

Northamptonshire Chief Constable Statement of Accounts for the year 2016/17



Table of Contents**Page**

STATEMENT OF ACCOUNTS 2016/17.....	3
Annual Governance Statement (AGS).....	23
for Northamptonshire Police Force 2016/17	23
Statement of Responsibilities for the Statement of Accounts	28
Expenditure and Funding Analysis.....	29
Movement in Reserves Statement.....	30
Comprehensive Income and Expenditure Statement	31
Balance Sheet	32
Cash Flow Statement	32
Note 1 - Critical Judgements in Applying Accounting Policies	33
Note 2 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty.....	33
Note 3 - Events After the Balance Sheet Date	34
Note 4 - Officers' Remuneration	34
Note 5A - Note to the Expenditure and Funding Analysis	36
Note 5B - Segmental Analysis of Income and Expenditure	37
Note 5C - Expenditure Analysed by Nature	38
Note 6 - Other Operating Expenditure	39
Note 7 - Financing and Investment Income and Expenditure.....	39
Note 8 - Trading Operations.....	39
Note 9 - Related Parties	40
Note 10 - Adjustments between Accounting Basis and Funding Basis under Regulations	41
Note 11 - External Audit	42
Note 12 - Grant Income	42
Note 13 - Unusable Reserves	42
Note 14 - Cash Flow from Operating Activities.....	45
Note 15 - Termination Benefits.....	45
Note 16 - Creditors.....	45
Note 17 - Pension Schemes Accounted for as Defined Contribution Schemes.....	46
Note 18 - Defined Benefit Pension Scheme	52
Note 19 - Property, Plant and Equipment.....	54
Note 20 - Impairment Losses	55
Note 21 - Intangible Assets.....	55
Note 22 - Capital Expenditure and Capital Financing	56
Note 23 - Accounting Policies	57
Note 24 - Glossary.....	65



STATEMENT OF ACCOUNTS 2016/17

NARRATIVE TO THE FINANCIAL STATEMENTS

Introduction to the Financial Statements

I am pleased to introduce the Chief Constable's Financial Statement of Accounts for the 2016/17 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 their own separate accounts. These two Statements have been consolidated the single entity statement for the Chief Constable and the Commissioner, titled Group Accounts for the Office of the Northamptonshire Police and Crime Commissioner. All the accounts are published in accordance with the Accounts and Audit Regulations 2015.

This statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2017. 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 the reader in the understanding of the Statement of Accounts.

This is the second year that the Accounts have incorporated a narrative statement. 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 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:

Force (CC)	OPCC
	Vehicles, Plant, Equipment
	Land & Buildings
	Revaluation Reserve
	Capital Adjustment Account
	All Cash Reserves
All Police Officers (CC)	
All non OPCC Staff (CC)	All OPCC Staff
All CC Staff Pensions (IAS)	
All CC Staff Accumulated Absences	
(AA) Creditors	All Other Creditors (incl PCC AA)
Pension Fund Top Up Grant & Local Grants	
	All Council Tax
All CC Service Income	All Police Grant Funding (incl NNDR)
	All Council Tax related income
	All Capital Grants
	All Joint Operations (incl MFSS)
Money Transfer in relating to the cost of the CC Budget	Money Transfer out relating to the cost of the CC Budget

MFSS is a Joint Venture covering HR, Finance, Payroll and systems support, for 2016/17 Northants the net operating cost is £1.220m (2015/16 £1.335m) which encompasses people, software and maintenance costs and is currently shared by four Forces, Northamptonshire, Nottinghamshire, Cheshire and the Civil Nuclear Constabulary.

Under statute, the OPCC holds all land & buildings, property plant and equipment, 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.

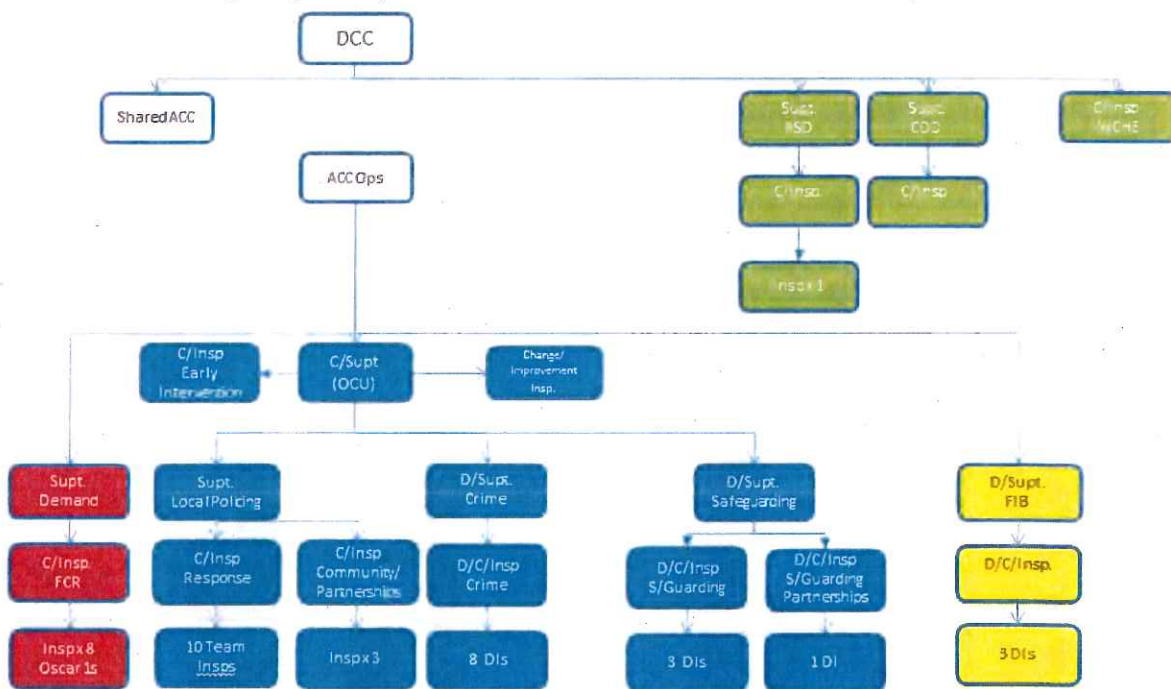
This financial framework provides that the Commissioner receives all funding, including government grants, council tax income. All other funding for the Chief Constable comes from the Commissioner. This, in addition to the powers of the Commissioner to set the strategic direction for policing and appoint 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 also 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.



People

Northamptonshire Police has engaged with its workforce to create a clear set of leadership expectations that are well recognised and understood across the workforce. The Force has focused its leadership development effort on senior officers and particular groups (such as female officers) and newly promoted officers. There are good systems in place to support them. More is now being done to offer leadership development to the wider workforce.

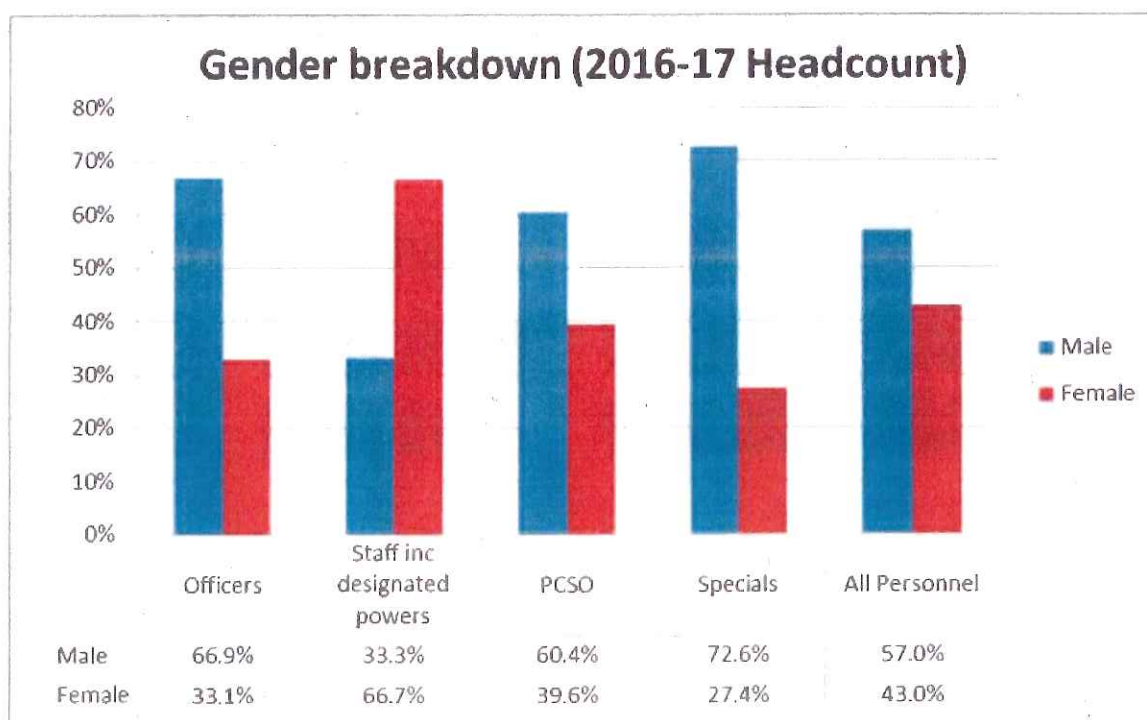
The Force thinks innovatively about how to identify prospective new leaders and has good mechanisms in place to identify and respond to leadership concerns.

At 31st March 2017, Northamptonshire Police Force establishment was 1,983 (FTE) members of staff. The analysis is shown in the table below:

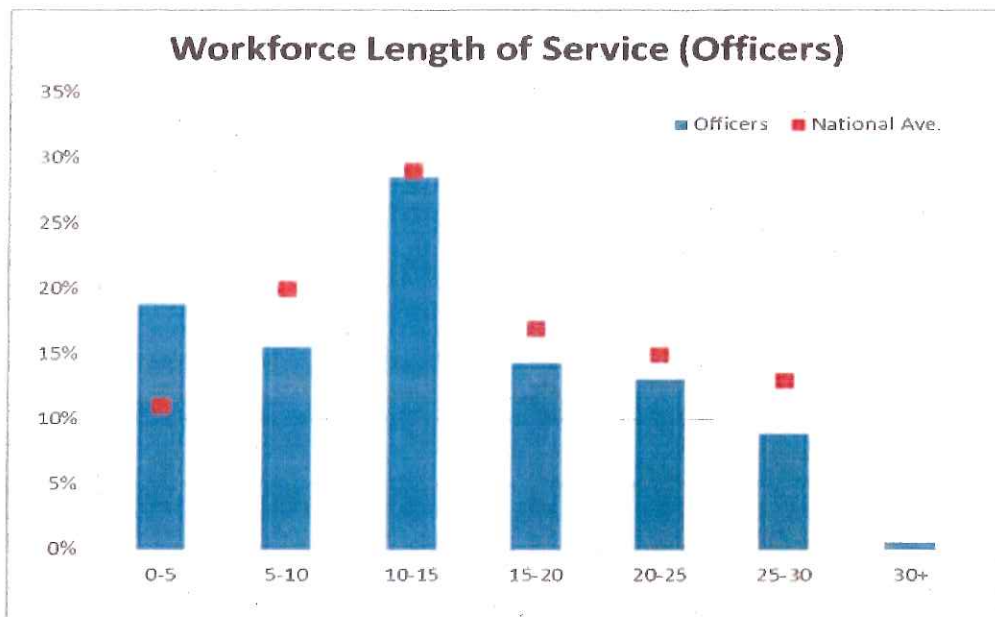
Category of employee	2015/16	2016/17
Police Officers	1,220	1,220
PCSO	96	86
Police Staff	721	677
Total	2,037	1,983

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 is designed to provide an environment where everyone feels able to participate, contribute, enjoy and influence their experience; where inclusive practices underpin everything we do. Respect for and celebration of individual diversity will shape our strategy, direction and behavior. The following tables provide gender breakdown and Officers length of Service breakdown. The data is taken as March 2017 and represents head count that is the total number of people, regardless of whether individuals work full or part time.



Northamptonshire Police follows the national trend in gender profile with females higher in support staff roles, but males accounting for more of the operational workforce. The Specials profile is further away from the Force average with far fewer female special constables volunteering.



The length of service graph shows that Northamptonshire is consistently under the length of service bandings with the exception of under 5 years' service and this reflects recruitment over the period 5 years; 3 years and 2 years ago. However, 63 % of officers have less than 15 years' service, which is in line with the national average. As the timeline progresses the over representation of the under 5 years will move into the next category which will be more representative to the national average within the next age banding of 5-10 years' service.

Northamptonshire Police continue to see a larger number of officers retiring within the post 25 to 30 banding service, so one can expect that within 20-25 years span there will be a spike in the age profile in this period as the age profile will reflect in an aging workforce in the medium / long term.

Police Stations in Northamptonshire (Listed Geographically)

Within the Geographical area of Northamptonshire there are ten police stations (including Police HQ) these are located in the following areas:



There are seven geographical Police Operations areas – these are:

- East Northampton – Oundle and Rushden
- Corby – Corby
- Kettering – Kettering
- Wellingborough – Wellingborough
- Northampton – Northampton H. Q. and Weston Favell
- Daventry – Daventry
- South Northampton – Brackley and Towcester

Strategic Objectives

Following the Police and Crime Commissioner elections in May 2016, a new Police and Crime Commissioner for Northamptonshire, Mr Stephen Mold, was elected. As a result, he has reviewed the Police and Crime Plan and a new four year plan has been established in consultation with the Chief Constable.

The Police and Crime Plan which runs through 31st March to 2021, seeks 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:

- Keeping the Young Safe - By
 - ❖ Increasing awareness and reporting child exploitation
 - ❖ Intervening at earliest opportunity
 - ❖ Increasing the safety of our young people on line

- Community Partnership Engagement - By
 - ❖ Increasing accessibility to and visibility in both urban and rural areas
 - ❖ Tackling Anti- social behaviour and hate crime to make people feel and be safer
 - ❖ Increasing road safety and perceptions of safety in our County
- Protecting People from Harm - By
 - ❖ Increasing confidence to report incidents of domestic and sexual abuse
 - ❖ Tackling Modern Slavery and human trafficking
 - ❖ Tackling causes of crime: Drugs and alcohol
 - ❖ Addressing mental health issues to reduce vulnerability and offending
 - ❖ Reducing the numbers of burglaries in the county
 - ❖ Increasing investment to tackle cyber enabled crime
 - ❖ Ensuring the county continues to be prepared for responding to national and international threats
- And Putting victims at the heart of Justice – By
 - ❖ Improving Services to victims of crime
 - ❖ Ensuring swift and sure justice

Change Programme

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

- Northamptonshire Police's Service Delivery Model (SDM) will break down both cultural and process barriers to enable 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 the autumn of 2017 which will plan to deliver effective policing in the 21st century.
- 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.

Service Delivery Model (SDM)

The Force are currently undertaking a review of operational demand for Northamptonshire Police and includes the following work streams;

- Neighbourhood
- Crime
- Response and proactive
- Investigation and Management
- Safeguarding and Demand
- Contract Management

The review of operational effectiveness is headed under the Service Delivery Model (SDM) which seeks new and alternative methods of reducing, removing and better managing demand and to improve the efficiency and effectiveness of the Force, which in turn will and to provide an improved service to the people of Northamptonshire.

The key aims for SDM are to continue to protect people from harm by matching resources to demand and to use 'a systems thinking approach' to streamline the operational process wherever possible. The successful delivery will involve officer and staff establishments are reviewed, working practices are refined and incorporation of 'what works' new shift patterns are implemented that better meet demand. The target 'go live' date is October 2017.

Transformational Change

The Force will also deliver a range of enabling and transformational programmes of work to improve frontline service delivery and capacity. The Transformation portfolio, which sought to deliver financial savings across all areas unaffected by SDM and where efficiencies could be achieved through better procurement and more effective use of resources.

Technology is fundamental to deliver this change through enabling better information sharing between police, partners and the public whilst also empowering victims and service users to gain effective online support. The Transformational change can be demonstrated by these areas of focus:

- Improve and update technology systems and applications to increase efficiencies and interact with the public in new ways
- Increase data sharing across agencies to better target services to the needs of the public
- Implementation of a new Service Delivery Model for Policing in Northampton
- Force collaboration
- Ensure Value for Money
- Enhance engagement and consultation
- Emergency Service Integration
- Investment in Estates
- Collaboration and integration of local services

Optimisation of available financial resources

Recognising the austerity challenges; we need to deliver a sustainable policing model from less resources. This includes taking advantage of economies of scale, avoiding duplication and delivering value for money. There will be a continued focus on what is possible with combined budgets rather than focusing on what isn't available financially.

Oracle Upgrade programme

In addition to the SDM project, there will be an Oracle upgrade project undertaken in 2017/18. (Oracle is the integrated financial management package used by Northampton Police). This upgrade will be undertaken in partnership with Cheshire and Nottinghamshire Police, Avon and Somerset Police, Civil Nuclear Police together with Cheshire Fire. The Fusion upgrade is a multi-force programme managed by MFSS (Multi Force Shared Service). The go live deadline will be April 2018.

The key improvements as a result of the Oracle enhancement for the Force can be summarised as follows:

- Reduced revenue costs
- Standardisation of management information which will enhance strategic decision making
- Improved management information available to budget holders, through on-line self service facilities
- Eliminated onerous monthly manual reconciliation tasks

- Integrated information which encompass finance and human resources data, which ultimately will be linked to operational planning
- Payment of overtime linked via integrated time management system

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. 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 perceived 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 thus ensuring compliance is more efficiently demonstrated

Chief Constable's Report on Force performance

2016/17 has again been a busy year for the Force with increasing demands placed on reducing resources.

Risks remain in the ability of the Force to meet the current and forecasted demands, particularly in calls for service and crime volumes. The workforce has felt the pressure this year and sickness has increased, further stretching the already stretched resources. The 'Public' have also felt the pressures and challenges of perception that the police not being able to respond to everything and this is demonstrated through victim satisfaction surveys in which confidence in certain aspects of policing falling during the year.

Crime and incidents are increasing, and the use of positive outcomes has decreased this year. Some crime types are under reported and work is being done to encourage reporting and identify this hidden demand.

Call handling performance is good and we answer the majority of calls within the service levels. The use of 'stop and search' is reducing, but if used is more successful in positive action being taken. The number of people killed or seriously injured on our roads is at an all-time low and the number of homicides is amongst the lowest recorded.

However, challenges remain across a number of functions and the Force will continue to focus on protecting people from harm. We are taking a more evidenced based approach to this decision making to ensure the right decisions are taken. The SDM is using the Crime Harm Index (developed with Cambridge University) to help prioritise policing in the next 5 years; however, it is recognised the Force cannot police 'everything and be everywhere'.

Organisational Performance

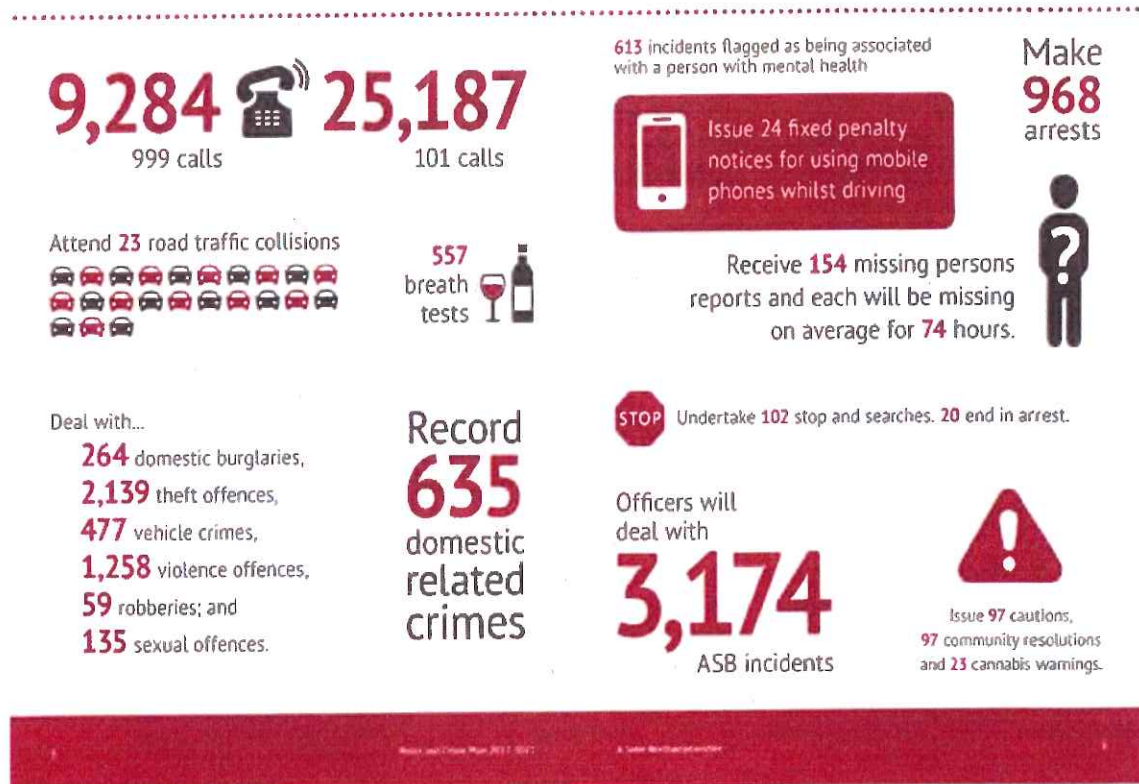
The Police Force operates a comprehensive framework of performance measures to ensure it is meeting its objectives and support the Commissioner in delivering his Police and Crime Plan. The following section provides a summary of performance in relation to crime, incidents and other outcomes for 2016/17.

Operational Police Activities

Northampton Police deal a wide and varied incidents of crime as well as dealing with calls from the public; dealing with anti-social behavior, missing person's reports, as well as incidents flagged as being associated with a person with mental health issues. A *typical month* of operational policing activities deal with 4,332 offences / crime and these are summarised in the table below.

A Month in the Life

On average, every month Northamptonshire Police deal with:



All crime

In July 2016 the force was removed from the Crime and Policing Monitoring Group (CPMG) process having successfully demonstrated sustainable management of crime volumes across a number of crime types.

Total recorded crime has shown a strong positive upward trend in the last 5 years and follows a seasonal pattern. Volumes in the last 12 months have exceeded the average, but have not gone into exception. The rate of crime per 1,000 population has seen a notable rise compared with last year to 75 per 1,000. Peer data ranks the Force 31st nationally for crime rates per 1,000; a position we have been at, or close to for over 2 years. We are above the national average increase in the last 12 months (10.5% compared with 9.5%) but below the Most Similar Group (MSG, which is a benchmarking group for most similar Police Forces across the country).

The combination of strong upward trend and strong seasonality has resulted in a forecast which is likely to continue over the next 3 years. If volumes continue at the current rate, potentially the Force could see an increase in reported crime of 9.7% by March 2020.

Victim based crime

Victim based crime types have in the main all experienced moderate upward trends in the last 5 years. Notable exceptions to this are:

- Criminal Damage & Arson which is experiencing a flat 5 year trend,
- Theft from the person (moderately downwards)
- 'Burglary' (flat 5 year trend). Burglary did experience significantly high volumes during 2016, beyond the normal limits and with greater variation than in previous years. However, the long term trend was not affected by this and overall result was flat

Acquisitive crime

However, vehicle crime has presented itself as an emerging risk in 2016/17 with volumes of theft from motor vehicles being the highest recorded by the Force for 7 years. Since September 2016, volumes have been outliers and beyond the seasonal increase seen in previous years. As a result, peer comparisons have significantly deteriorated and crime rates per 1,000 have increased to 6.1 against the national average of 3.8. The Force is currently ranked 38th for rates per 1,000 and has the largest increase in the last 12 months. But despite his increase, the 3 year forecast is flat for vehicle crime based on the last 5 years.

The recent changes to the Force daily management tasking meeting is now bi-weekly. This has provided more focus on volume crime as well as high harm offences. As a result, crime series and offenders are more robustly managed and this approach should positively impact acquisitive crimes going forward.

Violent Crime

All types of violent crime have been increasing over the last 5 years and the forecasts are showing this is set to continue. Despite this, Northamptonshire has one of the smaller increases in crime volume in the last 12 months; particularly violence without injury. Most serious violence, however is an exception for the change in the last 12 months. This is driven by GBH and wounding offences, rather than homicide. The biggest risk is violence with injury, which currently makes up 55% of all violent crime. Based on current trends this is forecasted to increase to around 57% by 2020.

Sexual Offences

Sexual offences have recorded a strong upward trend in the last 5 years, but have largely remained within the seasonally adjusted normal guidelines. The increases seen as a result of some high profile cases, which have now stabilised and historic reports have subsided, but not gone completely.

Peer comparisons indicate we are in line with other Forces and are not considered an outlier. The forecasts, however, indicate crime volumes are likely to continue to increase despite rape offences stabilising in the last 12 months.

ASB (Anti-Social Behaviour)

ASB has been fluctuating year on year over the last 5 years, but the long term trend is one of decrease. The 32,176 ASB incidents was one of the highest recorded and 'Nuisance ASB' was the highest volume ever recorded. However, it is pleasing to note in the last 5 years, the Force has reduced the 'higher harm' Personal ASB by 17% compared with a more modest 6% reduction in ASB overall. The smaller "Neighbourhood function" under the SDM will require sustainable problem solving and successful community engagement at its core to prevent ASB reversing the long term declining trend.

This presents a challenge to the Force over the coming years in reversing this trend with fewer resources. The NPCC Policing Vision 2025 document stresses the importance of developing a 'proactive and sophisticated understanding of community needs' and 'adopting place-based policing with community hubs'. This approach is likely to be the only way perceptions of ASB and the related local concerns could be addressed and reduced, particularly given the reduction in Neighbourhood officers under the SDM.

PEEL Inspection

During 2016/17 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 (Northamptonshire PEEL 2016 Full Report) for Northamptonshire concluding that in two of the three areas assessed.

Northamptonshire Police has been given an overall rating of "**good**" (Efficiency and Legitimacy) and one "requires improvement" (Effectiveness).

This compares with two areas which "required improvement" (Effectiveness and Efficiency) and one "good" (Legitimacy) in 2015. However, it is important to note that significant work has been undertaken to address the main areas for improvement since the HMIC carried out its inspection in April 2015.

The report states that Northamptonshire Police has a number of weaknesses across a range of areas. Crime Prevention activity, investigative standards and the safeguarding provided to vulnerable victims all need to improve.

However, the Force has adequate arrangements in place to fulfil its national policing responsibilities, but needs to address shortcomings in its approach to tackling Serious and Organised Crime.

The report raised concerns about the Force's approach to problem solving long-term crime and anti-social behaviour, because of the impact abstractions from community roles was having on the Force. The report also raised concerns over the quality of investigations and was concerned with the lack of consistency, stressing the need for improvement. Investigations are not always allocated to appropriately trained staff and investigation handovers are sometimes poor with a lack of supervisory oversight. Vacancies in the criminal investigations department have resulted in a high proportion of serious and complex crimes being dealt with by trainee detectives, which means that victims may not always receive the level of service they should.

The management of suspects remained an issue for the Force. But it had found little signs of progress since HMICs 2015 effectiveness report.

A great deal of work has continued to take place since the inspection and the Force is extremely hopeful that the work being done to deliver SDM will address the key areas of weakness identified, specifically the better understanding on demand.

2016/17 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. The revenue budget allocated to the Force was as follows.

Chief Constable Net Revenue Budget	Budget £000
Force Budget	
Operational Policing	72,900
Collaborations with other Forces	7,600
Capital Financing	900
Other Depts and function e.g. Finance, training, HR, ICT and Corporate Development	19,836
Pensions	11,100
	112,336

Performance Summary Budget and Outturn

The 2016/17 Chief Constable's budget amounted to £112.336m and was based upon the funding agreement with the Commissioner. The table below shows the summary budget for 2016/17 against the outturn expenditure as at 31 March 2017.

	Budget £000	Outturn £000	Variance £000
Police Officer Pay	51,587	50,678	(909)
PCSO Pay	3,335	3,124	(211)
Police Officer Pension	11,098	11,098	0
Specials, Cadets & Volunteers	754	631	(123)
Operational Commands	17,973	17,941	(32)
Business Support	20,024	21,519	1,495
Collaboration & Regional	7,565	7,914	349
Total Force	112,336	112,905	569

Within the Expenditure & Funding Analysis (EFA) on Page 29, the Chief Constable's under or overspend is removed to transfer to or from PCC reserves, as Statutorily the CC has no reserves.

Revenue Expenditure

The Chief Constable's revenue outturn position for 2016/17, compared to the revised budget and after taking into account approved budget carry forwards; an overspend of £0.569m is being reported, being 0.50% of PCC approved budget.

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.

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

Police Pay – underspend of (£0.909m)

The Police Pay underspent which includes the cost of the Bear Scotland legal ruling (calculation of overtime payments based on normal hours versus contractual hours). The workforce mix of all staff, was reviewed in alignment to the approved proposed SDM business case. The under spend has occurred, mainly as a result of temporary vacancies; movement within the overall rank structure and attrition. There also have been changes to the ranks of officers seconded and more than expected officers seconded to other Forces through regional and national collaborations.

PCSO Pay – underspend of (£0.211m)

The PCSO pay under spent by £0.211m and was mainly due to resignations within the PCSO ranks, which continue not to be filled during the year.

Specials, Cadets and Volunteers – underspend of (£0.123m)

This underspend has arisen as a direct operational decision to change the way in which the special, cadets and volunteers programme is managed.

Operational Command – underspend of (£0.032m)

Operational Command has two main budget elements:

- *Crime and Local Policing*

This area of the budget was £0.053m underspend against a budget of £7.229m.

- *Operational Support*

The budget for operational support amounted to £10.744m; the outturn position shows a minor overspend of £0.021m. This position was after application of agreed transfers to and from Earmarked Reserves. The net transfer 'in' amounted to £0.114m. There was an approved transfer from the Carry Forward Reserve amounting to £0.225m and a transfer out of £0.111m to the Safer Roads Team Reserve.

Police Pensions – break even position

There was a minor overspend of £0.006m as a result of the delay in procurement of Pensions Service and implementation costs of migrating to the new pension provider. A small overspend has been funded from earmarked reserves, resulting in a breakeven position.

Business Support Departments – overspend £1.495m

The Support and Non Operational Departments have three main budgets areas; these are:

- Transformation Programme – net overspend of £0.009m

The budget amounted to £0.250m resulting in a small overspend.

- Other Non-Devolved Budgets – net overspend by £3.078m

Within the other non-devolved budgets there is approximately £1.750m of unachieved savings from the Force 2016/17 cash limited budget, which accounts for a significant element of the net overspend. However, this has to be taken in the context that the savings target set for the Force was £7.700m of which approximately £6.0m was achieved. The savings target has been addressed in the 2017/18 budget setting process.

As a direct result of not proceeding with the sale of the Police Headquarters, by the Commissioner, the OPCC / 'organisation' did not have to borrow additional monies to fund the capital programme. This resulted in revenue savings of £0.800m (£0.500m Interest and £0.300m MRP).

There was £0.100m of under achievement on interest received and £0.100m of loan charges grant, which is no longer being claimed. There was also £0.150m of redundancies that did not have a reserve to offset the costs. The adequacy of Earmarked Reserves is the responsibility of the OPCC. However, these decisions are undertaken with close co-operation between the Force Finance and the Commissioner's Office.

There was additional cost of £0.150m for Fusion and the Criminal Justice Centre end of contract costs. In addition, there was an £0.300m unbudgeted increase in provision requirement relating to Estate property lease costs.

- Business Support Budgets – net underspend of (£1.592m)

There was £0.820m of staffing underspends within the Corporate Service teams. This included £0.210m in corporate staff budgets as well as savings within IT support staff amounting to £0.195m (mainly as a result of backfilling posts). There was also a combined staffing saving within Finance and HR as a result of aborted Tri-Force costs; this amounted to £0.175m. There was also saving in Executive Support staff costs amounting to £0.040m

In addition, there is a staffing saving of £0.200m within the Estates budget. The Estates Department are currently undertaking review of all staffing budgets to a view to permanently removing some staff posts in 2018/19.

There was a £0.540m of supplies & services savings within Business Support budgets. The main underspends are £0.150m within the Police uniform budget, £0.100m within the general maintenance budgets across the Force and £0.090m within the HR training budget. There was also savings in fleet transportation costs of £0.190m; mainly savings in fuel costs. There was also additional non budgeted income relating two areas namely; insurance claim recovery and vehicle servicing as well as additional Corporate Services income; these amounted to £0.065m and £0.070m respectively.

Collaboration and Regional – overspend of £0.349m

There are a number of collaborative and regional budgets in operation and these can be summarised into the following:

Specialist Operations-

Cash limited budget of £0.725m resulted in overspend of £0.093m. This related to additional overtime and additional armed response vehicle costs.

Forensic Investigation

Cash limited budget of £2.393m resulted in an underspend position of £0.043m as a result of staff pay savings, which was offset by regional contribution.

Regional Operational Collaboration

The cash limited budget for Regional Operational Collaboration was £2.197m whilst the net expenditure amounted to £2.339m; a net overspend of £0.0142m of which

£0.098m was due to NPAS billing changes. The other adverse impact related to officer salary recharge income was below the budgeted income target set.

Regional Support Collaboration

The cash limited budget for Regional Operational Collaboration was £1.145m, whilst the net expenditure amounted to £1.067m a net underspend of £0.078m which related to vacancies within EMSCU. However, this was partially off-set by overspend due to additional costs relating to ill health medical practitioner costs.

Tri-Force Collaboration

There was no revenue budget for Tri-Force collaboration, however, there were associated savings in business support areas. These have been resolved during the 2017/18 budget setting process. This has resulted in an overspend of £0.168m

Multi Force Shared Service

Cash limited budget of £1.105m resulted in an overspend of £0.105m as a result of additional costs which included an additional HR post; additional Fusion revenue costs and overtime relating to project costs.

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 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. These are now shown in their entirety within the Statement of Accounts of the Commissioner.

Medium Term Financial Plan (MTFP)

Within 2016/17 financial year, the Chief Constable was required to achieve a saving of £7.88m. Whilst this was not fully achieved savings of £6.101m were made (savings achieved in 2015/16 was £8.476m).

Moving forwards the PCC and CC are faced with 2% grant cuts, however, this is partly mitigated through increasing precept income. Ultimately the slight net increase in revenue funding does not keep pace with inflationary pressures, such as Police Officer pay rises, which means that even if all planned savings are generated in full, that there would continue to be a deficit of £11.489m over the life of the MTFP.

Mitigation for this is expected to come from mainly from savings as a result the Service Delivery Model, which encompasses most operations across the Force and is expected to be going live in the autumn 2017.

The Five Year MTFP and Financial Year of 2017/18 assumptions and headline budgetary plans are summarised below;

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Funding					
Police Grant	73,052	71,724	70,422	69,146	67,896
Precepts and CTS	48,817	50,784	52,831	54,960	57,174
CT Suplus	750	750	750	750	750
	<u>122,619</u>	<u>123,258</u>	<u>124,003</u>	<u>124,856</u>	<u>125,820</u>
Spending forecast	115,656	118,450	120,960	124,524	128,189
Savings Required	0	(2,250)	(4,760)	(7,824)	(11,489)
Savings Identified	<u>0</u>	<u>(485)</u>	<u>(441)</u>	<u>0</u>	<u>0</u>
Savings yet to be identified	0	1,765	4,319	7,824	11,489

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 is continuing to 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.

Annual Governance Statement for the Chief Constable (CC)

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

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, Expenditure Funding Statement, (CI&ES), the Balance Sheet (BS), the Movement in Reserves Statement (MIRS) and the Cash Flow Statement (CFS).

The 2016/17 Code changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduced the Expenditure and Funding Analysis. The new Expenditure and Funding Analysis brings together performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund Both the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis include a segmental analysis, which requires to report performance on the basis of how they are structured and how they operate, monitor and manage financial performance. Public Sector bodies are no longer required to report the cost of individual services in their Comprehensive Income and Expenditure Statement.

Movement in Reserves Statement (MIRS)

The 2016/17 Code also introduces a new streamlined MIRS which presents the total Comprehensive Income and Expenditure from the Comprehensive Income and Expenditure Statement as one line and excludes the transfers between earmarked reserves and the columnar analysis of earmarked reserves as these are not a formal part of financial reporting and are not required by statutory prescription. Although the Movement in Reserves Statement no longer includes transfers to and from earmarked reserves, these are disclosed separately in the earmarked reserve note to the accounts.

This statement shows the movement in the year on the different reserves held by the CC, analysed into 'unusable reserves'. The Code does not allow the Chief Constable to hold Earmarked Reserves within the Force Accounts. All such balances are 'passported' to the Commissioner through intra company 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 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 2016/17, 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.

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.

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 both unplanned and planned expenditure in the future. The Commissioner's usable reserves include a general reserve of £3.520m to meet unplanned risks and earmarked reserves of £6.233m for specific revenue and capital purposes.

Comprehensive Income and Expenditure Statement (CIES)

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 OPCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

The CIES is shown on page 31 and shows a deficit on the provision of services before gains and losses of £48.098m a change of £9.619m from 2015/16. Within this figure is a £16.364m transfer of assets and there are also a number of technical adjustments including 'financing costs & investment income' and 'other comprehensive income & expenditure'. The other major adjustment principally relates to changes to future pensions obligations over the year based on proper accounting practices; this amounted to £209.966m (£157.161m in 2015/16). The overall effect of the cost of providing services and the pension adjustment is to produce a net expenditure income and expenditure of £258.064m.

The Balance Sheet

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 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 OPCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. 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 timing differences shown in the Movement in Reserves Statement; these relate to Pensions Unusable Reserves

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 £1.310m (£1.0686bn in 2015/16). The net assets (assets less liabilities) are matched on the balance sheet by the Chief Constable's reserves, comprising of Pensions, Accumulated Absence, which offset the Pension Liability, Employee Liabilities (for Accumulated Absences). The balance sheet is shown on page 32 in the full statement of accounts.

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.

In previous years Cashflow was calculated using the direct method. In 2016/17 the cash flow has been calculated using the indirect method. Whilst this does not have an impact of the cash balances, however, it does mean that the notes to the cashflow have changed. As a result the 2015/16 comparative data have been restated to reflect the new calculation method

Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements (pages 57-64), 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 2016 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;
- Budget pressures regarding new enhancement of the Niche system
- The delivery of Fusion implementation (April 2018)

- The delivery of the SDM model through operational requirements and budget implementation
- Delivery of a balanced medium term budget;
- Staff attrition due to uncertainty over future changes to the Force structure.

The ultimate objective is 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 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 2016/17

The position is as at 31 March 2017, 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 OPCC website at www.northantspcc.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 2016 until 31 March 2017 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

The desired outcomes enable 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 OPCC 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 Collision 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 OPCC.

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 (OPCC) 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 OPCC bi-monthly.

- A designated liaison officer between the Force and the OPCC providing a single point of contact
- Effective and professional communications for the Force and the OPCC via the Communications Department including reactively and proactively representing the OPCC 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 Statement of Accounts were closed 6 months late in March 2016 and this is recognised as an issue in the governance procedures, that is being addressed.

During 2016/17 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 2017/18. 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 OPCC 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 2016/17 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.

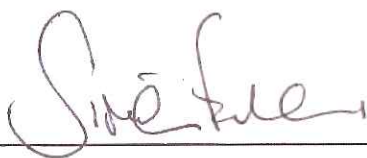
SIGNIFICANT GOVERNANCE ISSUES IN 2016/17

There were 2 significant governance issues during 2016/17, which were the handling cash and bank and Officers in Kind (OIK) between regional collaborations.

Officers in Kind recharges of costs between collaborating Forces;
Following this the audit has been followed up in 2017/18 and has been assessed as satisfactory.

Cash and Bank

The recording of a returned Treasury transaction had been excluded from daily income. Subsequent to this, the process for authorizing new transactions has been amended to ensure that transaction are recorded in the daily cash flow.



Simon Edens
Chief Constable of Northamptonshire Police Force



Paul 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 PCC's Responsibilities

The PCC is responsible for holding the Chief Constable to account to ensure financial management of the Police service is adequate and effective and that a sound system of internal control is in place including arrangements for risk management. The OPCC must make arrangements for the proper administration of its financial affairs and to ensure that one of its officers, namely the CFO, has the responsibility for that administration.

The PCC also has a specific responsibility to sign the Statement of Accounts following review by the Joint Independent Audit Committee meetings.

The CFO's Responsibilities

The CFO to the PCC is responsible for the preparation of the CC's Accounts in line with statutory best practice set out in the CIPFA/LASAAC Code of Practice on Local OPCC 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 2017.

In preparing this Statement of Accounts, the Assistant Chief Officer (Finance & Resources):

- 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 2016/17.
- 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 Force and for ensuring that the Force stays within its approved revenue and capital budgets, 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 accounts and liaises with the external auditors, KPMG LLP, during the audit process.

Assistant Chief Officer (Finance & Resources) (OPCC and CC) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the OPCC and Northamptonshire Police Force as at 31 March 2017 and the income and expenditure for the year ended 31 March 2017.



Paul Dawkins

Assistant Chief Officer (Finance & Resources)

Date:

27/19/17



Simon Edens

Northamptonshire Chief Constable

Date:

27/19/17

Expenditure and Funding Analysis

2015/16		2016/17	
Net Expenditure Chargeable to the General Fund	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000
51,282	1,545	50,681	50,681
3,271	98	3,124	3,124
11,147	(6,294)	11,093	(7,540)
18,413	554	18,214	(524)
961	29	740	740
20,829	3,327	18,800	115
7,814	252	7,907	7,907
113,717	(489)	110,559	(7,949)
Net Cost of Services		102,610	
(114,029)	(114,029)	(109,990)	(109,990)
312	312	(569)	(569)
	312		
	38,968		39,683
			16,364
0	38,479	0	48,098
Closing Combined General Fund Balance		48,098	
0	0	0	0

* The Exceptional Item relates entirely to the transfer of assets through absorption from the CC to PCC

Movement in Reserves Statement

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 are undertaken.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2016	0	0	0	1,053,837	1,053,837
Movement in reserves during 2016/17					
(Surplus) or deficit on the provision of services	48,098		48,098		48,098
Other Comprehensive Income / Expenditure				209,966	209,966
Total Comprehensive Income and Expenditure	48,098		48,098	209,966	258,064
Adjustments between accounting basis and funding basis under regulations (Note 10)	(48,098)		(48,098)	48,098	0
Net Increase or Decrease before Transfers to Earmarked Reserves				258,064	258,064
Transfers to / from Earmarked Reserves				0	0
Increase or Decrease in 2016/17				258,064	258,064
Balance at 31 March 2017	0	0	0	1,311,901	1,311,901

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Movement in reserves during 2015/16					
(Surplus) or deficit on the provision of services		0	0	1,177,394	1,177,394
Other Comprehensive Income / Expenditure	38,479		38,479		38,479
Total Comprehensive Income and Expenditure	38,479		38,479	(157,161)	(118,682)
Adjustments between accounting basis and funding basis under regulations (Note 10)	(39,455)		(39,455)	38,352	(1,103)
Net Increase or Decrease before Transfers to Earmarked Reserves	(976)		(976)	(118,809)	(119,785)
Transfers to / from Earmarked Reserves	976		976	(4,748)	(3,772)
Increase or Decrease in 2015/16				(123,557)	(123,557)
Balance at 31 March 2016	0	0	0	1,053,837	1,053,837

Comprehensive Income and Expenditure Statement

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.

2015/16			2016/17			
Expenditure	Income	Net	Expenditure	Income	Net	
£000	£000	£000	£000	£000	£000	
53,234	(428)	52,806	Police Pay	52,262	(761)	51,501
3,710	(345)	3,365	PCSO Pay	3,377	(252)	3,125
23,762	(18,925)	4,837	Police Pensions	19,791	(17,059)	2,732
11,372	(1,553)	9,819	Crime & Local Policing	10,950	(1,347)	9,603
12,789	(3,686)	9,103	Operational Support	12,082	(4,155)	7,927
1,014	(25)	989	Specials, Cadets & Volunteers	742	(2)	740
18,925	(677)	18,248	Business Support Exp	17,798	(553)	17,245
5,010	(41)	4,969	Other Non-Devolved Budgets	1,865	(46)	1,819
10,559	(2,516)	8,043	Collaboration & Regional	10,635	(2,727)	7,908
359		359	Non Distributed Costs	985		985
140,734		112,538	Cost of Services	130,487	(26,902)	103,585
	(28,196)					
	(114,029)	(114,029)	Intra-Group Funding Transfer		(109,990)	(109,990)
1,095		1,095	Other Operating Expenditure (Note 6)	17,283		17,283
39,031	(156)	38,875	Financing and Investment Income and Expenditure (Note 7)	20,876	(20)	20,856
			Exceptional Item*	16,364		16,364
180,860	(142,381)	38,479	(Surplus) or Deficit on Provision of Services	185,010	(136,912)	48,098
			Remeasurement of the net defined benefit liability / asset			209,966
		(157,161)				
			Other Comprehensive Income and Expenditure			209,966
		(157,161)				
			Total Comprehensive Income and Expenditure			258,064
		(118,682)				

* The Exceptional Item relates entirely to the transfer of assets through absorption from the CC to PCC

Balance Sheet

This account shows the overall financial position of the Chief Constable's resources as at 31 March 2017. 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 2016/17 financial year, instead of dealing with day-to-day transactions within that financial year.

31 March 2016		31 March 2017
£000		£000
10,759	Property, Plant and Equipment	0
5,605	Intangible Assets	0
16,364	Long Term Assets	0
0	Current Assets	0
(1,624)	Short-Term Creditors (Note 16)	(2,032)
(1,624)	Current Liabilities	(2,032)
(1,068,577)	Other Long-Term Liabilities (Note 17)	(1,309,869)
(1,068,577)	Long Term Liabilities	(1,309,869)
(1,053,837)	Net Assets	(1,311,901)
1,053,837	Unusable Reserves (Note 13)	1,311,901
1,053,837	Total Reserves	1,311,901

Cash Flow Statement

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.

2015/16		2016/17
£000		£000
38,479	Net (surplus) or deficit on the provision of services (Note 14)	48,098
(38,479)	Adjustment to (surplus) or deficit on the provision of services for noncash movements (Note 10)	(48,098)
0	Net cash flows from operating activities	0
0	Net (increase) or decrease in cash and cash equivalents	0
0	Cash and cash equivalents at the end of the reporting period	0

Note 1 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set 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

Note 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 2017 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
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 2016/17, the Authority's actuaries advised that the net pension's liability had increased by £241.294m as a result of estimates being corrected. 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 £1,309.869m, being the total pension liability.

Note 3 - Events After the Balance Sheet Date

Events taking place after the draft Statement of Accounts were provided to our external auditors on 30 June 2017, are not reflected within the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. Prime Minister evoked article 50 as the formal withdrawing from EU; formal negotiations with EU commenced on 19 June 2017. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

Note 4 - Officers' Remuneration

Employee Remuneration

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:

2015/16 Total	Earnings Band	2016/17 Officers	2016/17 Police Staff	2016/17 Total Employees
21	£50,000 to £54,999	34	3	37
7	£55,000 to £59,999	7	1	8
6	£60,000 to £64,999	4	2	6
3	£65,000 to £69,999	3	1	4
	£70,000 to £74,999	3		3
2	£75,000 to £79,999	1		1
2	£80,000 to £84,999	1		1
1	£85,000 to £89,999			0
	£90,000 to £94,999			
	£95,000 to £99,999	1		1
1	£100,000 to £104,999			0
	£105,000 to £109,999			
	£110,000 to £114,999	1		1
1	£115,000 to £119,999			0
	£120,000 to £124,999			
	£125,000 to £129,999			
	£130,000 to £134,999			
	£135,000 to £139,999			
	£140,000 to £144,999			
	£145,000 to £149,999			0
	£150,000 to £154,999	1		1
44	Total	56	7	63

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.

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

2016/17

Post Holder Information	Start Date	Leaving date	Salary	Expense Allowances	Other	Total Excluding Pension
			£	£	£	£
Simon Edens - Chief Constable	27/07/2015		151,472	357		151,829
Deputy Chief Constable 1	19/03/2015		113,769	50	8,877	122,696
Assistant Chief Constable	31/07/2015		97,161	249	3,188	100,598
ACO Finance and Resources*	14/01/2016					
Director of HR Tri Force Collaboration*	14/01/2016					

* The ACO Finance and Resources and Director of HR Tri Force Collaboration posts are shared between Northamptonshire (24.63%), Leicestershire (35.53%) and Nottinghamshire (39.84%). As both individuals are employed by Leicestershire, the total salary costs associated with these posts are not included within the table above.

2015/16

Post Holder Information	Start Date	Leaving date	Salary	Expense Allowances	Other	Total Excluding Pension
			£	£	£	£
Simon Edens - Chief Constable	27/07/2015		102,445	176		102,621
Adrian Lee - Chief Constable	12/10/2009	25/07/2015	42,703	366	5,627	48,696
Deputy Chief Constable	19/03/2015		112,643	151	8,842	121,636
Assistant Chief Constable	26/08/2014	30/11/2015	63,999	487		64,486
Assistant Chief Constable	31/07/2015		85,657	170	2,837	88,664
ACO Finance and Resources*	14/01/2016					
Head of Finance Asset Management	16/02/2015	13/01/2016	92,757	3,131		95,888

* The ACO Finance and Resources post is shared between Northamptonshire (24.63%), Leicestershire (35.53%) and Nottinghamshire (39.84%). As the individual is employed by Leicestershire, the total salary cost associated with the post is not included within the table above.

Note 5A - Note to the Expenditure and Funding Analysis

2016/17

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Police Pensions		(8,360)	820	(7,540)
Business Support Exp		1,563	(412)	1,151
Net Cost of Services	0	(6,797)	408	(6,389)
Exceptional Item	16,364	38,123	0	54,487
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	16,364	31,326	408	48,098

2015/16

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Police Pay	2,081			2,081
PCSO Pay	133			133
Police Pensions	452	(6,630)		(6,178)
Operations	747			747
Specials, Cadets & Volunteers	39			39
Business Support Exp	845	2,346	355	3,546
Collaboration & Regional	317			317
PCC				0
Net Cost of Services	4,614	(4,284)	355	685
Other Income and Expenditure	(198)	38,968	(0)	38,770
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	4,416	34,684	355	39,455

Note 5B - Segmental Analysis of Income and Expenditure

2016/17	Revenues from External Customers		Interest Expense		Interest Expense		Depreciation and Amortisation
	£0	£000	£0	£000	£0	£000	
Police Pay	(761)						
PCSO Pay	(252)						
Police Pensions	(17,059)						
Operations	(5,780)						
Specials, Cadets & Volunteers	(2)						
Business Support & Other Non Devolved Exp	(698)		63		63		
Collaboration & Regional	(8,742)						
Total	(33,294)		63		63		0
2015/16	Revenues from External Customers		Interest Revenue		Interest Expense		Depreciation and Amortisation
	£000	£000	£000	£000	£000	£000	
Police Pay	(428)				0		2,080
PCSO Pay	(345)				0		133
Police Pensions	(18,925)				0		452
Operations	(5,239)				0		747
Specials, Cadets & Volunteers	(25)				0		39
Business Support & Other Non Devolved Exp	(860)				(156)		844
Collaboration & Regional	(2,500)				0		317
Total	(28,322)		(156)		63		4,612

Note 5C – Expenditure Analysed by Nature

2015/16	2016/17
£000 Nature of Expenditure or Income	£000
(3,444) Fees, charges and other service income	(3,909)
(156) Interest and investment income	(20)
(19,590) Government grants and contributions	(17,339)
(5,161) Other income	(6,030)
152,428 Employee benefits expenses (including IAS 19)	141,698
22,663 Other service expenses	26,327
Depreciation, amortisation and impairment	0
4,612	
63 Interest payments	63
919 Precepts and levies	919
174 Gain or loss on disposal of non-current assets	16,364
(114,029) Intra Company Adjustment	(109,990)
0 Other expenditure	15
38,479 (Surplus) or Deficit for Year	48,098

Note 6 - Other Operating Expenditure

Other Operating Expenditure includes levies; gains or losses on the disposal of non-current assets in the CIES for 2016/17.

2015/16		2016/17
£000		£000
919	Levies	919
176	Transfer of Assets to PCC	16,364
1,095	Total Other Operating Expenditure	17,283

Note 7 - 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.

2015/16		2016/17
£000		£000
63	Interest payable and similar charges	63
38,968	Net interest on the net defined benefit liability (asset)	37,177
(156)	Interest receivable and similar income	(20)
38,875	Total	37,220

Note 8 - Trading Operations

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

Note 9 - 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 12 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 & the Multi Force Shared Services), however, the Force does not control these entities.

Note 10 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement (CIES) 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.

2016/17	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources		
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:		
- Pension cost (transferred to (or from) the Pensions Reserve)	(31,326)	31,326
- Holiday pay (transferred to the Accumulated Absences reserve)	(408)	408
Total Adjustments to Revenue Resources	(31,734)	31,734
Total Adjustments between Revenue and Capital Resources	0	0
Total Adjustments	(31,734)	31,734

2015/16	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources		
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:		
- Pension cost (transferred to (or from) the Pensions Reserve)	(34,683)	34,683
- Holiday pay (transferred to the Accumulated Absences reserve)	(355)	355
- Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,915)	4,915
Total Adjustments to Revenue Resources	(39,953)	39,953
Adjustments between Revenue and Capital Resources		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	245	(245)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,484	(1,484)
Total Adjustments between Revenue and Capital Resources	1,729	(1,729)
Other adjustments	0	0
Total Adjustments	(38,224)	38,224

Note 11 – External Audit

During the year the CC incurred direct external audit fees from KPMG LLP. The Audit Fee of £0.015m in both 15/16 and 16/17 related to the statutory audit work for the Statement of Accounts, which is a statutory requirement.

2015/16		2016/17
£000		£000
15	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	15
15	Total	15

Note 12 - Grant Income

The OPCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17

Credited to Services

31 March 2016		31 March 2017
£000		£000
(19)	Drug Intervention Programme	
(99)	Loan Charges Grant	12
(18,925)	Pension Top Up Grant	(17,059)
(20)	Department of Health	(28)
(184)	Proceeds of Crime	(264)
(19,247)	Total	(17,339)

Note 13 - Unusable Reserves

31 March 2016		31 March 2017
£000		£000
(16,364)	Capital Adjustment Account	0
1,068,577	Pension Reserve	1,309,869
1,624	Accumulated Absences Account	2,032
1,053,837	Total	1,311,901

Pension Reserve

31 March 2016		31 March 2017
£000		£000
1,191,054	Balance 1 April	1,068,577
(157,161)	Remeasurements of the net defined benefit (liability)/asset	209,966
66,070	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the CIES	60,847
(31,386)	Employers pensions contributions and direct payments to pensioners payable in the year	(29,521)
1,068,577	Balance 31 March	1,309,869

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.

Accumulated Absences Account

31 March 2016		31 March 2017
£000		£000
1,270	Balance 1 April	1,624
(1,270)	Settlement or cancellation of accrual made at the end of the preceding year	(1,624)
1,624	Amounts accrued at the end of the current year	2,032
1,624	Balance 31 March	2,032

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.

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 OPCC 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.

2015-16 £000		2016-17 £000
(14,930)	Balance at 1 April	(16,364)
	Transfer of assets to the PCC	16,364
3,107	Charges for depreciation and impairment of non(current assets	0
2	Revaluation losses on Plant and Equipment written off directly to the Capital Adjustment Account	0
1,505	Amortisation of intangible assets	0
303	Amounts of non(current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	0
(10,013)		0
(4,622)	Intra Company Capital Financing Adjustment	0
0	Capital Financing Applied in Year	0
(245)	Statutory provision for the financing of capital investment charged against the General Fund*	0
(1,484)	Capital expenditure charged against the General Fund balances	0
(16,364)	Balance at 31 March	0

Note 14 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2016		31 March 2017
£000		£000
(156)	Interest received	(20)
63	Interest paid	63
(93)	Total	43

The cash flows for operating activities include the following items:

31 March 2016		31 March 2017
£000		£000
(355)	Increase/(decrease) in creditors	(408)
(34,684)	Movement in pension liability	(31,326)
(3,440)	Other non-cash movements charged to the (surplus) or deficit on provision of services	(16,364)
(38,479)	Total	(48,098)

Note 15 - 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 Force terminated the contracts of a number of employees in 2016/17.

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total cost of Exit Packages in each Band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16 £000	2016/17 £000
£0 - £20,000	7	6	10	1	17	7	152	58
£20,001 - £40,000	1	1			1	1	33	29
Total	8	7	10	1	18	8	185	87

Note 16 - Creditors

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

31 March 2016		31 March 2017
£000		£000
(1,624)	Other Entities and Individuals	(2,032)
(1,624)	Total Creditors	(2,032)

Note 17 - Pension Schemes Accounted for as Defined Contribution Schemes

Pensions

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 OPCC 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 Equiniti 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. However, the CC's contribution 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, 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

Pensions Revenue Items

	<u>Local Government Pension Scheme</u>		<u>Police Pension Scheme</u>		<u>TOTAL</u>	
	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>
<u>Comprehensive Income and Expenditure</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net Cost of Services						
Current service cost	(6,348)	(5,150)	(26,220)	(23,260)	(32,568)	(28,410)
Past service cost	0	(5)	(190)	(980)	(190)	(985)
Net Operating Expenditure						
Interest Costs**	(6,261)	(6,358)	(36,520)	(35,090)	(42,781)	(41,448)
Expected return on employers assets**	3,808	4,265	0	0	3,808	4,265
Net Charge to the Income and Expenditure Account	(8,801)	(7,248)	(62,930)	(59,330)	(71,731)	(66,578)
<u>Movement In Reserves</u>						
Movement on Pensions Reserve						
(Reversal of net charges made for retirement benefits in accordance with IAS 19)	(17,336)	(10,870)	62,930	53,600	45,594	42,730
<u>Actual amount charged against Council Tax (General Fund Balance) for pensions</u>						
Employers contributions to the Scheme	4,361	3,626	11,671	10,980	16,032	14,606
Additional contributions to the Police Pensions Fund Account			15,349			

** The net of interest costs and return on assets reconciles to the amount included within financing and investment income and expenditure on the face of the CIES, as detailed in the notes.

In addition to the recognised gains and losses included in the CIES, actuarial gains and losses of £11.786m loss (loss of £157.161m in 2015/16) were included within other Comprehensive Income & Expenditure.

The estimated 2017/18 pension scheme contribution for the Police Pension Scheme is £10.9m and £3.6m 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.

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-16 £000	31-Mar-17 £000	31-Mar-16 £000	31-Mar-17 £000
Opening Defined Benefit Obligation - 1 April	(192,079)	(179,104)	(1,115,490)	(1,009,510)
Current Service Cost (Grossed up for employee contributions)	(6,348)	(5,150)	(26,220)	(23,260)
Interest Cost	(6,261)	(6,358)	(36,520)	(35,090)
Contributions by Scheme Participants	(1,423)	(1,383)	5,830	5,730
Actuarial (Gains)/ Losses	23,991	(25,452)	136,060	(198,180)
Past Service (Costs)/ Gains	0	(1,206)	(190)	(980)
(Loses)/ Gains on Curtailments	(169)	(5)	0	0
Estimated Unfunded Benefits Paid	5	5	0	0
Estimated Benefits Paid	3,180	3,583	27,020	25,890
Closing Defined Benefit Obligation 31st March	(179,104)	(215,070)	(1,009,510)	(1,235,400)

Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only

	31-Mar-15 £000	31-Mar-16 £000
Pensions Asset 1 April	116,514	120,039
Expected Return on Assets	3,808	4,265
Contributions by Members	1,423	1,383
Gains & Losses Effect of Settlement	0	1,205
Employers Contributions (Inc Injuries) - excluding Top-Up Grant	4,361	3,626
Pension Fund Asset Split (Group to Single Entity)	0	0
Contributions in Respect of Unfunded Benefits	5	5
Actuarial Gains	(2,890)	13,666
Estimated Unfunded Benefits paid	(2)	(5)
Estimated Benefits Paid	(3,180)	(3,583)
Fair Value of Pensions Asset 31 March	120,039	140,601

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 £4.265m (£3.808m in 2015/16).

Scheme History

Scheme History					
	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
Present Value of Liabilities					
Local Government Pension Scheme	(129.507)	(149.169)	(193.285)	(180.310)	(215.070)
Police Pension Scheme	(971.156)	(967.070)	(1,115.490)	(1,009.510)	(1,235.400)
	(1,100.667)	(1,116.239)	(1,308.775)	(1,189.820)	(1,450.470)
Fair Value of Assets LGPS	92.920	99.700	117.720	121.240	140.600
Surplus/ (Deficit) in the Scheme					
Local Government Pension Scheme	(39.990)	(49.470)	(75.570)	(59.070)	(74.470)
Police Pension Scheme	(967.760)	(967.070)	(1,115.490)	(1,009.510)	(1,235.400)
Total	(1,007.75)	(1,016.54)	(1,191.06)	(1,068.58)	(1,309.869)

The CC's total pension liability of £1,309.869, reconciles to the Unusable Reserves within the Balance Sheet of £1,052.213, 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 CC 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.

Local Government Pension Scheme (LGPS) 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.

Police Pension Schemes 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:

Assumptions

	Local Govt. Pension Scheme		Police Pension Scheme	
	2015/16	2016/17	2015/16	2016/17
Expected Return on Assets	%	%	%	%
Investments	6.0	8.6	n/a	n/a
Mortality Assumptions	yrs	yrs	yrs	yrs
Longevity at 65 for current pensioners				
Men	22.3	22.1	23.3	23.2
Women	24.3	24.2	25.1	25.2
Longevity at 65 for future pensioners				
Men	24.0	23.9	25.1	25.2
Women	26.6	26.1	27.2	27.3
Financial Assumptions	%	%	%	%
Rate of Inflation	2.2	2.4	2.2	2.4
Rate of Increase in Salaries	4.2	2.7	4.2	4.3
Expected Return on Assets	0.8	23.3	n/a	n/a
Rate for Discounting Scheme Liabilities (Gross)	3.6	2.7	10.6	10.0
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 OPCC'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 March 2016		31 March 2017	
%	Description	%	
88.5	Equity Investments	83	
4	Bonds	8	
6.0	Property	7	
1	Cash and Liquidity	2	
100	Total	100	

Pensions Reserve - History of Experience Gains / Losses

The actuarial gains identified as movements on the Pensions Reserve for 2016/17, can be analysed into the following categories, measured as percentages of assets or liabilities as at 31 March 2017.

CC	2012/13		2013/14		2014/15		2015/16		2016/17	
	£m	%	£m	%	£m	%	£m	%	£m	%
Local Government Pension Scheme										
Differences between expected and actual return on assets	0.96	0.87%	(0.92)	0.87%	8.24	(17.18)%	2.887	4.89%	13.666	51.92%
Differences between actuarial assumptions about Liabilities and actual experience.	7.29	(4.72)%	(7.03)	4.69%	(30.03)	25.22%	(23.99)	(40.62)%	25.452	86.77%
Police Pension Schemes										
Differences between actuarial assumptions about Liabilities and actual experience.	37.23	4.15%	37.65	4.15%	(113.82)	10.91%	16.16	-1.72%	19.64	(1.76)%
New Police Pension Scheme										
Differences between actuarial assumptions about Liabilities and actual experience.	3.84	11.77%	3.84	11.77%	(5.24)	11.58%	(0.62)	1.62%	(0.17)	(0.29)%
Injury Awards Police Pension Scheme										
Differences between actuarial assumptions about Liabilities and actual experience.	3.58	9.87%	3.58	9.87%	11.14	41.66%	2.37	10.27%	(0.95)	(4.05)%
2015 Police Pension Scheme										
Differences between actuarial assumptions about liabilities and actual experience.	N/A		N/A		N/A		(0.05)	0.46%	(0.98)	2.63%

Note 18 - Defined Benefit Pension Scheme

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.

	2015/16 £000	2016/17 £000
Contributions Receivable		
CC		
From Employer		
normal	(10,693)	(9,890)
early retirements		
From members	(5,821)	(5,728)
Transfers in		
Individual Transfers in from other schemes	(181)	(199)
Benefits Payable		
Pensions	23,639	24,402
Commutations and lump sum retirement benefits	7,901	6,229
Lump Sum death benefits		
Other		
Payments to and on account of leavers		
Refunds of Contributions	14	14
Individual transfers out to other schemes	580	86
Additional funding payable by the local policing body/Police Operating Account to meet deficit/ amount payable to the local policing body/Police Operating Account in respect of the surplus for the year		(1,185)
Other		
Sub-total for the year before transfer from the CC of an amount equal to the deficit	15,439	13,729
Additional funding payable by the CC to fund the deficit for the year	(15,439)	(13,729)
Payments in respect of the Milne vs GAD court case	3,486	(56)
Income in respect of the Milne vs GAD court case	(3,486)	56
Net amount payable/ receivable for the year	0	0

Details of the long-term pension obligation can be found within Notes 15 and 16.

The judgement agreed that national guidance for calculating pension lump sums between 1st December 2001 and 30th November 2006 contained an error which mainly resulted in substantial underpayments. The payments relating to this were made in 2015/16 and the Force received full re-imbursement for these costs through an additional Pension Fund Grant under the Police Top Up Grant arrangement from the Home Office.

During 2016/17, the Force refunded the Home Office £0.056m of the amount detailed above as a result of differences between the estimates and actual payments made to former officers.

There is an adjustment of 2.9% to the cashflow due to a reduction in the employer contribution rate for police pension schemes in 2016/17 being reflected in a reduction in HMT pensions top up funding.

Net Asset Statement

There were no unpaid pensions due or recoverable overpayments of pensions as at 31 March 2017.

Notes to the Police Pension Fund Account

A. 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%

B. Transfer Values

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

C. 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 OPCC Core Financial Statements and can be referred to in notes 15 to 16.

D. Accounting Policies

Accounting Policies conform to those in the Statement of Accounts.

E. 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 OPCC 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.

Note 19 - Property, Plant and Equipment

	Land & Buildings £000	Vehicles £000	Equipment & IT Equip £000	Assets Under Const'n £000	Total £000
Cost or Valuation at 1 Apr 2016	0	3,011	2,692	5,055	10,759
Cost or Valuation					
At 1 April	0	6,757	7,800	5,183	19,740
Transfer of Assets to PCC	0	(6,757)	(7,800)	(5,183)	(19,740)
At 31 March 2017	0	0	0	0	0
Accumulated Depreciation and Impairment at 1 April	0	3,746	5,108	128	8,981
Transfer of Assets to PCC	0	(3,746)	(5,108)	(128)	(8,981)
Depreciation as at 31 March 2017	0	0	0	0	0
Net Book Value as at 31 Mar 2017	0	0	0	0	0

	Land & Buildings £000	Vehicles £000	Equipment & IT Equip £000	Assets Under Const'n £000	Total £000
Cost or Valuation at 1 Apr 2015	0	2,420	4,040	4,734	11,194
Cost or Valuation					
At 1 April		6,521	8,173	4,734	19,428
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	5,183	19,740
Accumulated Depreciation and Impairment at 1 April	0	4,101	4,133	0	8,233
Depreciation	0	728	2,379	0	3,107
Revaluations/Restatements	0	0	0	128	128
Disposals	0	(1,083)	(1,404)	0	(2,487)
Depreciation as at 31 March 2016	0	3,746	5,108	128	8,981
Net Book Value as at 31 Mar 2016	0	3,011	2,692	5,055	10,759

Note 20 Impairment Losses

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

Note 21 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 movement on Intangible Asset balances during the year is as follows:

2015-16		2016-17
£000	Description	£000
	Balance at 1st April	
3,735	Net carrying amounts	5,605
0	1 st April Transfer of Assets from CC	(5,605)
	Additions:	
2,582	Internal Development	
793	Asset under Construction (Note 13)	
	Disposals	
(1,505)	Amortisation to the Comprehensive Income & Expenditure Statement*	
5,605	CC Net Carrying amount at 31 March	0
	This comprises of:	
9,603	Net carrying Amount	
(3,998)	Accumulated amortisation	
5,605	Total	0

Note 22 - 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 2016-17 upon the capital financing requirement.

2015-16		2016-17
£000		£000
0	Opening Capital Financing Requirement	0
	Capital Investment	
936	Vehicles	
823	Equip & IT Equip	
2,583	Intangibles	
2,009	Assets Under Construction	
	Sources of Finance	
(4,622)	Intra Company	
	Sums set aside from revenue	
(245)	MRP*	
(1,484)	Revenue Contributions	
0	Closing Capital Financing Requirement	0

Note 23 - 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 2015 and the Service Reporting Code of Practice for Local Authorities 2016/17 (SeRCOP), although this Code no longer requires statements or notes to be prepared in accordance with 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 6.5 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 2017. 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 OPCC, 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 OPCC 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 OPCC 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

Note 24 - Glossary

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 OPCC 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 OPCC 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 OPCC.

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 OPCC obtains the income it requires from council tax via the collection OPCC'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 OPCC'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 OPCC'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.



Independent auditor's report to the members of Chief Constable for Northamptonshire

We have audited the financial statements of Chief Constable for Northamptonshire for the year ended 31 March 2017 on pages 29 to 64. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the Chief Constable, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Force Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2017 and of the Chief Constable's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Matters on which we are required to report by exception

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

- the Annual Governance Statement set out on pages 23 to 27 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

The Chief Constable's responsibilities

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

Auditor's responsibilities

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether Chief Constable for Northamptonshire had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Chief Constable for Northamptonshire had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Chief Constable for Northamptonshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of Chief Constable for Northamptonshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

A handwritten signature in black ink, appearing to read 'Andrew Cardoza', with a stylized flourish at the end.

Andrew Cardoza

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

29 September 2017

