduction. The narrative statement provides a simplified summary of the financial statements with expanded information on the objectives, activities, performance and future financial prospects of the Police Force. This aims to give the reader greater understanding of the context in which the financial statements are set. The narrative statement is also available as a stand-alone document on the same website. The Commissioner's consolidated financial statements can be accessed from the Commissioner's website.

Statutory Framework

The Chief Constable was established as a statutory entity under the Police Reform and Social Responsibility Act 2011 (PRSRA). The PRSRA provides that there will be a Police and Crime Commissioner for each police area with responsibility for ensuring the maintenance of the police Force for the area, securing that the police Force is efficient and effective and holding the Chief Constable to account. The Commissioner has wider responsibilities than those solely relating to the police Force. These include responsibility for the delivery of community safety and crime reduction, the enhancement of the delivery of criminal justice in their area and providing support to victims. The PRSRA established the Chief Constable as a separate statutory entity, distinct from the Commissioner and with operational independence.

Following PRSRA, assets, liabilities and the accounting treatment was been split between the Force (CC) and Commissioner (PCC) in the following way;

CC	OPCC
Vehicles, AUC, IT & Other Operational Assets (Plant & Equipment)	Land & Buildings (Property)
Capital Adjustment Account (CAA) relating to (Plant & Equip)	Capital Adjustment Account relating to Property
	All cash reserves
	All Joint Arrangements
Multi Force Shared Services (MFSS)	
All Northamptonshire Police Officers (1)	All OPCC Staff
All PCSO's (2)	
All Non OPCC Police Staff (3)	
Pension Liabilities(for 1,2 & 3)	Pension Liabilities for OPCC Staff
Debtor relating to Employee Benefits Reserves (EBR)	All Debtors (excl CC EBR)
	All Creditors
	All Council Tax, incl Debtors & Creditors
Pension Fund Top Up Grant & local CC grants	All Police Grant Funding (incl NNDR)
All income for services by the CC	All Council Tax/ Reform Grant
Audit fees relating to CC activities	Audit fees relating to OPCC activities
	All Capital Grants
Income relating to the Budget and relating accounting items from the OPCC	Money transfer relating to the cost of CC Budget and related accounting items

Under statute, the OPCC holds all Land & Buildings, reserves, debtors and creditors and this treatment overrides substance over form according to Local Authority accounting practise, except for cases of employee related expenditure such as the Employee Benefit Reserve and pension's reserve. Where items have been accrued in the CC accounts, the OPCC has offset the effect of this within the intra group transfer process, so that all such debtors and creditors are accounted within the OPCC's Balance Sheet.

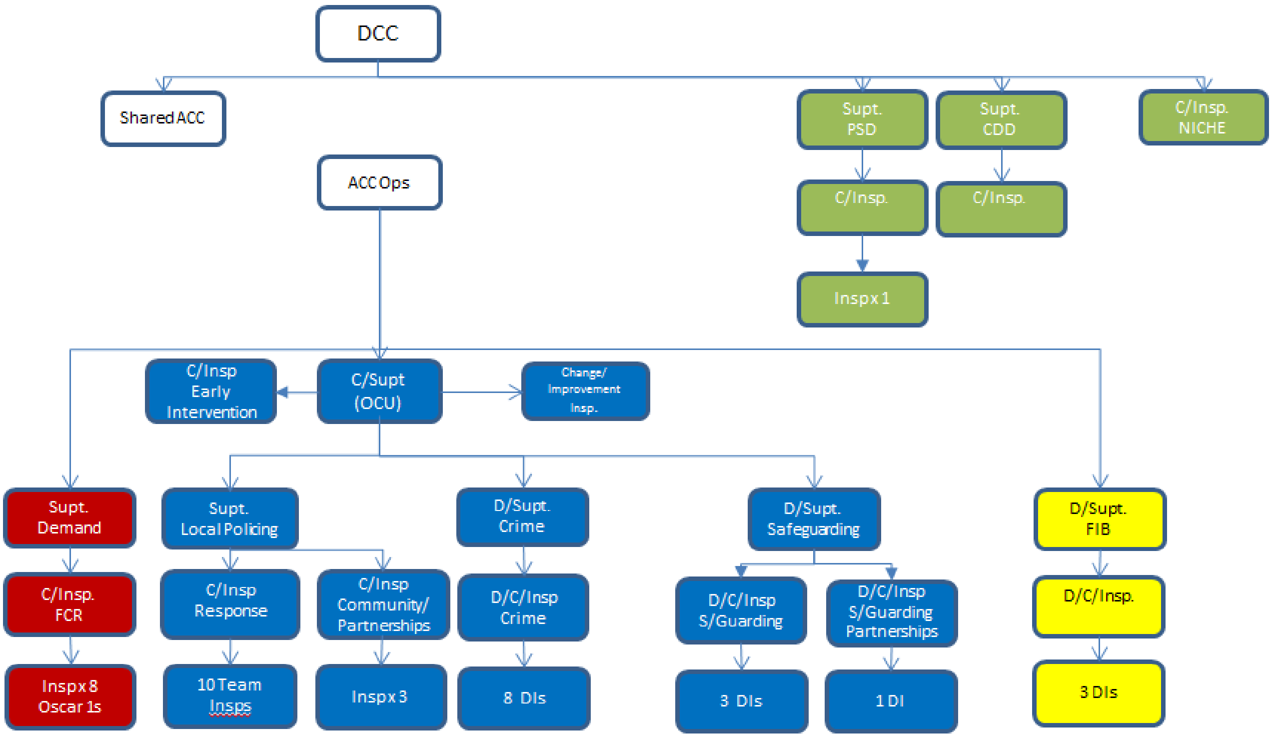
The Chief Constable is responsible for maintaining the Queen's peace and the exercise of police powers. The Chief Constable is accountable to the Commissioner for leadership of the Force, the delivery of efficient and effective policing and the management of resources and expenditure for the police Force.

The PRSRA sets out the statutory financial framework for the Commissioner and Chief Constable. The legislation provides for the Secretary of State to issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office, under the legislation, issues a Financial Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework further setting out the financial relationships and requirements for the Commissioner and Chief Constable.

This financial framework provides that the Commissioner receives all funding, including government grants, council tax income. All other funding for the Chief Constable comes from the Commissioner. This, in addition to the powers of the Commissioner to set the strategic direction for policing and appoint and dismiss the Chief Constable, creates a subsidiary relationship between the Commissioner and the Chief Constable. As such, the Commissioner must publish a set of group consolidated accounts in addition to single entity accounts. The Chief Constable must publish single entity accounts and provide information to the Commissioner to support the publication of group accounts.

Organisational Structure
The Chief Constable is supported by a Deputy Chief Constable and Assistant Chief Constable (ACC) who are responsible for a portfolio of functions within the organisation. Operational policing reports to the Assistant Chief Constable. The Crime and Local Policing command is responsible for neighbourhood policing, response, partnerships, Crime and safeguarding.

The Deputy Chief Constable is responsible for the shared regional portfolio and ACC, Crime recording systems, Professional Standards and Corporate
Services



Strategic Objectives
The Police and Crime Plan which runs through 31st March to 2017, which may seek to change the focus of some of the Force's key strategies, but is unlikely to significantly impact the day to day delivery of operation of Northamptonshire Police as much of the Force's work is statutory obligation or is of key importance to the safeguarding of Northamptonshire. The Commissions key objectives are

- A reduction of at least 40% in violent crime
- There will be a focus on eradicating drugs and reducing acquisitive crime
- Anti-social behaviour will be robustly and intelligently tackled
- Northamptonshire will have a more visible police Force
- Northamptonshire will be a secure place
- Northamptonshire will have the safest roads

Chief Constable's Report on Force performance

Below is the headline position over a five years on priority performance, each subsequent section in then followed by a narrative around this indicator.

5 years cumulative data for comparisons - financial years 2011-12 to 2015-16

Indicator	Total recorded 2015-16	Volume (5 Years)	Trend (5 Years)
* **All Crime**	49287		Stable
Victim Based Crime	45130		Stable
* **Violence Offences**	13855		Moderate Increasing
* **Sexual Offences**	1628		Strong Increasing
* **Acquisitive Crime**	22484		Strong Decreasing
Burglary Dwelling	2522		Weak Decreasing
Vehicle Crime	4603		Strong Decreasing
Robbery	678		Stable
* **ASB**	29094		Strong Decreasing

ALL CRIME	Through 2015-16 all crime volume trend has continued a medium term increasing trend, with violence and acquisitive crime providing the greatest contributions. The longer term trend indicates overall stability in crime volume. The effects of the Crime Data Integrity Inspection in 2014, including the reversal of significant reductions in recorded crime and subsequent improved robustness in auditing and crime recording practices, has resulted in normalising crime volumes which are comparable with 3-5 years ago, and still represents a continuing long term crime reduction. The rate at which the Force has increased recorded crime volume in recent years is in line with the national trend, and overall the Force has maintained its national position for rate of crime per 1k population. The Force has a strong victim focussed approach, and increased crime volumes across all victim based crime categories reflects this as a priority for the Force.
VIOLENCE	Violent crime volumes over the longer term have followed a moderate increasing trend, more recently accounting for 1 in 4 crimes. Northamptonshire's volume increase has been at a faster rate than average across Forces, particularly reflecting the organisational focus on violent crime and repeat victimisation. Whilst the Force remains in the top 10% for (high) rate of crime per 1k population, volume increases are stabilising quicker than other Forces, which in turn has a positive impact with improvements to force ranking for rate of change, and the Force no longer being considered an outlier. Rate of change is projected to continue to slow. The Force continues to deliver robust incident auditing and crime recording, ensuring in particular that violence offences are identified and recorded correctly. Both with and without injury offences continue to show a longer term moderate increasing trend, and account for the greater volume of all crime increase. The Force has responded to changes in the social, criminal, and technical landscape, and also the Crime Data Integrity inspection which identified under-recording of violent crime, by re-aligning priorities and resources to tackle violence, identify emerging threats, and protect the vulnerable. Domestic violence is projected to contribute to half of all recorded violence in the next 18 months. The Force has continued to improve it's identification of domestic violence, and focus on domestic abuse as a pre-cursor to crime which presents an opportunity to engage potential victims and prevent repeat victimisation and offence escalation.

VIOLENCE	Recorded violence against victims aged under 18 has continued to increase during 2015-16. This reflects improved robustness in crime recording and has resulted in significant increase in child safeguarding work undertaken by the Force. Under 18 violence is a significant contributor to violence without injury, and is a force priority for 2016-17. The Force launched Operation Scorpion in September 2015 to trigger a longer term approach to tackling violent crime. This is a partnership approach, including some intensive activity across the county and innovative prevention work aimed at identifying and tackling the root causes of violent crime. The Operation has been re-launched for Summer 2016 to run until the end of August to address projected increases in violent crime over the summer months. Public attitudes data shows a reduction in fear of being a victim of violent crime.
SEXUAL OFFENCES	Sexual offences, whilst low in volume, represent a higher level of harm to victims and communities, and have been identified as a priority for Northamptonshire Police in 2016-17. Over the longer term this category of recorded crime has seen a strong increasing trend, which has accelerated over the past couple of years. Force national ranking in relation to sexual offence rates per 1k population has duly declined, in line with increased volumes, however the force is not considered an outlier as increase is being seen nationally. In response to the increases in reported and recorded sexual offences, and the importance of delivering the best service to victims, the force is delivering new and innovative training on sexual offences. The Force continues to build trust and confidence for victims to report sexual offences, working in partnerships to better support the needs of victims and witnesses and protect the vulnerable.

ACQUISITIVE CRIME	Acquisitive crime has followed a strong decreasing trend over the longer term, showing signs of slowing and stabilising in 2015-16. A sustained continuing reduction is seen in the key areas of dwelling burglary, vehicle crime and all other Thefts. Robbery offences are the only exception to this, with volumes remaining stable over the longer term. In the medium term, through 2015-16, volumes of dwelling burglary have shown signs of modest increase, though volume remains far below levels previously seen, and the force is not considered an outlier nationally. Vehicle crime too has started to demonstrate a similar increasing trend over the short term, with rate of increase in the past year faster in Northamptonshire than other Forces. Northamptonshire has a history of robust investigation and volume reductions in relation to serious acquisitive crimes which have the greatest impact on victims, and this short term increase does not at this time reflect a threat to overall organisational performance. Public attitudes data demonstrates that over the past 12 months fear of burglary and vehicle crime has reduced. Through 2015-16 the force has applied predictive policing methodologies to tackle high crime harm areas with success. The Force will continue to explore and tackle performance from the perspective of harm, as well as crime volume, in the future. Working with offenders and those at risk of causing harm, the Integrated Offender Management (IOM) continues to work in partnership to tackle causes of crime and harm. The IOM cohort has expanded to include a offenders who commit a broader range of crime types.
ASB	Long term trends in relation to reported incidents of Anti-Social behaviour show a strong decreasing trend over the past 5 years. This is an area of policing demand which is cyclical, and seasonal increases continue to get progressively smaller each year. Public perceptions of ASB as a problem in their area have decreased over the longer term and remain consistently low through 2015-16. Repeat caller rates are decreasing at a slow but steady pace. Victim satisfaction in relation to ASB provides a significant opportunity for development and improvement.

2015/16 Grant Settlement and Budget

Under the provisions of the PRSRA the Commissioner receives the significant proportion of external funding, principally in the form of central government grants and council tax. The Commissioner is responsible for setting the budget and maintaining the Force through the provision of funding to the Chief Constable. Details of the 2015/16 grant settlement, the Commissioner's overall budget and the level of Council Tax levied are provided below;

	2014/15 £'000	2015/16 £'000
Core Police Grant	(46,249)	(43,418)
Precept Grant	(6,645)	(6,644)
Non Domestic Rates	(25,135)	(24,319)
Central Funding Grants	**(78,029)**	**(74,381)**
Precept	(42,999)	(45,599)
Total Base Funding Envelope	**(121,028)**	**(119,980)**

This table reconciles to Note 9 of the group, by including the Council Tax Adjustment (£0.646m in 14/15 & £0.515m in 15/16) & the Capital Grants (£4.997m in 14/15 & £1.191m in 15/16).

Of key importance in the grant settlement was the reduction of £3.648m in formula grant funding provided by the Government to the Commissioner in 2015/16 compared to 2014/15. This represents the fifth consecutive year in which central government grants have reduced. The impact on the resources available to the Police Force, which represents by far the recipient of funding from the Commissioner, to police the county is significant and whilst funding sources have decreased cost basis such as Supplies and Services and pay have increased due to inflation and national pay awards.

In July the Home Office also began consultation on the introduction of a new police funding formula, in which Northamptonshire stood to be a 'winner' with an overall increase in funding, however, because of the well-publicised statistical error in calculation from the Home Office, this has resulted in the project being reviewed and therefore delayed, which from a local perspective continues the historical underfunding of policing activities for Northamptonshire. However, given its level of publicity and that it is fiercely contested by opposing sides of the 'winners and losers', prudently the Force nor regional Forces have assumed a positive or negative change in funding for the Medium Term Financial Plan.

Business Activity
In addition to the day to day work of Protecting the People of Northamptonshire, the Police Force, through its Transformation programme has sought to identify savings and ways in which productivity or efficiencies can be made without impacting service delivery, with the following changes have been made to the way policing works:

- Create a single Force-wide Police team that everyone is a part of
- Build resilience through improved process efficiencies and removing internal barriers
- Match resource availability to volume and time of demand
- Match the correct skill, resource and information to meet the demand
- Improve the flow and availability of resources to ensure that we can meet variations in demand
- Use Active Resource Management (ARM) to match resources to demand based on threat and risks
- Move from a cultural positioning of an emphasis of compliance checking to one of developing quality, reducing re-working and process re-engineering to ensure compliance is more efficiently demonstrated.

Performance Summary Budget and Outturn
The 2015-16 Chief Constable's budget amounted to £114.6m and was based upon the funding agreement with the Commissioner. The table below shows the summary budget for 2015/16 against the outturn expenditure;

In-Year Financial Performance
Below is a summary of the Force's management accounts Outturn position as at 31st March 2016;

	Full Year Budget £m	**Year End Position £m**
Police Officer Pay	51.5	(0.538)
PCSO Pay	3.4	(0.123)
Police Officer Pensions	11.1	(0.083)
Specials & Volunteers	1.0	0.000
Operational Command	17.7	0.553
Business Support	21.7	(1.436)
Collaboration & Regional	8.2	(0.452)
TOTAL FORCE	**114.6**	**(2.079)**

Revenue expenditure
The Chief Constable's revenue outturn position for 2015/16, compared to the revised budget and after taking into account approved budget carry forwards, is an underspend of £2.079m, being 1.81% of PCC approved budget position (£1.693m after an additional transfer of £0.386m to the carry forward reserves for regional match funding).

During the year the Police Force came in under budget in a number of areas, principally through a combination of

- Higher than anticipated attrition of police officers, less movement within the ranking structure and lower than expected recruitment of officers towards the end of the year as the Force readied itself for the implementation of parts of the Service Delivery Model.
- Higher than anticipated PCSO's joining the Police Officer establishment, combined with recruitment freezes to meet future savings plans.
- A one team approach to Crime and Local Policing enabled pooling of resources and skills sets to improve response, demand management and reduce uses of overtime and associated operational budgets;
- Freezing vacancies in preparation for regionalising seem of the services in Scope of the proposed Strategic Alliance between Northamptonshire, Leicestershire and Nottingham, particularly having an impact on budgeted expenditure within Corporate Services.

The Operational Commands overspent by £0.553m, predominantly as a result of the revenue implications associated with the implementation, training and back filling of staff for the Niche (Crime System) project. The operational teams worked significantly during the final half of the year to minimise over spends within this area & the one team approach and scrutiny on Supplies & Services expenditure particularly improved this position.

Revenue expenditure within the Management Accounts (Outturn) opposed to the Financial Statements

The presentation of the above revenue position is in accordance with the Forces management accounts figures reported throughout the year and reconcile to the Force's and PCC's approved Force outturn position. This outturn position is recognised within the Financial Statements and reconciles to the position before some Intra Company as a result of the PRSRA including capital financing. Furthermore, at the year-end a number of technical accounting adjustments (required by proper accounting practice) are made.

For this reason, the outturn in the summary table above will not reconcile directly to the Comprehensive Income and Expenditure Statement in either the Group or Chief Constable positions. Therefore the below is a summary of the financial statements by expenditure type, excluding statutory adjustments and then incorporating the subsequent transactions to reconcile to the overall positions within the financial statements, including the intra group adjustment for budget and those statutory items;

	Outturn Summary Accounts, with Summary reconciling to Surplus/ Deficit	2014-15			2015-16		
		PCC	CC	Total	PCC	CC	Total
		£'m	£'m	£'m	£'m	£'m	£'m
Comprehensive Income & Expenditure Statement	Police Officer Pay & Pensions	0	77,027	77,027	0	83,394	83,394
	Staff Pay & Pensions	1,677	29,442	31,119	1,395	27,252	28,647
	PCSO Pay & Pensions	0	4,324	4,324	0	3,588	3,588
	Other Employee Costs	119	1,742	1,861	44	1,282	1,326
	Supplies & Services	3,699	23,394	27,093	4,933	22,768	27,701
	Income	(1,013)	(21,750)	(22,763)	(802)	(28,197)	(28,999)
	Cost of Services	**4,482**	**114,179**	**118,661**	**5,570**	**110,087**	**115,657**
	Gains & Losses	0	(66)	(66)	0	(125)	(125)
	Levies	0	693	693	0	919	919
	Other Operating Expenditure	**0**	**627**	**627**	**0**	**794**	**794**
	Interest Income	0	152	152	0	63	63
	Interest Expenditure	0	(124)	(124)	0	(157)	(157)
	Financing & Investment Income & Expenditure	**0**	**28**	28	**0**	**(94)**	(94)
	Precept	(42,999)	0	(42,999)	(45,599)	0	(45,599)
	Core Police Grant	(46,249)	0	(46,249)	(43,418)	0	(43,418)
	Non Domestic Rates & Other Grants	(31,780)	0	(31,780)	(30,963)	0	(30,963)
	Pre SoA Budgetary OPCC to CC Funding Transfer	116,947	(116,947)	0	115,721	(115,721)	0
	Taxation and Non-Specific Grant Income	**(4,081)**	**(116,947)**	**(121,028)**	**(4,259)**	**(115,721)**	**(119,980)**
	Surplus/ Deficit	**401**	**(2,113)**	**(1,712)**	**1,311**	**(4,934)**	**(3,623)**
MIRS	Minimum Revenue Provision (Debt Repayment)	0	335	335	0	245	245
	Revenue Contribution to fund the Capital Programme	0	644	644	0	1,484	1,484
	Net transfers to/ (from) reserves	(401)	1,357	956	(1,738)	1,126	(612)
	Outturn Position pre SoA Adjustments (below)	**0**	**223**	**223**	**(427)**	**(2,079)**	**(2,506)**
SoA Adj's for CIES Surplus/ Deficit	Pensions costs within Surplus/ Deficit	(30)	44,029	43,999	150	34,684	34,834
	Capital Financing (Depn, Amortisaiton, MRP ,RCCO)	(3,718)	3,384	(334)	(921)	3,185	2,264
	Accumulated Absenses Adjustment	0	0	0	0	355	355
	Collection Fund Adjustment	(646)	0	(646)	(515)	0	(515)
	Removal of Net Transfers	401	(1,357)	(956)	1,738	(1,126)	612
	SoA Intra Company Adjustment for Statutory Items & outturn	4,705	(4,705)	0	(1,693)	1,693	0
	Joint Venture inclusion for reconciliation to main statements	(384)	0	(384)	(72)	0	(72)
	Surplus/ Deficit after SoA adjustments	**328**	**41,574**	**41,902**	**(1,740)**	**36,712**	**34,972**
Balance Sheet	Land & Buildings	31,934	0	31,934	36,751	0	36,751
	Operational Assets	0	13,642	13,642	0	13,334	13,334
	Intangibles	0	3,735	3,735	0	5,605	5,605
	Other Non-Current Assets	11	0	11	11	0	11
	Cash & Cash Equivilents	8,523	0	8,523	797	0	797
	Other Current Assets (inc Debtors)	20,716	1	20,717	28,137	0	28,137
	Provisions	(815)	0	(815)	(1,155)	0	(1,155)
	Other Current Liabilities (inc Creditors)	(14,012)	(1,269)	(15,281)	(14,917)	(1,623)	(16,540)
	Long Term Borrowing	(1,300)	0	(1,300)	(1,300)	0	(1,300)
	Net Assets Excl Pensions	**45,057**	**16,109**	**61,166**	**48,324**	**17,316**	**65,640**
	Usable Reserves	(18,364)	0	(18,364)	(16,110)	0	(16,110)
	Capital Reserves	(59)	0	(59)	0	0	0
	Unusable Reserves (non Pensions)	(26,636)	(16,106)	(42,742)	(32,214)	(17,315)	(49,529)
	Net Assets Excl Pensions	**(45,059)**	**(16,106)**	**(61,165)**	**(48,324)**	**(17,315)**	**(65,639)**
	Long Term Pension Liabilities	(991)	(1,191,052)	(1,192,043)	(771)	(1,068,576)	(1,069,347)
	Unusable Pensions Reserves	991	1,191,052	1,192,043	771	1,068,576	1,069,347
	Joint Venture Reserves (Usable & Unusable)	(1,231)	0	(1,231)	(1,334)	0	(1,334)
	Net Assets Including Pensions & JV	**(45,299)**	**1,174,946**	**1,129,647**	**(48,887)**	**1,051,261**	**1,002,374**

The budget is predominantly made up of funding for employee costs, but within the management accounts is not grossed up for income, nor for income and expenditure relating to pension items within the Top Up Grant calculations. The remainder of the budget relates to non-staff costs including, transport costs, funding for collaborative units and supplies/other costs. Income, which is generated through policing activities, is also shown within the Chief Constable's budget and financial statements.

Capital Expenditure

Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all Property related assets and all capital expenditure is funded and controlled by the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which including Revenue Expenditure Funded by Capital Under Statute (REFCUS) amounted to £7.0m in 2015/16 are shown in the financial statements of the Commissioner and intra company adjustments to fund the Force's capital expenditure (Equipment, IT assets, Intangible and Assets Under Construction) are shown within the Force's. The total £7.0m of expenditure on capital, included investment in

- A new Crime Recording system – Niche, which is an East Midlands region wide scheme to improve processes and allow for greater regional interoperability and efficiency (£2.38m);
- The instigation of the build for the new building in Kettering (£0.8m) and the Mereway roundabout (REFCUS) (£0.55m) , both of which forms part of the estates investment plan;
- The Force's E-Services and technology supporting the Agile working programmes of work (£0.77m)
- Replacement of fleet vehicles (£1.37m); and
- A range of ICT systems and operational equipment, including IT infrastructure, computers and Body Worn Video cameras.

As part of the transformation the commission has been successful in applying for and receiving Home Office Innovation Grant Funding (IGF). This on-going investment within the Capital Programme will be supplemented by this Funding. So far the Force has been successful in obtaining

- £0.6m and £0.9m in 2013-14 and 2014-15 for the development of Joint Police and Fire Community Hubs; and
- £2.363m & £0.364m in 2014-15 & 2015-16 for Agile working.
- The Force has also been part of regional programmes that the host Force has benefited from IGF for projects including Niche, Regional IT, Technology underpinning collaborative works and Body Worn Video technology and within 2016-17 the Force will partner regional Forces in implementing a Digital Capacity project, which the Regional Innovation Fund Reserve, held by the OPCC will help supplement other local costs, such as the project implementation team and network changes and this project will also benefit at a regional level from IGF and will help alongside the teams working on implementation evidence the necessary Force match funding requirements under the terms of the grant.

Medium Term Financial Plan (MTFP)

Within 2015-16, the Chief Constable achieved £8.476m of savings and in accordance with the Outturn position and in preparation for the £7.88m savings requirement in 2016-17 maintained an underspend position of £2.079m, before unbudgeted transfers to reserves (£0.386m). Moving forwards whilst largely due to the reduction in planned central government cuts, which is now forecast to be 1.3% as opposed to headline figures between 5 and 10%, the overall budget is increasing. However, there remains around £16.2m of known commitments and £23.0m of planned reserves contributions, which would mean that if all planned savings are generated in full, that there would continue to be a deficit of £8.6m over the MTFP. Mitigation for this is expected to come from plans being finalised for the Strategic Alliance and Service Delivery Model, which encompasses most operations across the Force and within 2016-17 if the timing of savings cannot be maintained, the Commission have agreed to offset shortfalls in savings for this financial year.

The Five Year MTFP and Financial Year of 2015-16 assumptions and headline budgetary plans are summarised below;

	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Council Tax inc Surplus/ Deficit	45,599	47,834	48,340	49,790	51,290	52,840
Precept Grant	6,644	6,644	6,644	6,644	6,644	6,644
Funding Grants	67,737	67,350	66,475	65,611	64,758	63,916
	119,980	**121,829**	**121,459**	**122,045**	**122,692**	**123,400**
Pay, commitments & inflation	7,306	5,409	3,296	2,500	2,563	2,397
In Year Saving Requirement	(8,476)	(7,884)	(2,422)	(1,914)	(1,916)	(1,689)
In Year Achieved/ Planned Savings	(8,476)	(5,257)	(4,479)	(1,874)	(810)	(322)
Budgeted Reserves Transfers to/(from)	1,123	5,604	4,360	4,360	4,360	4,360
In Year (Surplus)/Deficit	0	2,627	570	609	1,715	3,082
Cummulative (Surplus)/Deficit	**0**	**2,627**	**3,196**	**3,806**	**5,521**	**8,603**

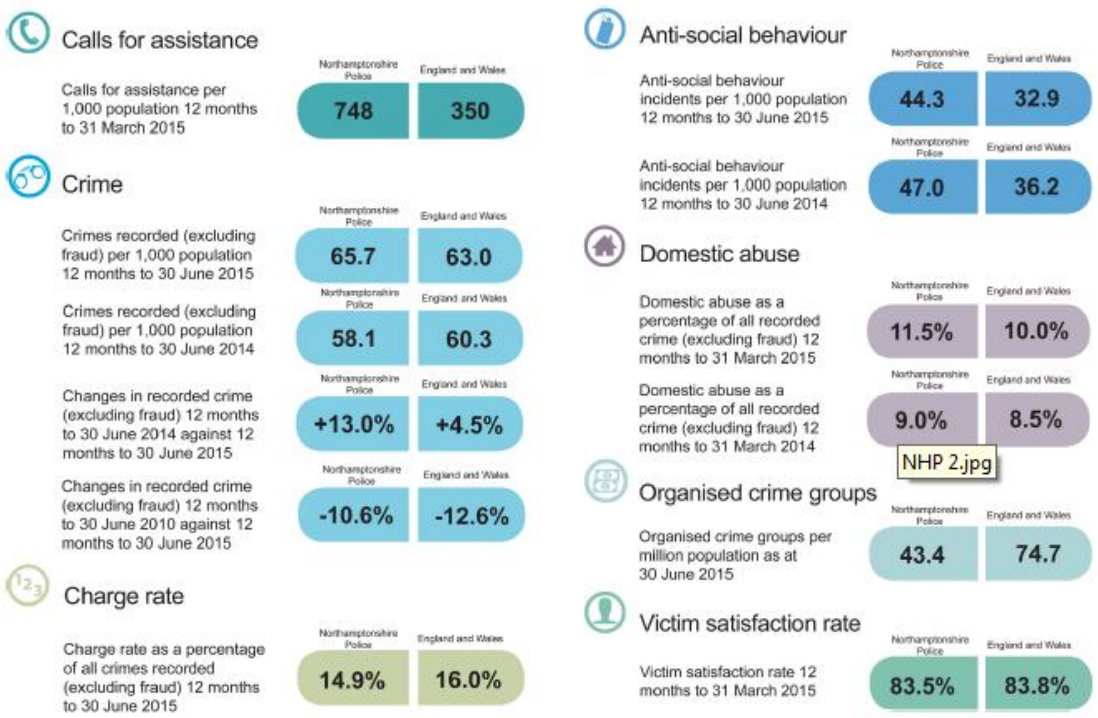
In accordance with the Police and Crime Panel budgetary report, the Council Tax precept changes are forecast to increase by 1.99% year on year, with an assumption of an increase in dwellings within the Northamptonshire boundary of 1%. The Commission will engage with the public, the

Police and Crime panel and Force around any future planned changes to precepts before these are agreed or revised and as such, these are for forecast purposes only. Increases in dwellings have been estimated based on growth assumptions received, this could significantly increase or decrease over time, but currently this estimated is expected to be prudent for Northamptonshire. Each 1% increase in precept equates to circa £0.5m per year. If the number of dwellings increases by 2% (£0.498m per 1% on average over the five years) between 2017-18 to 2020-21, this would generate an extra £2m and a total of £4.98m by 2020-21. However, each new dwelling and occupant thereof potentially creates additional policing demands, needs and challenges and as such, policing needs will alter as a result and may not directly correlate to a reduction in the cumulative deficit mentioned above.

Organisational Performance
The Police Force operates a comprehensive framework of performance measures to ensure it is meeting its objectives and support the Commissioner in delivering his Police and Crime Plan. The following section provides a summary of performance in relation to crime, incidents and other outcomes for 2015/16.

During 2015/16 all Forces were subject to a PEEL (Police Effectiveness Efficiency and Legitimacy) inspection by Her Majesty's Inspector of Constabularies and the report details are published here http://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/police-effectiveness-2015-northamptonshire.pdf.

The legitimacy report ranks Northamptonshire as "good" overall, with positive progress in the areas under inspection, which included its use of stop and search powers and Taser. It found that individual officers and staff "consistently demonstrated ethical behaviour" and there was a good understanding of the Code of Ethics.
In addition, HMIC found the Force showed a "proportionate, fair and consistent" response to complaints and misconduct while the Workforce felt valued and engaged in decisions affecting them.
In terms of actual engagement with the public, there was also praise for the way in which Northamptonshire Police engages with partner organisations through the likes of the Independent Advisory Group and Community Safety Partnerships. Monitoring of calls to the Force Control Room demonstrated that call handlers were "polite, respectful and effective" when it came to dealing with the public.
Areas for improvement included community and ward profiles not being kept up to date and therefore failing to inform police activity, particularly for frontline officers. More also needed to be done for staff wellbeing, such as return to work arrangements and a lack of awareness of the full range of services open to officers and staff.
The PEEL inspection reports the following high level performance measures against National levels;



Northamptonshire were also praised for the sustainability of their financial position in the short and long term, a sub-section where they achieved a 'Good' rating. The report explains that:

- The Force has a good track record of delivering savings, it has achieved the savings it needed with an annual under-spend, which has enabled the Force to establish a fund to support the cost of future change;
- HMIC also found that the Force also collaborates well with other Forces in the region and beyond, as well as with non-police partners such as the Fire and Rescue Service. This collaboration is helping the Force to work more efficiently and to provide a more resilient service.

People

Having a fit, healthy and motivated workforce is essential to ensuring the Force is able to provide a professional policing service to the communities of Northamptonshire. Healthy staff wellbeing is key to our organisation's performance and we believe it should sit at its very heart.
Organisational well-being is about many things, but some of the most important include ensuring that our staff have meaningful and challenging work, the opportunity to apply your skills and knowledge, and for you to have effective working relationships with your colleagues and managers.
Our Culture and Wellbeing Strategy and the most recent Service Delivery Review therefore recognises that it is our workforce that is our most important asset. We are grateful that they choose to work for us and therefore our wellbeing plan is in place to ensure that our workforce is healthy, engaged and motivated as this is critical to the delivery of effective policing and functions across the Force.

The Chartered Institute of Personnel and Development research suggests that Wellbeing strategies that pay attention to employee health rather than employee sickness are bringing real benefits to organisations, reducing turnover and sickness absence and increasing the productivity, engagement and performance of the employee/officer.
In terms of quantifying our people as whole figures Full Time Equivalents (FTE), as at the 31st March2016 and looking forwards, but excluding further savings to be delivered through the proposed Service Delivery Model and Strategic Alliance, our Workforce plan is;

FTEs	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Police Officers	1,220	1,220	1,220	1,220	1,220	1,220
PCSO's	96	99	90	82	74	68
Police Staff	721	677	649	649	649	649
	2,037	**1,996**	**1,959**	**1,951**	**1,943**	**1,937**

The Police Force is committed to promoting a workforce who reflects our communities and a culture that respects and celebrates all aspects of diversity across all facets of the workforce mix in the above table.

The Force's diversity strategy will provide an environment where everyone feels able to participate, contribute, enjoy and influence their experience; and where inclusive practices underpin everything we do. Respect for and celebration of individual diversity will shape our strategy, direction and behaviour.'

The Financial Statements
The financial summary provides an explanation of the various elements of the financial statement. The aim is to demonstrate to the reader the overall financial position of the Chief Constable at the end of the financial year, together with the cost of the services provided during the year and the financing of that expenditure.

The key financial statements are the Comprehensive Income and Expenditure Statement (CI&ES), the Balance Sheet (BS), the Movement in Reserves Statement (MiRS) and the Cash Flow Statement (CFS).

Comprehensive Income and Expenditure Statement
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Chief Constable prepares this statement in accordance with the service expenditure analysis as required by the code developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This provides information on the cost of policing, grouped in such a way to provide the reader with an understanding of the costs of providing different policing services over the financial year and a standardised benchmark to compare Most Similar Forces (MSF considers, geography and other factors affecting policing to allow for closer comparisons, as directly comparing a large metropolitan Force to a Rural Force may not provide a fair comparison through this measure). The CIES is shown on page 25 show a surplus and deficit before gains and losses of £36.712m a change of £4.86m from 2014-15. The movement of £4.86 results predominantly from a reduction in pensions costs included within the statement totalling (£9.165m), a change in depreciation and gains and losses of £1.282m, with the remainder £2.952m from Salaries, Supplies and Services and Income.

Further details of subjective level expenditure included within the CIES can be found in page 32 of the full statement of accounts within the 'Amounts Reported for Resource Allocation Decisions for the Chief Constable' note. In addition, the CI&ES also records a number of technical adjustments including 'financing costs & investment income' and 'other comprehensive income & expenditure'. These adjustments principally relate to changes to future pensions obligations over the year based on proper accounting practices. The overall effect of the cost of providing services and the pensions adjustment is to produce an accounting deficit of £36.712m for the year, which when compared to the outturn underspend of £2.079m (£1.693m after £0.386m of unbudgeted reserves movements) from the management accounts, which is pass ported to the Commission through an intra-company adjustment, the remaining value largely impacts on unusable pensions reserves.

The Balance Sheet
The Balance Sheet shows the value as at the balance sheet date (31 March 2016) of the Chief Constable's assets and liabilities. The Financial Statements balance sheet and the summary position set out within the Performance Summary Budget and Outturn section of this report above, shows current assets are comprised of the Chief Constable's share of short term debtors and the balance of funding between the Commissioner and the Chief Constable. Current liabilities reflect

amounts owed by the Commissioner and Chief Constable. They include the Chief Constable's share of short term creditors (the statutory adjustment for employee liabilities). Long term liabilities for the Force represent the Chief Constable's share of the whole pooled LGPS pension fund and the whole Police Pension fund liability (£1.0686bn). The net assets (assets less liabilities) are matched on the balance sheet by the Chief Constable's reserves, comprising of Pensions, Accumulated Absence and Capital Adjustment Account, which offset the Pension Liability, Employee Liabilities (for Accumulated Absences) and the contra entries for the financing of capital matching the operational, Intangible and Asset Under Construction under the control of the Chief Constable. The balance sheet is shown on page 26 in the full statement of accounts.

Movement in Reserves Statement (MiRS)
This statement shows the different reserves held by the Chief Constable analysed into 'Usable Reserves', which can be applied to fund expenditure and other 'Unusable Reserves', which are principally accounting adjustments. It shows the opening balance on each reserve at the start of the year, movements in year and the closing balance.

The Chief Constable's statement of MiRS is shown on page 27 in the full statement of accounts. The table below sets out a summary movement in reserves statement, which is the most material item within the Force's and the Groups balance sheet. The Chief has no year end usable reserves balances as a result of the PRSRA arrangements and as such, all such balances are passported to the Commissioner through intracompany adjustments, which leaves unusable reserves within the Force's balance sheet, and therefore makes the overall positive reserves balance unusual when compared to some other local authorities or private company accounts.

The reserves shown above on the Chief Constable's movement in reserves statement are all classed as 'unusable' and provide a mechanism through which accounting adjustments can be made to present the accounts in accordance with proper accounting practices, whilst allowing the statutory amounts required to be charged for council tax purposes.

The Chief Constable's movements in reserves statement principally records the Chief Constable's negative reserves in relation to the Police and Local Government Pension Schemes, reflecting the requirement to record pension assets and liabilities as they are earned rather than when they become due for payment. During 2015/16, whilst still large, the overall negative balance on both the police and local government pensions schemes have reduced, largely as a result of changes to actuarial assumptions.

	2014-15		**2015-16**		**Movement**	
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
	Balance	Gains/Losses*	Balance	Gains/Loss	Balance	Gains/Losses
Police Pension Schemes	1,115.490	107.920	1,009.510	(136.060)	(105.980)	(243.980)
CC Local Govt Pension Scheme	75.562	20.577	59.066	(21.101)	(16.496)	(42.584)
Total	**1,191.052**	**128.497**	**1,068.576**	**(157.161)**	**(122.476)**	**(286.564)**

* Includes the first year of the effects of settlement & split of pension fund pool between OPCC and CC

All year end balances on usable reserves are controlled by the Commissioner and are recorded in the balance sheet of the Commissioner, who formally recognises the need to provide contingencies to meet unplanned and planned expenditure in the future. The Commissioner's usable reserves include a general reserve of £4.4m to meet unplanned risks and earmarked reserves of £11.7m for specific revenue and capital purposes.

The Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. Under the PRSRA and the funding arrangement between the Commissioner and the Chief Constable, all cash and cash equivalents are held by the Commissioner and as such the Chief Constables cash flow statement simply reflects the remittance of cash to meet liabilities throughout the year and nets to zero cash held position. The statement is shown on page 28 of the full statement of accounts.

Supporting Information to the Financial Statements
The key financial statements are supplemented by an explanation of the accounting polices used in preparing the statements (pages 29-53, including Pension Fund notes). They also contain a comprehensive set of notes that explain in greater detail a number of entries in the primary

financial statements. A glossary of terms provides an explanation of the various technical accounting terms and abbreviations. The statements are published alongside the Annual Governance Statement for the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

Risks

The Force has a well-established risk management process which is embedded across the organisation.

Force-wide risks are recorded and managed via the Corporate Risk Register with each Command or department also having their own registers to record and manage departmental level risks. The Corporate Risk Register is reviewed at the Strategic Tasking and Co-Ordination Group on a quarterly basis. The Joint Independent Audit Committee provides an independent oversight and assurance of the risk management process.

The highest scoring risks on the Corporate Risk Register are as follows:-

- The capacity and capability to deliver the transformational changes required to enable the Police and Crime Plan;
- Implementation of the new Niche system to replace the existing Case, Custody, Crime and Intelligence systems.
- Delivery of a balanced medium term budget;
- Staff attrition due to uncertainty over future changes to the Force structure.

Change Programme

In response to the current financial uncertainty, the Police Force has developed a strategic approach to addressing its future savings requirements.

There are three strands to the strategy, being:

1. Northamptonshire Police's Service Delivery Model (SDM), which seeks to break down both cultural and process barriers to enable both a one team approach to delivering full county response to policing demands and provide appropriately skilled resources, whilst also delivering financial savings and efficiencies. This plan will be implemented in preparation and knowledge of the Strategic Alliance (below), which is the overarching sub regional plan to delivering effective policing in the 21st century;
2. The Strategic Alliance (SA), seeks to

Maximise opportunities to protect communities

- Fundamentally this is about providing a service to meet the needs of the communities we serve rather than our own organisations.
- Creating the capacity and capability to respond to new and emerging threats i.e. Cyber, CSE, fraud, hate crime

And also **to optimise use of available financial resources:**

- Recognising the austerity challenges; we need to deliver a sustainable policing model from less resources
- Taking advantage of economies of scale, avoiding duplication and delivering value for money.
- Focus on what is possible with combined budgets rather than focusing on what isn't available financially.
- Potential to access Government support and finance for the Strategic Alliance e.g. for control system/strategic change.

3. The Transformation portfolio, which sought to deliver financial savings across all areas unaffected by either the SDM or SA and where efficiencies could be achieved through better procurement and more effective use of resources.

The ultimate objective will be to produce a single risk based strategy to deliver savings which will enable effective and efficient policing for Northamptonshire Police and to meet 21st century policing demands such as in the current areas of national crime growth, including 'cyber' and CSE crimes.

The Force will also continue to develop its response and predictive ability of demand, with the aim of better understanding the underlying service needs and therefore the resources required to deliver the most effective Policing model possible.

Annual Governance Statement (AGS)
for Northamptonshire Police Force 2015-16

The position is as at 31 March 2016, including plans for financial year 2016/17.

1. SCOPE OF RESPONSIBILITIES

Northamptonshire Police Force ('the Force'), must ensure that its business is conducted legally and that public money is safeguarded, accounted for and used economically, efficiently and effectively. The Force has a legal duty to secure continuous improvement in the way which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
In discharging this overall responsibility, the Force is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
The Force has adopted a Code of Corporate Governance, which is consistent with the principles of CIPFA/ SOLACE Framework: Delivering Good Governance in Local Government. A copy is on the ONPCC website at www.northantspfcc.org.uk or can be obtained from the CFO, Northamptonshire Office of the Police & Crime Commissioner, Force Headquarters, Wootton Hall, Mereway, Northampton, NN4 0JQ. This statement explains how the Force has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2011, Regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

Throughout the period the organisation also ensured that its management arrangements conformed with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) and its assurance arrangements are in line with the CIPFA statement on the Role of the Chief Internal Auditor (2010).This also includes having effective arrangements in place for the function of the Monitoring Officer.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Force is directed and controlled, as well as the activities through which it accounts to, engages with and leads its communities. It enables the Force to monitor the achievement of the strategic objectives, articulated in the Police and Crime Plan, and to consider whether those objectives have led to the delivery of appropriate services and value for money.
The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.
The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Force's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
The governance framework is in place at the Force at the year-end 31 March 2016 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

For the period of 1 April 2015 until 31 March 2016 Northamptonshire Police worked with the OPCC as set out under the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011. Under the PRSRA the Force became a corporation sole, therefore the Chief Constable continues to be responsible for all operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. The Chief Constable is required by statute to appoint a person to be responsible for the proper administration of the Force financial affairs (S151 officer). The post that holds this responsibility is the ACO Finance and Resources. The PCC holds the Chief Constable to account for his policing responsibilities and it follows that the PCC must be satisfied that the Force has mechanisms in place for the maintenance of good governance, and that these operate in practice. The Joint Independent Audit Committee (JIAC) oversees the governance arrangements to ensure robustness and transparency of the frameworks.

Our vision is:

"To Make Northamptonshire the Safest Place in the Country"

Objectives and Targets

The Police and Crime plan was first published in March 2013 and refreshed within 2014 and it set out the strategy for policing the area and the vision for Northamptonshire Police Force until 2017. The strategic outcomes we desire are:

- A reduction of at least 40% in violent crime
- There will be a focus on eradicating drugs and reducing acquisitive crime
- Anti-social behaviour will be robustly and intelligently tackled
- Northamptonshire will have a more visible police Force
- Northamptonshire will be a secure place
- Northamptonshire will have the safest roads

These outcomes enabled the Force to focus our resources on the key strategic themes:

- Reducing all Crime
- Increase our resolution rate
- Reduce Violence against the person
- Reduce Serious and Acquisitive crime volumes
- Protecting Vulnerable People

Monitoring Performance

Within Force, the Executive Group (All Chief Officers and the Departmental Commanders), supported by the Strategic Tasking and Coordination Group will shape and coordinate and monitor strategic delivery of both the policing services and organisational development.

Monitoring within the Force is through the Chief Officers' Team (COT) and the supporting meetings chaired by a Chief Officer:

- Strategic Tasking and Co-Ordination Group is chaired by the Chief Constable (CC).
- Both the Deputy (DCC) and Assistant Chief Constables (ACC's), Departmental Commanders and appropriate Department Heads attend these quarterly meetings to examine performance against the organisation's strategic assessment and control strategy, making strategic resourcing decisions based on intelligence and performance and the resources available.
- Monthly Performance and Tasking is chaired by the Deputy Chief Constable.
- All operational Commanders and Superintendents, appropriate HR, Finance and Organisational Delivery leads attend these monthly meetings, where performance is scrutinised and issues are tasked to be resolved.
- Strategic Workforce Planning is chaired by the Deputy Chief Constable.
- The ACC, Departmental Commanders, Head of Organisational Delivery, Senior HR Business Partner, Unison, Acting Head of Finance, and the Police Federation attend these meetings. This body scrutinises and leads how the organisation plans and delivers a workforce fit for delivering the policing objectives in the future.
- The Transformation Board is chaired by the DCC and CFO for the OPCC and has oversight of the transformational change programmes in the Force, with includes Estates, Agile technology, Specials and Volunteers, the Service Delivery Model and has oversight on work within Interoperability.
- The Interoperability Board is chaired by the ACC and delivers the integration of the Force and Northamptonshire Fire and Rescue, improving our service to our community.

Her Majesty's Inspectorate of Constabulary (HMIC) also continuously monitors the Force performance against other Forces and carries out inspections of the Force for themes agreed with the Home Secretary.

Measuring the quality of services for users

The ONPCC carries out telephone surveys with victims of crime and also undertakes a general public attitude survey, which measures the opinions of members of the public about policing across the County. The victim surveys now incorporate all Hate Crimes, in order to get broader feedback on quality of service beyond Racist Incident/Crime victims. The Force has also undertaken programmes of consultation with other groups of service-users, including domestic abuse, child abuse and serious Road Traffic Collison victims and families, in order to provide an insight into quality of service beyond the standard groups normally covered by the telephone surveys. Individual Safer Community Teams are concentrating on priorities set by their local communities. The results of these are monitored by the Monthly Performance and Tasking meeting.

The Force's Professional Standards Department also sends out surveys to complainants and monitors the feedback obtained.

Risk Management

The Force continues to implement and embed risk management arrangements across the organisation.

The DCC has established a Professional Standards and Security Board to ensure Force risks are monitored and mitigated. All commands and departments maintain their own risk registers. The corporate risk register is presented to the Chief Officer Group on a quarterly basis, for discussion and awareness, and at every meeting of the Independent Audit Committee for independent oversight and assurance.

Roles and Responsibilities

The Force ensures that staff and officers work together, with clearly defined functions and roles, to achieve a common purpose, through the schemes of delegation approved by the ONPCC.

The Force has in place:

- A framework of statutory and local delegated powers, procedures and regulations
- Officers and staff allocated to PCC meetings to present reports and answer questions as appropriate. For example, the Director for Resources Transformation and Governance (ONPCC) and the ACO for Finance & Resources (CC) meet regularly to discuss finance, budget planning, the Force change programme and contracts. Written reports about Finance are given to the ONPCC bi-monthly.
- A designated liaison officer between the Force and the ONPCC providing a single point of contact
- Effective and professional communications for the Force and the ONPCC via the Communications Department including reactively and proactively representing the ONPCC interests to the media.
- Well publicised codes of conduct for both officers and staff with the code of conduct for officers regulated by police regulations and an effective disciplinary process for breaches of Code of Conduct, managed by the Professional Standards Department.

Compliance

The Force will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Chief Constable and Force S151 Officer (ACO Finance & Resources), have legal and professional responsibilities in this respect, assisted by assurances from internal and external audit. The Joint Independent Audit Committee undertakes the core functions of an audit committee as defined by CIPFA.

During 2015-16 the Force had 12 assurance reviews: 1 significant, 4 satisfactory, and 5 limited assurances and due to the type of audit, 2 'no opinion'. These will be the focus for areas of improvement during 2016/17. There are checks and balances built into the financial procedures to ensure that expenditure is lawful, and this is underpinned by financial regulations which apply to each officer and employee of the Force. Departmental Heads and the relevant process groups are responsible for ensuring the Force policies and procedures are lawful. There were also 4 collaborative arrangement audits, of which one was satisfactory, 1 significant and due to the type of audit 2 'no opinion;.

Having reviewed all of the Internal Audit reports for the year, the Force is actively looking to improve processes where possible. The main focus of work over the forthcoming year will be;

- Work with the East Midlands region, including East Midlands Strategic Commercial Unit (Procurement) to ensure the Governance and financial framework is improved;

- To ensure that work between the Force and it's Multi Force Shared Services (MFSS) is improved, including reviews of Service Level Agreements in each direction of work between Force and MFSS to enable more effective controls and processes; and
- The documentation for and around the safeguarding of detained property is improved.
- Officers and staff employed by the Force are expected to adhere to the highest standards of conduct and personal behaviour. The requirements of officers are set out in Schedule 2 of the Police (Conduct) Regulations 2012. The requirements of Police staff are set out in the Police Staff Council Standards of Professional Behaviour document.

The Force has internal procedures managed by Professional Services Department for complaints by both officers and staff, and for members of the public to use. The Force is also regulated by the Independent Police Complaints Commission (IPCC), an external body that has the power to investigate the Force.
A Public Interest Disclosure (whistle-blowing) policy is in place to protect any employee who may wish to raise concerns of public interest.

REVIEW OF EFFECTIVENESS
The Force has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Force who have responsibility for the development and maintenance of the governance, the head of internal audit's Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.
The governance between the Force and the ONPCC has continued to be refined as has the Force framework to ensure the governance remains robust and effective. This has included the Scheme of Consent and a review of leadership and membership of all strategic meetings, and the outcomes being achieved by the Force.
For 2015-16 Mazars (internal audit) concluded that for the Chief Constable:
Our overall opinion is that generally adequate and effective control and governance processes were in place to manage the achievement of the organisation's objectives. We have, however, identified weaknesses in respect of risk management, financial controls and some other operational areas that require addressing.

SIGNIFICANT GOVERNANCE ISSUES IN 2015-16
There were 2 significant governance issues during 2015-16, which were the handling cash and bank and Officers in Kind between regional collaborations. However, the Force will continually try to improve the governance framework both within the Force, the links with partners and the linking into the ONPCC, and the regional governance framework.

Mr Simon Edens
Chief Constable of Northamptonshire Police Force

Mr P Dawkins
ACO Finance & Resources
Northamptonshire Police Force
On behalf of the senior officers Northamptonshire Police Force

Statement of Responsibilities for the Statement of Accounts

The CC's Responsibilities
The CC is responsible for operational Policing and that the financial controls surrounding this are adequate and effective and that a sound system of internal controls is in place including arrangements for risk management.

The CC and CC CFO also has a specific responsibility to sign the Chief Constables Operational Policing's Statement of Accounts following June and September's quarterly JIAC meetings.

The CFO's Responsibilities
The CFO to the PCC is responsible for the preparation of the CC's single entity accounts in line with statutory best practice set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("The Code") and the Accounts and Audit Regulations 2003.

The accounts are required to present fairly the financial position of the CC at the accounting date and its income and expenditure for the year ended 31 March 2016.

In preparing this Statement of Accounts, the Head of Finance and Asset Management has:
- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

In conjunction with the PCC's Director For Resources Transformation and Governance, the Head of Finance & Asset Management has also:
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Role of the Chief Constable
The Chief Constable, assisted and advised by his Chief Finance Officer, is responsible for day-to-day financial management of the operational Police Force and for ensuring that the Force stays within its approved revenue, in accordance with the financial framework agreed by the Police and Crime Commissioner.

Northamptonshire Police Financial Services staff under the supervision of, and with the assistance of the PCC's Office, carries out the preparation of the CC's accounts and liaises with the external auditors, KPMG LLP, during the audit process.

ACO Finance & Resources (CFO for the CC) Certificate
I certify that the Statement of Accounts presents a true and fair view of the financial position of Northamptonshire Police Force as at 31 March 2015 and the income and expenditure for the year ended 31 March 2016.

Simon Edens Chief Constable	Paul Dawkins ACO Finance & Resources
Date:	Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 FOR THE CHIEF CONSTABLE ACCOUNTS

This account summarises the resources that have been generated and consumed in providing services and managing the CC's resources during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Under the new Police Service Expenditure Analysis (SeRCOP) methodology this account allocates and apportions expenditure and income over 11 service divisions.

		2014-15			2015-16	
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Local Policing	62,773	(9,010)	53,763	52,030	(10,069)	41,961
Dealing with the public	8,865	(706)	8,159	10,355	(897)	9,458
CJ Arrangements	12,098	(1,018)	11,080	11,635	(1,602)	10,033
Road policing	6,539	(3,308)	3,231	7,100	(3,340)	3,760
Specialist operations	6,827	(1,262)	5,565	5,824	(1,232)	4,592
Intelligence	5,725	(662)	5,063	6,989	(1,124)	5,865
Investigations	29,923	(4,492)	25,431	37,138	(7,576)	29,562
Investigative support	4,480	(186)	4,294	3,619	(36)	3,583
National policing (Including Counter Terrorism	2,135	(1,106)	1,029	3919	(2,321)	1,598
Policing Crime Commissioner Victims	0	0	0	0	0	0
Cost of Services	**139,365**	**(21,750)**	**117,615**	**138,609**	**(28,197)**	**110,412**
Non Distributed Costs	7	0	7	359	0	359
Policing Crime Commissioner	0	0	0	0	0	0
Agrees to Net Cost of Service Subjective Analysis	**139,372**	**(21,750)**	**117,622**	**138,968**	**(28,197)**	**110,771**
Other Operating Expenditure	Note 6		909			1,095
Financing & Investment Income & Expenditure	Note 6		44,695			38,875
Taxation & Non-Specific Grant Income	Note 6		0			0
Intra-Company Adjustment			(121,652)			(114,029)
(Surplus)/ Deficit on Provision of Services	Note 5		**41,574**			**36,712**
Revaluation (Gains)/Losses and Impairment Losses on property, plant and equipment						
Actuarial (Gains)/Losses on Pension Assets/ Liabilities	Note 12		128,497			(157,161)
Other comprehensive income and expenditure			**128,497**			**(157,161)**
TOTAL COMPREHENSIVE (INCOME)/EXPENSE FOR THE PERIOD			**170,071**			**(120,449)**

BALANCE SHEET AS AT 31 MARCH 2016

This account shows the overall financial position of the Chief Constable's resources as at 31 March 2016. Therefore it differs from the other financial accounts shown in this statement in that it deals with the position of the CC's resources at the end of the 2015-16 financial year, instead of dealing with day-to-day transactions within that financial year.

2014-15 £'000		Note	2015-16 £'000
	Non-current assets:		
13,642	Property, Plant and Equipment (PPE)	13	**13,334**
3,735	Intangible Assets	15	**5,605**
17,377	**Total non-current assets**		**18,939**
	Current assets:		
0	Current Assets		0
0	Assets Held for Sale		0
0	**Total current assets**		**0**
	Current liabilities		
(1,269)	Short Term Creditors	24	(1,624)
0	Current Liabilities		
(1,269)	**Total current liabilities**		**(1,624)**
16,108	**Total assets less current liabilities**		**17,315**
	Non-current liabilities:		
(1,191,054)	Other Long Term Liabilities	19	(1,068,576)
0	Non-Current Liabilities		
(1,191,054)	**Total non-current liabilities**		**(1,068,576)**
(1,174,946)	**Net Assets**		**(1,051,261)**
0	Usable Reserves		0
1,174,946	Unusable Reserves	12	1,051,261
1,174,946	**TOTAL Reserves**		**1,051,261**

MOVEMENT IN RESERVES STATEMENT 2015-16

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

Movement in Reserves Statement 2014/15

Unusable Reserves NOTE 12	General Fund Balance	Total Usable Reserves	Employee Benefit Reserve	Capital Adjustment Account	TOTAL Pension Reserve	Unusable Reserves	Total Reserves
Movement in Reserves during 2014/15	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balances	**0**	**0**	**1,261**	**(12,911)**	**1,016,539**	**1,004,889**	**1,004,889**
Surplus/ (Deficit) on provision of Services	41,574	41,574	0	0	0	0	**41,574**
Other Comprehensive Income & Expenditure	0	0	0	0	128,497	128,497	**128,497**
Total Comprehensive Income & Expenditure	**41,574**	**41,574**	**0**	**0**	**128,497**	**128,497**	**170,071**
Adjustment between accounting basis & funding basis under regulation (note 9)	(41,351)	(41,351)	8	(3,769)	45,112	41,351	**0**
Net Increase/ Decrease before Transfer to Earmarked Reserves	223	223	8	(3,769)	173,609	169,848	**170,071**
Transfer to/ from Earmarked Reserves	(223)	(223)	0	(697)	906	209	**(14)**
Increase/ Decrease in 2014/15	**0**	**0**	**8**	**(4,466)**	**174,515**	**170,057**	**170,057**
Balance as at 31 March 2015 carried forwards	**0**	**0**	**1,269**	**(17,377)**	**1,191,054**	**1,174,946**	**1,174,946**
Movement in Reserves during 2015/16							
Surplus/ (Deficit) on provision of Services	36,712	36,712					36,712
Other Comprehensive Income & Expenditure			0	0	(157,161)	(157,161)	(157,161)
Total Comprehensive Income & Expenditure	**36,712**	**36,712**	**0**	**0**	**(157,161)**	**(157,161)**	(120,449)
Adjustment between accounting basis & funding basis under regulation (note 9)	**(38,224)**	**(38,224)**	**355**	**3,186**	**34,683**	**38,224**	**0**
Net Increase/ Decrease before Transfer to Earmarked Reserves	**(1,512)**	**(1,512)**	**355**	3,186	**(122,478)**	**(118,937)**	**(120,449)**
Transfer to/ from Earmarked Reserves	1,512	1,512		(4,748)		(4,748)	**(3,236)**
Increase/ Decrease in 2015/16	**0**	**0**	**355**	**(1,562)**	**(122,478)**	**(123,685)**	**(123,685)**
Balance as at 31 March 2016 carried forwards	**0**	**0**	**1,624**	**(18,939)**	**1,068,576**	**1,051,261**	**1,051,261**

CASH FLOW STATEMENT 2015-16

This statement shows a summary of the cash flowing in and out of the Chief Constable arising from transactions with third parties for revenue and capital purposes. Cash is defined for this statement as cash in hand and deposits repayable on demand.

	2014-15 £'000	2015-16 £'000
OPERATING ACTIVITIES		
Grants	(16,055)	(23,940)
Sales of goods and rendering of services	(6,605)	(126)
Interest received	(124)	(156)
Cash inflows generated from operating activities	**(22,784)**	**(24,222)**
Cash paid to and on behalf of employees	112,435	115,276
Cash paid to suppliers of goods and services	16,836	23,041
Interest paid	152	63
Intra Company Cash Transfer	(112,790)	(121,531)
Cash outflows generated from operating activities (sub-total)	**16,633**	**17,849**
Net cash flows from operating activities	**(6,151)**	**(6,373)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment, investment property and intangible assets	6,151	6,247
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0	126
Other receipts from investing activities	0	0
Net cash flows from investing activities	**6,151**	**6,373**
FINANCING ACTIVITES		
Net cash flows from financing activities	**0**	**0**
Net (increase) or decrease in cash & cash equivalents	**(0)**	**(0)**
Cash & Cash Equivalents at beginning of period	0	0
Cash & Cash Equivalents at end of period	0	0

NOTES ON THE CORE FINANCIAL STATEMENTS

1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 22, the CC 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:

- Influences on going concern status, such as future levels of funding for police from central government departments
- Possible impairment of investments
- Whether other entities with which the CC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the CC
- The condition of the local and national housing/industrial building market
- The economic standing of significant debtors and creditors

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the CC about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the CC's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that for example some equipment, e.g. vehicles can be driven in extreme conditions, which could result in increased impairments or reduced useful economic lives; however, historically this has not been the case.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for vehicles would increase by £2.222m for every year that useful lives had to be reduced.
Joint Venture	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that the Joint Venture's helicopter can be used driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
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. Two firms of consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied.	The assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pension's liability had decreased by £122.476m as a result of estimates being corrected as a result of experience and decreased by £142.191m attributable to updating of the assumptions. If laws and regulations surrounding the management of the Police Pension scheme were to change, the maximum additional liability the Force could face would be £1,068.576m, being the total pension liability.

3 Events after the Balance Sheet Date

Events taking place after the draft Statement of Accounts were provided to our external auditors on 28th June 2016, are not reflected within the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4 Employee Remuneration for the Chief Constable

In accordance with the Code of Practice and LAAP Bulletin 85 from April 2010, the number of employees whose remuneration was paid in year, excluding pension contributions, exceeded £50,000 or more in the year, were as follows:

Figures below are prepared on a different basis to the table on page 31.

2014-15 Total	£000's	2015-16 Officers	2015-16 Police Staff	2015-16 Total Employees
23	50,000 to 55,000	17	4	21
5	55,000 to 60,000	7	0	7
3	60,000 to 65,000	2	4	6
3	65,000 to 70,000	3	0	3
2	70,000 to 75,000	0	0	0
3	75,000 to 80,000	2	0	2
0	80,000 to 85,000	1	1	2
0	85,000 to 90,000	1	0	1
1	90,000 to 95,000	0	0	0
0	95,000 to 100,000	0	0	0
0	100,000 to 105,000	0	0	0
1	105,000 to 110,000	1	0	1
0	110,000 to 115,000	0	0	0
0	115,000 to 120,000	0	0	0
1	120,000 to 125,000	0	0	0
0	125,000 to 130,000	0	0	0
0	145,000 to 150,000	1	0	1
42		**35**	**9**	**44**

The disclosure above includes senior officers and requires the outlining of total taxable pay, including personal Additional Voluntary Contributions, whereas the Senior Officers table overleaf outlines the entire remunerations by post. Therefore, the two tables are not completely comparable which will result in differing bandings if the two are compared.

... Note 4 continued from previous page

Senior Officers of the organisation whose remunerations, excluding pension contributions, exceeded £50,000 requiring disclosure by post or name were:

Officers' Remuneration			Salary, Fees & Allowances	Expense Allowance	Loss of Office	Benefits in Kind	Other	Total Exc Pensions	Employer's Contributions	Total Inc Pensions
2015-16			£	£	£	£	£	£	£	£
Adrian Lee - Chief Constable	12/10/2009	25/Jul/15	42,703	0	366	0	5,627	48,696	10,334	59,030
Simon Edens - Chief Constable	27/07/2015		102,445	0	176	0	0	102,621	0	102,621
Deputy Chief Constable	19/03/2015		112,643	0	151	0	8,842	121,635	27,258	148,893
Assistant Chief Constable 1	26/08/2014	30/11/2015	63,999	0	487	0	0	64,486	15,488	79,974
Assistant Chief Constable 2	31/07/2015		85,657	0	170	0	2,837	88,664	20,728	109,392
Head of Corporate Service	29/11/2010		92,757	0	3,131	0	0	95,888	15,769	111,657
ACO Resources	16/02/2015			0	0	0	0	0	0	0
Total Northamptonshire Police			**500,205**	**0**	**4,481**	**0**	**17,305**	**521,991**	**89,577**	**611,568**
2014-15			£	£	£	£	£	£	£	£
Adrian Lee - Chief Constable	12/10/2009		135,202	1,636		0	10,210	147,048	32,718	179,766
Deputy Chief Constable 1	01/02/2013	31/03/2015	111,528	869		0	8,390	120,787	26,989	147,776
Deputy Chief Constable 2	19/03/2015		4,926	0		0	187	5,113	1,192	6,305
Assistant Chief Constable 1	01/09/2010	18/03/2015	95,545	123		0	8,565	104,233	23,121	127,354
Assistant Chief Constable 2	03/06/2013	31/08/2014	39,455	344		0	1,773	41,572	9,548	51,120
Assistant Chief Constable 3	26/08/2014		56,119	162		0	0	56,281	13,580	69,861
Head of Corporate Service	01/02/2001	15/02/2015	72,905	1,096	35,465	978	0	110,444	12,394	122,838
Head of Finance and Asset Management	16/02/2015		10,216	0		0	0	10,216	1,737	11,953
Total Northamptonshire Police			**525,896**	**4,230**	**35,465**	**978**	**29,125**	**595,694**	**121,279**	**716,973**

5 Amounts Reported for Resource Allocation Decisions for the Chief Constable

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Statement of Recommended Practices. However, decisions about resource allocation are taken by the CC on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the CC's principal departments are recorded in the budget reports for the year is as follows:

2015-16	**Chief Constable**	**Total**
Portfolio Income and Expenditure	**£'000**	**£'000**
Fees Charges & Other Service Income	(28,197)	(28,197)
Government Grants	(115,721)	(115,721)
Total Income	**(143,918)**	**(143,918)**
Employee Expenses	115,517	115,517
Other Service Expenses	26,708	26,708
Support Service Recharge	0	0
Total Expenditure	**142,225**	**142,225**
Net Income/ Expenditure (Surplus)/ Deficit	**(1,693)**	**(1,693)**

2014-15 **Portfolio Income and Expenditure**	**Chief Constable** **£'000**	**Total** **£'000**
Fees Charges & Other Service Income	(21,750)	(21,750)
Government Grants	(116,946)	(116,946)
Total Income	**(138,696)**	**(138,696)**
Employee Expenses	112,525	112,525
Other Service Expenses	26,394	26,394
Support Service Recharge	0	0
Total Expenditure	**138,919**	**138,919**
Net Income/ Expenditure (Surplus)/ Deficit	**223**	**223**

Reconciliation of Portfolio Income & Expenditure to Cost of Services in the Comprehensive Income & Expenditure Statement (CIES)

This reconciliation shows how the figures in the analysis of Income and Expenditure relate to the amounts included in the CIES.

	2014-15 **£'000**	**2015-16** **£'000**
Net Expenditure in the Portfolio Analysis	223	(1,693)
Net Expenditure of Services & Support Departments not included in the Analysis*	0	0
Amounts in the CIES not reported to management in the Analysis	41,351	38,405
Amounts included within the Analysis not included within the CIES	0	0
(Surplus)/ Deficit on the Provision of Services	**41,574**	**36,712**

* These include adjustments between Accounting Basis and Funding Basis under Regulations, such as depreciation, amortisation, revenue funded from capital under statute, gains and losses on disposals, IAS 19 pension adjustments and joint venture income and expenditure.

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015-16	**Portfolio (CC) £'000**	**Amounts Not Reported £'000**	**Cost of Services £'000**
Police Pay & Allowance	63,911	(6,314)	57,597
Police Pensions	19,484	0	19,484
Police Staff Pay	30,841	1,987	32,828
Pay & Other Allowances	1,282	0	1,282
Premises	4,440	0	4,440
Transport	1,920	0	1,920
Supplies & Services	8,962	0	8,962
Agency Expenses	7,483	0	7,483
Levies	920	0	920
Interest Payable and Similar Charges	63	0	63
Pension Interest Costs	0	38,967	38,967
Pensions NDC	0	359	359
Depreciation, Amortisation & Impairments	0	4,613	4,613
Minimum Revenue Provision for Capital Financing	245	(245)	0
Pensions Effect of Settlements	0	0	0
	139,551	**39,367**	**178,918**
Service Income	(5,059)	0	(5,059)
Specific Grants	(23,138)	0	(23,138)
Police Pensions Top Up Grant	0	0	0
Interest and Investment Income	(156)	0	(156)
Gains & Losses	(128)	303	175
Police Grant	0	0	0
Revenue Contribution to Capital	1,448	(1,448)	0
Capital Grants & Contributions	0	0	0
Net Transfer to or (from) earmarked reserves	1,510	(1,510)	0
Intra Group Transfer	(115,721)	1,693	(114,028)
	(141,244)	**(962)**	**(142,206)**
	(1,693)	**38,405**	**36,712**

2014-15	Portfolio (CC) £'000	Amounts Not Reported £'000	Cost of Services £'000
Police Pay & Allowance	63,733	(2,010)	61,723
Police Pensions	13,294	0	13,294
Police Staff Pay	33,766	1,365	35,131
Pay & Other Allowances	1,742	0	1,742
Premises	4,655	0	4,655
Transport	2,150	0	2,150
Supplies & Services	9,324	223	9,547
Agency Expenses	6,782	0	6,782
Levies	693	0	693
Interest Payable and Similar Charges	152	0	152
Pension Interest Costs	0	45,750	45,750
Pensions NDC	0	7	7
Depreciation, Amortisation & Impairments	0	4,080	4,080
Minimum Revenue Provision for Capital Financing	335	0	335
Accumulated Absence	0	8	8
Pensions Effect of Settlements	0	0	0
	136,626	**49,423**	**186,049**
Service Income	(6,158)	0	(6,158)
Specific Grants	(3,128)	0	(3,128)
Police Pensions Top Up Grant	(12,464)	0	(12,464)
Interest and Investment Income	(124)	0	(124)
Gains & Losses	74	142	216
Police Grant	0	0	0
Revenue Contribution to Capital	890	0	890
Capital Grants & Contributions	5,936	(5,936)	0
Net Transfer to or (from) earmarked reserves	0	(2,055)	(2,055)
Intra Group Transfer	(121,429)	(223)	(121,652)
	(136,403)	**(8,072)**	**(144,475)**
	223	**41,351**	**41,574**

6 Intra Company Adjustment

Other Operating Expenditure includes levies; gains or losses on the disposal of non-current assets in the CIES for 2015-16. This is the government funding & Precept income envelope passed to the Chief Constable from the OPCC to allow the Chief Constable operational control of the Police Force.

2014-15 £'000	Description	2015-16 £'000
(121,652)	Intra-Company Adjustment to the ONPCC	(114,029)
(121,652)	**Total**	**(114,029)**

Other Operating Expenditure

Other Operating Expenditure includes levies; gains or losses on the disposal of non-current assets in the CIES for 2015-16.

2014-15 £'000	Description	2015-16 £'000
693	Levies	920
216	Gains/ losses on the disposal of non-current assets	175
909	**Total**	**1,095**

Financing and Investment Income and Expenditure

The CIES includes financing and investment income and expenditure including interest payable and similar charges: pension's interest costs and expected return on pension assets, interest income, income, expenditure, changes in the fair values of investment properties, and other income.

2014-15 £'000	Description	2015-16 £'000
152	Interest payable and similar charges	63
44,667	Pensions interest cost and expected return on pensions assets	38,968
(124)	Interest receivable and similar income	(156)
44,695	**Total**	**38,875**

7 Trading Operations

The Police Force does not have any trading operations. All commercial activities have been outsourced.

8 Related Parties

IPSAS 20 Related Party Disclosures, based on IAS 24, requires the Police Force to disclose material transactions and outstanding balances with related parties – bodies or individual’s that have the potential to control or influence the Police Force or to be controlled or influenced by the Police Force.

Central Government has effective control over the general operations of the Police Force. It is responsible for providing the statutory framework within which the Police Force operates, and provides the majority of funding in the form of general or specific grants. Details of government grants are set out in note 16 to the Core Financial Statements.

Chief Officers are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the Police Force during the financial year. The Police Service maintain a register of business interests, and has a Business Interest Policy which sets out the criteria for deciding whether the Business Interest is compatible with the individuals role within the organisation. These were all reviewed and no significant transactions were found.

The disclosure requirements of key personnel under IAS 24 are satisfied by the disclosure requirements for officer remuneration and members’ allowances.

Companies and Joint Arrangement – The Police Force has a significant interest in joint arrangement, (EMASU, EMSOU, EMTSU, Major Crime Regional, EMSCU, EMOpSS, Regional Learning & Development, EM Forensics, Regional Occupational Health & Regional Legal arrangement).

9 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the CC in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the CC, to meet future capital and revenue expenditure.

2015-16 **Description**	**General Fund Balance**	**Collection Fund Adjustment Account**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)				
Charges for depreciation and impairment of non-current assets	(3,107)			3,107
Amortisation of intangible assets	(1,505)			1,505
Capital grants, contributions and revenue Contributions to Capital applied	1,484			(1,484)
Revenue expenditure funded from capital under statute	0			0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(303)			303
Write down of deferred charges to be financed from Capital Resources	0			0
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	245			(245)
Capital expenditure charged against the General Fund	0			0
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(66,070)			66,070
Employer's pensions contributions and direct payments to pensioners payable in the year	31,387			(31,387)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	0			0
Adjustment involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(355)			355
Total Adjustments	**(38,224)**	**0**	**0**	**38,224**

Reconciliation of total adjustments within CIES to the CC's (Surplus)/ Deficit for the Accounting Period

Statutory Adjustments from within CIES (Opposite of above)	38,224
Intra Company Adjustment for the financing of Capital	(1,512)
Surplus/ Deficit on the provision of service	0
Removal of Joint Venture (Surplus)/Deficit	0
CIES/ Surplus deficit	**36,712**

2014-15 **Description**	**General Fund Balance**	**Collection Fund Adjustment Account**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**
Adjustments involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)</u>				
Charges for depreciation and impairment of non-current assets	(3,310)			3,310
Revaluation losses on Property Plant and Equipment	0			0
Movements in the market value of Investment Properties	0			0
Amortisation of intangible assets	(772)			772
Capital grants and contributions applied	2,810			(2,810)
Movement in the Donated Assets Account	0			0
Revenue expenditure funded from capital under statute	0			0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(142)			142
Write down of deferred charges to be financed from Capital Resources				0
<u>Insertion of items not debited or credited to the CIES:</u>				0
Statutory provision for the financing of capital investment	0			0
Capital expenditure charged against the General Fund	0			0
Adjustments involving the Pensions Reserve:				0
Reversal of items relating to retirement benefits debited or credited to the CIES	(72,277)			72,277
Employer's pensions contributions and direct payments to pensioners payable in the year	27,166			(27,166)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	0			0
Adjustment involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(8)			8
Total Adjustments	**(46,533)**	**0**		**46,533**

Reconciliation of total adjustments within CIES to the CC's (Surplus)/ Deficit for the Accounting Period

Statutory Adjustments from within CIES (Opposite of above)	46,533
Intra Company Adjustment for the financing of Capital	(4,959)
Surplus/ Deficit on the provision of service	0
CIES/ Surplus deficit	**41,574**

10 External Audit Costs

During the year the CC incurred external audit fees for the Audit of the Accounts, amounting to £15k (£20k in 2014/2015).

2014-15 £'000	Description	2015-16 £'000
20	Fees for External Audit	15
20	**Total**	**15**

11 Grant and Other Service Income

The ONPCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015-16.

2014-15 £'000	Grants credited to Service Income	2015-16 £'000
9	Drug Intervention Programme	19
143	Loan Charges Grant	99
12,466	Pension Top Up Grant	18,925
113	Dept of Health	20
0	Proceeds of Crime	184
12,731	**Total Grants**	**19,247**
	Other Service Income	
2,766	Partner Income	3,530
4,368	Fees and Charges	3,882
0	ACPO TAM	331
462	Sales (Third Parties)	152
1,191	Reimbursements	975
0	Agency Income	0
232	Mutual Aid	80
9,019	**Total Other Income**	**8,950**
21,750	**Total Income**	**28,197**

12 Unusable Reserves

31 Mar 15 £'000	Description	31 Mar 16 £'000
(17,377)	Capital Adjustment Account	(18,939)
1,191,054	Pensions Reserve	1,068,576
1,269	Accumulated Absences Account	1,624
1,174,946	**Total Unusable Reserves**	**1,051,261**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting, for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the ONPCC as finance for the costs of acquisition, construction and enhancement.

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

Note 5, segmental report & note 6, adjustments under statute provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve, which is directly transferred between the two reserves.

2014-15 £'000		2015-16 £'000
(12,911)	**Balance at 1 April**	**(17,377)**
3,308	Charges for depreciation and impairment of non(current assets	3,107
0	Revaluation losses on Plant and Equipment written off directly to the Capital Adjustment Account	2
772	Amortisation of intangible assets	1,505
76	Amounts of non(current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	303
(8,755)		**(12,460)**
(4,946)	Intra Company Capital Financing Adjustment	(4,750)
(3,341)	Capital Financing Applied in Year	0
(335)	Statutory provision for the financing of capital investment charged against the General Fund*	(245)
0	Capital expenditure charged against the General Fund balances	(1,484)
(17,377)	**Balance at 31 March**	**(18,939)**

Pensions Reserve

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

2014-15 £'000	Description	2015-16 £'000
1,016,539	**Balance at 1 April**	**1,191,054**
128,497	Actuarial gains or losses on pensions assets and liabilities	(157,161)
907	Effect of Settlement and pooling of Chief Constable & CC Pension Fund	0
72,277	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	66,070
(27,166)	Employer's pensions contributions and direct payments to pensioners payable in the year	(31,387)
1,191,054	**Balance at 31 March**	**1,068,576**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014-15 £'000	Description	2015-16 £'000
1,261	**Balance at 1 April**	**1,269**
(1,261)	Settlement or cancellation of accrual made at the end of the preceding year	(1,269)
1,269	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,624
1,269	**Balance at 31 March**	**1,624**

13 Property, Plant and Equipment

Movements in 2015-16:

	Land & Buildings £'000	Vehicles £'000	Equipment & IT Equip £'000	Assets Under Const'n £'000	Total £'000
Cost at 1 Apr 2015	**0**	**2,420**	**4,040**	**7,182**	**13,642**
Cost or Valuation					
At 1 April		**6,521**	**8,173**	**7,182**	**21,876**
Additions	0	936	823	0	**1,759**
Additions to Assets Under Construction	0	0	0	2,137	**2,137**
Transfer out to Fixed Assets	0	687	208	(1,688)	**(793)**
Disposals	0	(1,387)	(1,404)	0	**(2,791)**
Revaluations/ Restatements	0	0	0	0	0
At 31 March 2016	**0**	**6,757**	**7,800**	**7,631**	**22,188**
1 April Depreciation	**0**	**4,101**	**4,133**	**0**	**8,234**
Depreciation charge	0	728	2,379	0	**3,107**
Disposals	0	(1,083)	(1,404)	0	(2,487)
Depreciation as at 31 March 2016	**0**	**3,746**	**5,108**	**0**	**8,854**
Net Book Value as at 31 Mar 2016	**0**	**3,011**	**2,692**	**7,631**	**13,334**

The final capital expenditure figure in the note 13, does not include additions for intangible assets in note 15

Movements in 2014-15:

	Land & Buildings £'000	Vehicles £'000	Equipment & IT Equip £'000	Assets Under Const'n £'000	Total £'000
Cost at 1 Apr 2014	**0**	**6,727**	**4,365**	**3,076**	**14,168**
Cost or Valuation					
At 1 April					
Additions	0	319	4,002	4,253	**8,574**
Additions to Assets Under Construction	0	147	0	0	**147**
Transfer out to Fixed Assets	0	0	0	(147)	**(147)**
Disposals	0	(671)	(192)	0	**(863)**
Revaluations/ Restatements	0	0	0	0	**0**
At 31 March 2015	**0**	**6,522**	**8,175**	**7,182**	**21,879**
1 April Depreciation	**0**	**3,791**	**1,859**	0	**5,650**
Depreciation charge	0	841	2,469	0	**3,310**
Disposals	0	(530)	(193)	0	(723)
Depreciation as at 31 March 2015	**0**	**4,102**	**4,135**	**0**	**8,237**
Net Book Value as at 31 Mar 2015	**0**	**2,420**	**4,040**	**7,182**	**13,642**

14 Impairment Losses

For the financial period 2015/16 there was no impairment losses.

15 Intangible Assets

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

All software is given a finite useful life, based on assessments of the period in which the software is expected to be of use to the CC.

The carrying amount of intangible assets is amortised on a straight-line basis over three years or where appropriate over the asset life, such as the Multi Force Shared Service (MFSS) which is ten years. Amortisation of £1,505k was charged to revenue in 2015-16.

The movement on Intangible Asset balances during the year is as follows:

2014-15 £'000	Description	2015-16 £'000
	Balance at 1st April	
4,393	Net carrying amounts	3,735
	Additions:	
114	Internal Development	2,583
0	**Asset under Construction (Note 13)**	792
(59)	**Disposals**	0
(772)	Amortisation to the Comprehensive Income & Expenditure Statement*	(1,505)
59	Depreciation on Disposals	0
3,735	**CC Net Carrying amount at 31 March**	**5,605**
	This comprises of:	
6,227	Net carrying Amount	9,603
0	Joint Venture Net Carry Amount	0
(2,492)	Accumulated amortisation	(3,998)
3,735	**Total**	**5,605**

* Due to the nature of some of the key operational equipment within Intangible Assets, all lines above the (Surplus)/Deficit on the Provision of Services line from Local to National Policing include elements of Amortisation of Intangible Assets.

16 Capital Expenditure and Capital Financing

The capital financing requirement measures the groups need to borrow for a capital purpose. The following statement shows the effect of the CC's capital investment decisions in 2015-16 upon the capital financing requirement. The groups capital financing requirement reduced by £0.245m, after the CC provided for a repayment of borrowing through revenue. There was no group borrowing to finance capital expenditure during the year and the chief has no statutory ability to borrow.

2014-15 £'000		2015-16 £'000
0	**Opening Capital Financing Requirement**	**0**
	Capital Investment	
0	Building	
319	Vehicles (CC)	936
4,002	Equip & IT Equip (CC)	823
114	Intangibles	2,583
4,253	Assets Under Construction (CC)	2,137
	Sources of Finance	
0	Government Grants and Other Contributions	0
(3,341)	Capital Reserves	0
(5,012)	Intra Company	(4,750)
	Sums set aside from revenue	
(335)	MRP*	(245)
0	Revenue Contributions	(1,484)
0	**Closing Capital Financing Requirement**	**0**

17 Termination Benefits

The CC has taken account of termination benefits in accordance of IAS 19. The termination benefits are dealt with separately from other employee benefits because the event which gives rise to an obligation is the termination rather than employee service.

The CC would have incurred costs if the termination was either a decision to terminate an employee's employment prior to their retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The CC terminated the contracts of a number of employees in 2015-16.

Exit package Cost Bans (including special payments)	Number of Compulsory redundancies		Number of Other Departures Agreed		Total No of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2014-15	**2015-16**	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15 £'000**	**2015-16 £'000**
CC Accounts								
£0 -£20,000	4	7	44	10	48	17	405	152
£20,001 - £100,000	1	1	1	0	2	1	64	33
£100,001 - £150,000	0	0	0	0	0	0	0	0
TOTAL	**5**	**8**	**45**	**10**	**50**	**18**	**469**	**185**

18 Pensions

All pensions' notes have been accounted for on the basis of the pooled Pension arrangements. Individual transactions are recorded in the Primary Statements of CC accounts.

a) Participation in Pension Schemes

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

The CC participates in pension schemes for both Police Staff and Police Officers, as follows:

- The Local Government Pension Scheme for police staff; this is administered by Northamptonshire County Council. This is a funded scheme, meaning that the CC and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The Actuary to the fund is Hymans Robertson LLP.

- The Police Pension Scheme for police officers, which includes two pension schemes; the Police Pension Scheme (PPS) and the New Police Pension Scheme (NPPS). Both schemes are unfunded and administered by Xafinity Paymaster on behalf of the CC, meaning that there are no investment assets built-up to meet the pension's liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. Both are defined benefit schemes (lump sum payments and periodic pension). New funding arrangements commenced on 1 April 2006 that required a police pension fund account to be created. This account is credited with employer contributions, and any shortfall over retirements benefits paid is met by a contribution by the CC. The CC's contribution however is met by Home Office Pensions Top Up Grant. If there is a surplus it is paid to the CC in the first instance before being recouped by the Home Office. The level of pension contribution rates are set nationally by the Home Office, following a review by the Government Actuary's Department (GAD).

(b) Transactions Relating to Retirement Benefits

Under IAS 19 the cost of retirement benefits is recognised in the Income and Expenditure Account when employees earn them, rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against the precept is based on the cash payable in the year, by reversing the real cost of retirement benefits out of the Statement of Movement in the General Fund Balance.

Pensions liabilities and future considerations

The current service costs contained in the table, below, are within the following values contained within the Comprehensive Income and Expenditure Statement, forming part of note 23, the reconciliation to the subjective analysis

- Local Government Pension Scheme, within Police Staff Pay and Allowances.
- Police Pension Scheme, within Police Officer Pay and Allowances

CC Pensions Revenue Items

Comprehensive Income and Expenditure	Local Government Pension Scheme		Police Pension Scheme		TOTAL	
	2014-15 £'000	2015-16 £'000	2014-15 £'000	2015-16 £'000	2014-15 £'000	2015-16 £'000
Net Cost of Services						
Current service cost	(5,244)	(6,348)	(26,990)	(20,390)	(32,234)	(26,738)
Past service cost	(7)	0	0	(190)	(7)	(190)
Net Operating Expenditure						
Interest Costs**	(6,653)	(6,261)	(42,510)	(36,520)	(49,163)	(42,781)
Expected return on employers assets**	4,489	3,808	0	0	4,489	3,808
Net Charge to the Income and Expenditure Account	**(7,415)**	**(8,801)**	**(69,500)**	**(57,100)**	**(76,915)**	**(65,901)**
Movement In Reserves						
Movement on Pensions Reserve (Reversal of net charges made for retirement benefits in accordance with IAS 19)	(13,387)	(17,336)	(63,660)	57,100	(77,047)	39,764
Actual amount charged against Council Tax (General Fund Balance) for pensions						
Employers contributions to the Scheme	4,000	4,361	10,694	11,671	14,694	16,032
Additional contributions to the Police Pensions Fund Account			12,466	15,349		

** The net of interest costs and return on assets is £36.520m, which reconciles to the amount included within financing and investment income and expenditure on the face of the CIES, as detailed in note 9

In addition to the recognised gains and losses included in the CIES, actuarial gains and losses of £157.164m gain (loss of £138.334m in 2014-15 chief position) were included within other Comprehensive Income & Expenditure.

The estimated 2016/17 pension scheme contributions for the Police Pension Scheme are £11.7m and £4.3m for the Local Government Pension Scheme.

In accordance with the Code of Practice and the Police Service Expenditure Analysis the items within the table above are credited / debited to the CIES in the following ways:

Current Service Costs & Employers contributions to the scheme and additional contributions to the Police Pensions Fund Account are all apportioned across the Local Policing to National Policing headings by officer numbers; and

Past Service Costs are wholly included within the heading Non-Distributed Costs;
Interest Costs and Expected Return on Employers Assets are included within Financing & Investment Income & Expenditure.

19 Defined Benefit Pension Schemes

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of the Present Value of the Schemes Liabilities

	Funded Liabilities Local Govt. Scheme		Unfunded Liabilities Police Pension Scheme	
	31 Mar 2015 £'000	31 Mar 2016 £'000	31 Mar 2015 £'000	31 Mar 2016 £'000
Opening Defined Benefit Obligation - 1 April	**(151,860)**	**(192,079)**	**(967,070)**	**(1,115,490)**
Current Service Cost (Grossed up for employee contributions)	(5,244)	(6,348)	(26,990)	(26,220)
Interest Cost	(6,653)	(6,261)	(42,510)	(36,520)
Contributions by Scheme Participants	(1,490)	(1,423)	5,840	5,830
Actuarial (Gains)/ Losses	(30,025)	23,991	(107,920)	136,060
Past Service (Costs)/ Gains	0	0	0	(190)
(Loses)/ Gains on Curtailments	(7)	(169)	0	0
Estimated Unfunded Benefits Paid	6	5	0	0
Estimated Benefits Paid	3,194	3,180	23,160	27,020
Closing Defined Benefit Obligation 31st March	**(192,079)**	**(179,104)**	**(1,115,490)**	**(1,009,510)**

Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only

	31 Mar 2015 £'000	31 Mar 2016 £'000
Pensions Asset 1 April	**102,391**	**116,514**
Expected Return on Assets	4,489	3,808
Contributions by Members	1,490	1,423
Gains & Losses Effect of Settlement	1,205	0
Employers Contributions (Inc Injuries) - excluding Top-Up Grant	4,000	4,361
Contributions in Respect of Unfunded Benefits	6	5
Pension Fund Asset Split (Group to Single Entity)	(2,110)	0
Actuarial Gains	8,243	(2,890)
Estimated Unfunded Benefits paid	(6)	(2)
Estimated Benefits Paid	(3,194)	(3,180)
Fair Value of Pensions Asset 31 March	**116,514**	**120,039**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The estimated return on scheme assets in the year was £3.808m (£4.489m in 2014-15).

Scheme History

	2011-12 £'m	2012-13 £'m	2013-14 £'m	2014-15 £'m	2015-16 £'m
Present Value of Liabilities					
Local Government Pension Scheme	(110.039)	(132.907)	(149.169)	(193.285)	(180.31)
Police Pension Scheme	(831.350)	(967.760)	(967.070)	(1,115.490)	(1,009.510)
	(941.389)	**(1,100.667)**	**(1,116.239)**	**(1,308.775)**	**(1,189.82)**
Fair Value of Assets LGPS	**78.826**	**93.443**	**99.947**	**115.416**	**181.081**
Surplus/ (Deficit) in the Scheme					
Local Government Pension Scheme	(31.404)	(39.986)	(49.469)	(75.565)	(59.066)
Police Pension Scheme	(831.350)	(967.760)	(967.070)	(1,115.490)	(1,009.51)
Total	**(862.754)**	**(1,007.746)**	**(1,016.539)**	**(1,191.055)**	**(1,068.576)**

The CC's total pension liability of £1,068,576, reconciles to the Unusable Reserves within the Balance Sheet of £1,051,261, by adding back the figures within the Movement in Reserves Statement of the Capital Adjustment Account, the Collection Fund Adjustment Account, the Revaluation Reserve, to the Unusable Reserves total and then subtracting the Employee Benefit Reserve

The CC did not elect to restate fair value of scheme assets for 2005/06 as permitted by IAS 19.

The liabilities show the underlying commitments that the ONPCC has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the CC as recorded in the balance sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy.

<u>Local Government Pension Scheme (LGPS)</u> The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

<u>Police Pension Schemes</u> Finance is only required to be raised to cover police pensions when the pensions are actually paid. Any deficit on the Pensions Fund Account for the year is funded by the CC with Home Office Top-Up Grant payable to cover the CC's Contribution.

Basis for Estimating Assets and Liabilities

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

	Local Govt. Pension Scheme		Police Pension Scheme	
	2014-15	2015-16	2014-15	2015-16
Expected Return on Assets	**%**	**%**	**%**	**%**
Investments	8.5	9.5	n/a	n/a
Mortality Assumptions	**yrs**	**yrs**	**yrs**	**yrs**
Longevity at 65 for current pensioners				
Men	22.3	22.3	23.3	23.1
Women	24.3	24.3	25.7	25.1
Longevity at 65 for future pensioners				
Men	24.0	24.0	25.4	25.1
Women	26.6	26.6	27.9	27.2
Financial Assumptions	**%**	**%**	**%**	**%**
Rate of Inflation	2.5	2.2	1.8	0.9
Rate of Increase in Salaries	4.3	4.2	4.2	4.2
Expected Return on Assets	2.5	0.8	2.5	2.3
Rate for Discounting Scheme Liabilities (Gross)	3.2	3.6	11.7	10.6
Take up Option to Convert annual Pension into retirement Lump Sum	50	50	n/a	n/a

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the ONPCC's pension liabilities and this has been included within Non-Distributed Costs on the face of the Income and Expenditure Account.

The Police Pension Scheme has no assets to cover its liabilities. Assets in the Local Government Pension Fund are valued at fair value, principally **market value** for investment, and consist of the following categories by proportion of the total assets held by the Fund:

31.03.15 %	**Description**	**31.03.16 %**
88.50%	Equity Investments	79.00%
4.00%	Bonds	10.00%
6.50%	Property	9.00%
1.00%	Cash and Liquidity	2.00%
100.00%	**Total**	**100.00%**

Pensions Reserve - History of Experience Gains / Losses

The actuarial gains identified as movements on the Pensions Reserve for 2014-15, can be analysed into the following categories, measured as percentages of assets or liabilities as at 31 March 2015.

	2011-12		2012-13		2013-14		2014-15		2015-16	
	£m	%	£m	%	£m	%	£m	%	£m	%
Local Government Pension Scheme Differences between expected and actual return on **assets**	7.42	7.70%	0.96	0.87%	-0.92	0.87%	-8.24	-17.18%	2.887	4.89%
Differences between actuarial assumptions about **Liabilities** and actual experience.	0.12	0.09%	7.29	-4.72%	-7.03	-4.72%	-30.03	25.22%	-23.991	-40.62%
Police Pension Schemes Differences between actuarial assumptions about Liabilities and actual experience.	22.66	3.27%	37.23	4.1%	37.65	4.15%	-107.92	18.95%	16.16	-1.72%
New Police Pension Scheme Differences between actuarial assumptions about Liabilities and actual experience.	0.86	6.89%	3.84	11.77%	3.84	11.77%	-1.16	-0.97%	-0.62	1.62%
Injury Awards Police Pension Scheme Differences between actuarial assumptions about Liabilities and actual experience.	-0.42	-1.55%	3.58	9.87%	3.58	9.87	0.69	0.58%	2.37	-10.27%
2015 Police Pension Scheme Differences between actuarial assumptions about liabilities and actual experience.	N/A		N/A		N/A		N/A		-0.05	0.46%

20 POLICE PENSION FUND ACCOUNT

This statement shows movements of funds related to police officer pensions. The CC is required to operate a Police Officer Pension Fund from 1st April 2006, under the Police Pension Fund Regulations 2008. The regulations specify the transactions that are paid into and out of the fund.

The Pensions Fund combines the accounting transaction of three pension schemes. These are the Police Pensions Scheme which was set up in 1987, 2006 Police Pensions Scheme, which was created under the Police Pension Regulations 2006, which applies to new recruits from 1 April 2006 and the 2015 Police Pension Scheme, which was created on 1st April 2015 and involved transfers in from the 1987 and 2006 schemes, based on length of service. The fourth scheme is the injury award scheme.

The Police Officer Pension Schemes are unfunded, which means there are no investment assets. Under these arrangements the Pension Fund Revenue Account balances to nil at the year-end by receiving a grant directly from the Home Office under the Top Up Grant arrangements. There are certain exceptions to these arrangements such as injury awards, which will continue to be charged directly to the CC's and Groups Income and Expenditure Account.

	Note	2014-15 £'000	2015-16 £'000
Contributions Receivable	**1**		
CC			
From Employer			
normal		(10,374)	(10,693)
early retirements			
From members		(5,631)	(5,821)
Transfers in			
Individual Transfers in from other schemes		(76)	(181)
Benefits Payable			
Pensions		22,268	23,639
Commutations and lump sum retirement benefits		5,862	7,901
Lump Sum death benefits			
Other			
Payments to and on account of leavers			
Refunds of Contributions		0	14
Individual transfers out to other schemes		417	580
Other			
Sub-total for the year before transfer from the CC of an amount equal to the deficit		**12,466**	**15,439**
Additional funding payable by the CC to fund the deficit for the year		**(12,466)**	**(15,439)**
Payments in respect of the Milne vs GAD court case		**0**	**3,486**
Income in respect of the Milne vs GAD court case		**0**	**(3,486)**
Net amount payable/ receivable for the year		**0**	**0**

Details of the long-term pension obligation can be found within Notes 18 and 19 (from page 47).

Net Asset Statement

There were no unpaid pensions due or recoverable overpayments of pensions as at 31 March 2016.

Notes to the Police Pension Fund Account

1. Employer and Officer Contributions to the Pension Fund

These are based on percentages of pensionable pay set nationally by the Home Office and subject to a three yearly review by the Government's Actuary's Department. The current percentages of pensionable pay are: -

Employer Contributions	24.2%

Contributions by Police Officers

	1987	2006	2015
Tier 1	14.25%	11.00%	12.44%
Tier 2	14.25%	12.05%	13.44%
Tier 3	15.05%	12.75%	13.78%

2. Transfer Values

These are received or paid in respect of officers changing employer and taking or bringing their accrued pension benefits with them.

3. Pensions Fund Liabilities

The Pension Fund does not take account of liabilities to pay pensions and other benefits after the period end. There are no IAS19 adjustments in this statement, they are part of the ONPCC Core Financial Statements and can be referred to in notes 18 to 19.

4. Accounting Policies

Accounting Policies conform to those in the Statement of Accounts (from page 54 onwards).

5. Home Office Pensions Top-Up Grant

The Home Office Grant is received by the Group and CC to cover the Group and CC's deficit contribution to the Pension Fund Account. On the other hand, if the Pension Fund Account was in surplus, resulting in a contribution being made to the Group and CC, an equivalent amount is recouped by the Home Office.

The funding arrangements for the police pension scheme in England and Wales changed on 1 April 2006. Before then the scheme did not have a percentage of pensionable pay type of employer's contribution; rather each CC was responsible for paying pensions on a pay-as-you-go basis.

Under the current arrangements the scheme remains unfunded but is no longer on a pay-as-you-go basis as far as individual Police Officers are concerned. The Group and CC's no longer meet the pension liability directly: instead the force pays an employer's contribution based on a percentage of pay into the Pension Fund. Each ONPCC is required by legislation to operate a pension fund and the amounts that must be paid into and paid out of the pension fund are specified by regulation.

At the end of the financial year the pension fund is balanced to nil by a financial transfer from or to the police fund, made by the Secretary of State. Any payment from or to the Secretary of State in relation to the transfer is paid into or out of the police fund.

21 Prior Period Adjustments

The 31st March 14 opening balance (2014-15) Accumulated Absence (Unusable) Reserve and the associated non cash creditor has been restated by £668k, the effect of this is as follows;

	2014-15 Movement £'000	2014-15 Original £'000	2014-15 Revised £'000
Non Cash Creditor	668	(1,937)	(1,269)
Unusable Reserve	(668)	1,937	1,269

22 Short-Term Creditors

These amounts represent sums owed by the ONPCC to various sources, together with receipts in advance.

2014-15 £'000	Description	2015-16 £'000
0	Central Government Bodies	0
0	Other Local Authorities	0
0	NHS Bodies	0
0	Public Corporations and trading funds	0
1,269	Bodies external to general government	1,624
1,269	**As at 31 Mar**	**1,624**

* All creditors relate to the accumulated absence reserve, which are the amounts owed to employees at the balance sheet date.

ACCOUNTING POLICIES

GENERAL PRINCIPLES

The financial statements have been prepared in accordance with the Code of Practice (the code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2011 and the Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP). The Accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS). Any exceptions are disclosed below.

1 Recognition of Income and Expenditure

The CC complies with IAS 39 in only recognising creditor liabilities when services are rendered or goods receipted. Debtors are recorded at historical cost, but the balance has been written down to fair value through a bad debt provision.

Both revenue and capital transactions are recorded on an accruals basis. This means that income and expenditure is accounted for in the year in which it becomes due regardless of whether cash has actually been received or paid in the year.

In particular:-

- Fees, charges and rents due from the customers are accounted for as income at the date the CC provides the relevant goods or services.
- The cost of supplies and services are accrued in that accounting period during which they were consumed or received except for works, which are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates; on a basis that it reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the income and expenditure account for the income that might not be collected.

2 Financial Instruments

2.1 Financial Liabilities

As per the recommended practice for local CC's, loans and other liabilities are held at amortised cost.

3 Government Grants and Contributions

Revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement in the same period as the expenditure to which they relate. For the OPCC grants to support expenditure in general (e.g. Revenue Support Grant) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure, within the Group accounts, income is then transferred to the CC through an intra-company adjustment.

4 Intangible Fixed Asset

Intangible assets include software licences and agreements that are capitalised at cost. Intangible assets are amortised on a straight-line basis over the useful life of the asset (between three and five years). As the amortisation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulation, with the corresponding entry in the Capital Adjustments Account. The MFSS (Multi Force Shared Service) is to be amortised over 10 years and new assets are amortised the year they come into use.

Internally generated Intangible Assets are measured at cost during their construction (project staff, physical equipment and associated cost to bring the asset into its useful life) and when transferred is assessed for impairment against marketable value or use in service.

5 Tangible Fixed Assets

5.1 Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised in accordance with IAS 16 (Recognition, Revaluation & Measurement of Tangible Fixed Assets). Subsequent capital expenditure is capitalised where it provides an enhancement of the economic benefits of the asset in excess of those previously assessed.

Where assets are bought into Fixed Assets from Assets Under Construction, these will be valued using the appropriate methodology, including componentisation as applicable.

The de minimise level policy is to capitalise all capital expenditure, £10,000 and over, on an individual asset basis (or a grouping of assets).

5.2 Measurement

Northamptonshire PCC's current property valuer is Lambert Smith Hampton, Saddlers House, Cutter Lane, Cheapside, and London.

The Land and buildings portfolio is revalued over a five year period as directed by the Northamptonshire PCC.

In accordance with good practice a rolling programme of revaluation of one fifth of the property portfolio each year will be undertaken from 1st April 2016. All revaluations undertaken ensure that any changes to the use of assets within the portfolio are accounted for.

Surpluses arising from revaluations of land and buildings are taken to the Revaluation Reserve, with the corresponding entries against fixed assets. Any reductions in values are covered in Paragraph 5.4 – Impairment Losses.

The latest revaluation was carried out on 31 March 2016. All valuations are in accordance with Royal Institute of Chartered Surveyors Appraisal and Valuation Standards ensuring compliance with the CIPFA code of practice as modified by IFRS's.

5.3 Depreciation

A depreciation charge is made to the Comprehensive Income and Expenditure Statement for all tangible fixed assets, which have a finite useful life. Depreciation is calculated on a straight line basis as follows:

Operational Buildings	Over the life of the asset (10-40 years)
Vehicles	Over the life of the asset (2-10 years with some specialist vehicles over 3-20 years)
IT Hardware	3 years
Other Plant & Equipment	5 years

New Assets are depreciated in the first year of being an operational asset, but not in the year of disposal.
In accordance with FRS 15, freehold land is not depreciated. Assets under construction are not depreciated until completion.

As the depreciation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

5.4 Impairment Losses

Besides identifying impairments at the five year revaluation review, impairment reviews are carried out in the intervening periods but only if an event or circumstance indicates that the carrying amount of the fixed asset may not be recoverable. When an impairment loss is clearly due to clear consumption of economic benefit or takes the value of the asset below historic cost, the loss is recognised in the Comprehensive Income and Expenditure Statement. However, other impairment losses offset any balance held in the revaluation reserve, with any balance charged to the Comprehensive Income and Expenditure Statement. As these impairment adjustments are not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

5.5 Disposals

The gain or loss on disposal is the amount by which the disposal proceeds are more or less than the carrying amount (net book value) of the fixed asset. The Comprehensive Income and Expenditure Account recognises this gain or loss.

In order that this gain or loss is excluded from the charge to Council Tax, it is neutralised in the Accounting Adjustments between Accounting Basis and Funding Basis under Regulation.

If, however, the asset is carried at current value, in addition to the entries above, the balance on the revaluation reserve in respect of asset disposals is written off to the Capital Adjustment Account. In most cases the asset will be re-valued to its carrying value at the point of disposal so there will be no profit or loss, unless there is an unamortised grant attached to the asset, which will be released to the Income and Expenditure account in full, resulting in a profit on disposal. The CC only recognises a profit on disposal if the asset disposed of is more than £10,000.

5.6 Componentisation

Where an item of Property, Plant and Equipment has major components whose cost and life span is significantly different from the rest, the components are depreciated separately.
The criteria for componentisation are as follows:

(i) a de-minimis level on implementation is set at £600,000 on the net book value of any asset.
And
(ii) any single component must exceed £100,000 in value.

Provided that both of these criteria are met the asset will be split into the appropriate components based on its type.

6 Redemption of Debt

Outstanding loan debt relating to police services was transferred to Northamptonshire Police from Northamptonshire County Council on 1 April 1995. Instalments of principal are charged to revenue in accordance with the statutory minimum revenue provision. This is calculated at 4% of the Capital Financing Requirement at the beginning of the year. This is charged to the Capital Adjustment Account with a corresponding adjustment in Accounting Basis and Funding Basis under Regulations.

Valuation is based upon amortised cost, with fair value based upon the cash flow over the remaining term of the debt.

7 Inventories

Inventories are maintained covering such items as vehicle spares, uniforms, stationery, office equipment and provisions. Inventories are valued at the lower of cost or net realisable value in line with the requirements of IAS 2.

8 Reserves

Reserves are maintained to finance expenditure on projects that will be carried out in future years and to protect the CC against unexpected events. Certain reserves/accounts are kept to manage the accounting process for tangible fixed assets (Revaluation Reserve, Capital Adjustment Account) and retirement benefits (Pensions Reserve IAS 19). These do not represent usable resources for the CC.

9 Provisions

Provisions are made for liabilities or losses which are likely to be incurred, or certain to be incurred, but with uncertain amounts or dates on which they will arise, by charging expenditure to the Comprehensive Income and Expenditure Statement in anticipation of the liability having to be met. When expenditure is incurred to which the provision relates they should be charged to the Provisions Account.

10 Transactions relating to Retirement Benefits

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

The CC participates in two pension schemes:

i) The Police Pension Scheme for Police Officers

The Police Pension Scheme (PPS) is an unfunded defined benefit final salary scheme administered by Xafinity Paymaster on behalf of ONPCC, and is governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The new Police Pensions Scheme (NPPS) is also governed by the Police Pensions Act 1976 (as amended by the Police Pension Regulations 2006).

They are unfunded which means there are no investment assets built up to meet pension's liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The funding arrangements for police officer pensions changed on 1 April 2006, when an employer's contribution rate was set by the Home Office (currently 24.2% of pensionable salary), which is charged to the Comprehensive Income and Expenditure Statement.

Also from 1 April 2006, each CC was required by legislation to operate a Pension Fund Account. The amounts that must be paid into and out of the Account are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are made. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the CC must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the CC, which then must repay the amount to central government.

ii) The Local Government Pension Scheme for civilian employees

The Local Government Pension Scheme for civilian employees, administered locally by Northamptonshire County Council, is a funded defined benefit final salary scheme, meaning that the CC and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

The Accounts show the full implementation of IAS 19 (Retirement Benefits). IAS 19 requires organisations to recognise retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned, even though the benefits will not be payable until employees retire. However, as statutory procedures require the charge against Council Tax to be based on the amounts payable by the CC to the pension fund during the year, an appropriation is made with the pension's reserve which equals the net change in the pension's liability, recognised in the Comprehensive Income and Expenditure Statement Account. The neutralising entry is within adjustments made between Accounting Basis and Funding Basis under Regulations.

The Balance Sheet discloses the CC net liability in relation to retirement benefits. The figures are based on the Actuary's latest estimate.

11 Leasing

These Accounts have been prepared in accordance with IAS 17. Rentals paid under operating leases have been accrued and accounted for in the period to which they relate.

The organisation assesses its position on operating leases and lessor arrangements on an annual basis none have been recorded in the accounts; however, it recognises lessor arrangements as the minimum payments on the asset and the residual value of that asset. For operating leases the organisation would not recognise an asset and would account for the associated repayments via the expense costs within the Comprehensive Income & Expenditure Statement

12 Overheads and Support Services

Under the revised Police Objective Analysis within the Comprehensive Income and Expenditure Statement, departments such as Financial Services, Estates and Facilities, and ISD, have been apportioned over nine nationally recognised areas of service. The cost of Corporate and Democratic Core and of Non-Distributable Costs are not allocated to services but shown separately in the Comprehensive Income and Expenditure Statement.

13 Joint Arrangements

The CC has an interest in Joint Arrangements, but all assets, income and expenditure are recognised within the PCC's and Group accounts.

All of these collaborations are governed by formal Section 23 Agreements and the ONPCC shares are fully incorporated in the Comprehensive Income & Expenditure Statement, Balance Sheet, Movement in Reserves Statement and the Cash Flow Statement.

14 Value Added Tax

VAT is included in the Accounts of the CC, whether of a capital or revenue nature, only to the extent that it is not recoverable.

15 Contingent Assets and Contingent Liabilities

They are not recognised in the accounting statements but disclosed in the notes to Core Statements. The CC has no Contingent Liabilities.

16 Exceptional Items and Prior Period Adjustments

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the Accounts.

Extraordinary items are disclosed and described on the Comprehensive Income and Expenditure Statement after dealing with all items within the ordinary activities of the CC.

Material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors, are accounted for by restating the comparative figures for the preceding period in the Statement of Account and notes and adjusting the opening balance of reserves for the cumulative effect. The cumulative effect of the adjustments is at the foot of the statement of total movements in gains and losses of the current period.

17 Events After The Balance Sheet Date

Events after the balance sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. The date when the Statement of Accounts was authorised for issue and who gave that authorisation is disclosed in the notes to the Statement of Accounts, including confirmation that this is the date up to which events after the balance sheet date have been considered.

18 Accounting Convention

The accounting convention adopted in these financial statements is historical cost modified by the revaluation of land and buildings.

19 Estimation Techniques Used

The Code distinguishes between accounting concepts and estimation techniques that have been used, when required. The techniques below describe the steps taken to arrive at key monetary values in the Statement of Accounts:

- Capital Creditors – quantity surveyors estimate of the value of the work undertaken. Payroll Creditors i.e. overtime – average overtime rates;
- IAS 19 Valuation – actuarial valuations of future pension's liabilities are provided by independent actuaries.
- Bad Debts are valued at the receivable value. Therefore the cost of collection of debt assessed as recoverable are deducted from the outstanding value.
- Assets are valued at Market Value (MV) and Depreciated Replacement Cost (DRC) for specialist vehicles, but held in Fixed Assets at the depreciated cost assessed as MV/ DRC less the cumulative depreciation over the Useful Economic Life of that asset.

20 Comparison with Previous Years

Comparative figures for the previous financial year are shown in the Accounts. The same items are treated alike from one year to the next, except where notes explain otherwise.

21 Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual leave and flexible working hours, leave for current employees, and are recognised as an expense for services in the year in which employees render service to the CC. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu, flexi-time or annual leave) earned by employees but not taken before the year-end that employees can carry forward into the next financial year.

22 Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the CC has determined to meet the cost of this expenditure from existing capital resources, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses-out the amounts charged so that there is no impact on the level of council tax.

23 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 – debited to other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

24 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the organisation to terminate an officer or staff employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Glossary of Terms

Accounting Period
The period of time covered by the Accounts, normally a period of twelve months commencing on 1 April.

Accrual
The recognition, in the correct accounting period, of income and expenditure as it is earned and incurred, rather than as cash is received or paid.

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

Budget
A statement of the CC's plans in financial terms. A budget is prepared and approved by the CC before the start of each financial year and is used to monitor actual expenditure throughout the year.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds value to the life or value of an existing fixed asset.

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

Capital Receipts
These are proceeds from the sale of capital assets.

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

Contingent Liabilities
A potential liability at the balance sheet date when the Accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated with reasonable accuracy otherwise the liability will be disclosed as a note to the Accounts.

Corporate Democratic Core
This includes the cost of the corporate infrastructure (e.g. the Chief Executive and Treasury Offices, and external audit fees), and the cost of democratic representation (e.g. members allowances).

Council Tax
The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

Creditors
Individuals or organisations to which the CC owes money.

Current Assets and Liabilities
Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.

Debtors
Individuals or organisations who owe the CC money.

Deferred Liabilities
Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Earmarked Reserves
Monies set aside that are intended to be used for a specific revenue or capital purpose.

Employee Costs
The salaries and wages of employees together with national insurance, superannuation and all other pay-related allowances. Training expenses and professional fees are also included.

Finance Lease
A finance lease normally involves payment by a lessee to a lessor of the full cost of the asset, together with a return on the finance provided by the lessor. The lessee has substantially all the risks and rewards associated with the ownership of an asset, other than legal title.

International Financial Reporting Standards (IFRS)
These standards are developed by the Accounting Standards Board to regulate the preparation of financial statements. The Companies Act 1985, which was later adopted by the SORP making it mandatory for Public Bodies and therefore requires compliance of these Standards or disclosures in the notes if there are any material departures from those standards.

Fixed Assets
This consists of: -
Tangible: These are assets that yield benefits to the CC for a period of more than one year (e.g. buildings and equipment).
Intangible: Under IAS 38 (Goodwill and Intangible Assets), intangible assets are those that do not have physical substance but are identifiable (e.g. software and software licences).

Formula Grant Distribution System
A mechanism by which Central Government determines how much Revenue Support Grant, Home Office Police Grant and Business Rates each local ONPCC should receive in a given year to provide a common level of service. For the police service it is principally based on the resident and daytime populations, plus relevant socio-economic characteristics, for the area covered by an ONPCC.

IAS 19 Retirement Benefits
An accounting standard that requires the recognition of long-term commitments made to employees in respect of retirement benefits in the year in which they are earned.

Impairment
A reduction in value in an asset caused by a general fall in prices, obsolescence or a clear consumption of economic benefit.

Interest Income
The money earned from the investment of surplus cash.

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current values less the cumulative amounts provided for depreciation.

Non-Distributed Costs
This consists of charges for police officers and police staff early retirements.

Operating Lease
An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.

Outturn
The actual amount spent in the financial year.

Payments in Advance
These represent payments made prior to supplies and services received.

Pension – Defined Benefit Scheme
A pension or other retirement benefit scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contribution payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Pension Assets – Expected Rate of Return
For a funded defined benefits scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Pension – Interest Costs
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settle.

Pension – Past Service Costs
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pension Fund
A fund which makes pension payments on retirement of its participants.

Pensions Top-Up Grant (PTUG)
A grant from the Home Office that funds the difference between a nationally agreed employer's contribution paid into the Pension Fund Account, employee contributions and benefits paid to pensioners during the year.

Precept
The method by which the ONPCC obtains the income it requires from council tax via the collection ONPCC's (i.e. the seven district councils in Northamptonshire).

Provision
An 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.

Prudential Code
The code developed by CIPFA that sets out a framework for self-regulation of capital spending, in effect allowing ONPCC's to invest in capital projects which best meet their service delivery objectives as long as they are affordable, prudent and sustainable. The code came into Force from 1 April 2004 and is incorporated into the Local Government Act 2003 and associated regulations.

Public Works Loan Board (PWLB)
A government agency which provides longer-term loans to Local ONPCC's at interest rates only slightly higher than those at which the government itself can borrow.

Receipts and Payments
Amounts actually paid or received in a given accounting period irrespective of the period for which they are due.

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.

Revenue Contributions
Capital Expenditure funded from the Revenue Account which reduces the requirement to borrow.

Revenue Expenditure
Expenditure to meet the continuing cost of services including wages and salaries, purchase of materials and capital financing charges.

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