ANNEX A

COMMUNITY JUSTICE SECURITY

Northamptonshire Police and Crime Commissioner

Statement of Accounts for the year 2016/17

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Expenditure and Funding Analysis Statement

Net Expenditure Chargeable to the General Fund	2015/16 Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	2016/17 Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	**£000**	**£000**		**£000**	**£000**	**£000**
7,803	(1,613)	6,190	PCC	11,246	1,873	13,119
7,803	**(1,613)**	**6,190**	**Net Cost of Services**	**11,246**	**1,873**	**13,119**
114,029		114,029	Intra Company Adjustment	109,990		109,990
105	(105)	0	Joint Operations Outturn (Surplus)/ Deficit transfer Financial Statements	159	(159)	0
(312)		(312)	CC Outturn (Surplus)/ Deficit intra Group transfer within Financial Statements	569		569
(119,980)	(1,671)	(121,651)	Other Income and Expenditure	(121,080)	(3,616)	(124,696)
			Exceptional Item		(16,364)	(16,364)
1,645	**(3,389)**	**(1,744)**	**(Surplus) or Deficit on Provision of Services**	**884**	**(18,266)**	**(17,382)**
(20,905)			Opening Combined General Fund Balance	(16,785)		
1,645			Plus / less (Surplus) or Deficit on the General Fund (Statutory basis)	884		
2,475			Transfers to/from other Reserves	5,566		
(16,785)			**Closing Combined General Fund Balance**	**(10,335)**		

* 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 OPCC, 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 OPCC'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	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2016	**(4,404)**	**(12,381)**	**(16,785)**	**(32,744)**	**(49,529)**
Movement in reserves during 2016/17					
(Surplus) or deficit on the provision of services	(17,382)		**(17,382)**		**(17,382)**
Other Comprehensive Income / Expenditure				(227)	**(227)**
Total Comprehensive Income and Expenditure	**(17,382)**	**0**	**(17,382)**	**(227)**	**(17,609)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	23,832		**23,832**	(23,832)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**6,450**	**0**	**6,450**	**(24,059)**	**(17,609)**
Transfers to / from Earmarked Reserves	(5,566)	5,566	**0**		**0**
Increase or Decrease in 2016/17	**884**	**5,566**	**6,450**	**(24,059)**	**(17,609)**
Balance at 31 March 2017	**(3,520)**	**(6,815)**	**(10,335)**	**(56,803)**	**(67,138)**

	General Fund Balance	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2015	**(6,048)**	**(14,857)**	**(20,905)**	**(27,903)**	**(48,808)**
Movement in reserves during 2015/16					
(Surplus) or deficit on the provision of services	(1,669)	(75)	**(1,744)**		**(1,744)**
Other Comprehensive Income / Expenditure				(5,443)	**(5,443)**
Total Comprehensive Income and Expenditure	**(1,669)**	**(75)**	**(1,744)**	**(5,443)**	**(7,187)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	1,832	143	**1,975**	(744)	**1,231**
Net Increase or Decrease before Transfers to Earmarked Reserves	**163**	**68**	**231**	**(6,315)**	**(6,084)**
Transfers to / from Earmarked Reserves	1,481	2,408	**3,889**	1,474	**5,363**
Increase or Decrease in 2015/16	**1,644**	**2,408**	**4,120**	**(4,841)**	**(721)**
Balance at 31 March 2016	**(4,404)**	**(12,381)**	**(16,785)**	**(32,744)**	**(49,529)**

Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the OPCC 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.

Joint Associated Non-Entity (Joint Operations) accounting entries are consolidated in the Comprehensive Income and Expenditure service headings. Note 40 to the accounts gives a separate breakdown of these entries.

2015/16				2016/17		
Expenditure	**Income**	**Net**		**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
5,332	(5,449)	835	Collaboration & Regional	7,161	(7,176)	(15)
4,831	(20)	4,811	Police and Crime Commissioner	11,067	(106)	10,961
1,955	(782)	1,173	Commissioning	2,188	(844)	1,344
12,118	**(6,285)**	**5,833**	**Cost of Services**	**20,416**	**(8,126)**	**12,290**
114,029		114,029	Intra-Group Funding Transfer	109,990		109,990
225	(126)	99	Other Operating Expenditure (Note 7)	182	(46)	136
35		35	Financing and Investment Income and Expenditure (Note 8)	29		29
	(121,740)	(121,740)	Taxation and Non Specific Grant Income (Note 9)		(123,463)	(123,463)
			Exceptional Item*	(16,364)		(16,364)
126,407	**(128,151)**	**(1,744)**	**(Surplus) or Deficit on Provision of Services**	**114,253**	**(131,635)**	**(17,382)**
		(5,074)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(676)
		(369)	Remeasurement of the net defined benefit liability / asset			449
		(5,443)	**Other Comprehensive Income and Expenditure**			**(227)**
		(7,187)	**Total Comprehensive Income and Expenditure**			**(17,609)**

* 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 OPCC at 31 March 2017. It therefore differs from the other financial accounts shown in this statement in that it deals with the position of the OPCC at the end of the 2016/17 financial year instead of dealing with day-to-day transactions within that financial year.

31 March 2016 £000		31 March 2017 £000
38,082	Property, Plant and Equipment (Note18)	58,186
7	Intangible Assets (Note 23)	4,266
11	Long Term Investments	11
38,100	**Long Term Assets**	**62,463**
7,655	Short-term Investments	2,000
66	Assets Held for Sale (Note 40)	66
472	Inventories (Note 27)	462
14,219	Short Term Debtors (Note 26)	11,027
6,677	Cash and Cash Equivalents (Note 33)	12,859
29,089	**Current Assets**	**26,414**
(14,433)	Short-Term Creditors (Note 29)	(17,176)
(1,155)	Provisions (Note 28)	(1,360)
(15,588)	**Current Liabilities**	**(18,536)**
(1,300)	Long Term Borrowing	(1,300)
0	Long Term Provisions (Note 28)	(615)
(772)	Other Long-Term Liabilities (Note 38)	(1,288)
(2,072)	**Long Term Liabilities**	**(3,203)**
49,529	**Net Assets**	**67,138**
(16,785)	Usable Reserves (Note 17)	(10,335)
(32,744)	Unusable Reserves (Note 16)	(56,803)
(49,529)	**Total Reserves**	**(67,138)**

Cash Flow Statement

This statement shows a summary of the cash flowing in and out of the PCC 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 £000		2016/17 £000
(1,744)	Net (surplus) or deficit on the provision of services	(17,382)
1,674	Adjustment to (surplus) or deficit on the provision of services for noncash movements	774
1,245	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	1,545
1,175	**Net cash flows from operating activities (Note 34)**	**(15,063)**
1,595	Net cash flows from investing activities	8,881
2,770	**Net (increase) or decrease in cash and cash equivalents (Note 35)**	**(6,182)**
9,447	Cash and cash equivalents at the beginning of the reporting period	6,677
6,677	**Cash and cash equivalents at the end of the reporting period (Note 33)**	**12,859**

Note 1 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Group Accounts Note 42, the OPCC 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 the going concern status, such as future levels of funding for police OPCC's from central government departments

• Possible impairment of investments

• Whether other entities with which the OPCC has a relationship are subsidiaries, associates or jointly controlled entities

• The potential outcome of legal claims by or against the OPCC

• 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 OPCC 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 OPCC'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
Property	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase £0.033m for every year that useful lives had to be reduced.
Vehicles, Plant and Equipment and Intangible Assets	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that for example some equipment, e.g. vehicles can be driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for vehicles would increase by £1.37m for every year that useful lives had to be reduced.

Joint Venture	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that the Joint Venture's helicopter can be used driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	The Authority requested an external expert assess its liability at the end of the 2016/17 Financial Year and has made a provision of £0.938m for the settlement of insurance claims, based on the number of known claims. As none of these claims have yet been settlement the extent of the liability is still unknown.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £0.094m to the provision needed.
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 £248.17m 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 £1,317.5m, being the total pension liability.
Arrears	At 31 March 2017, the OPCC had a balance of sundry debtors for £0.701m. A review of balances suggested that a bad debts provision of £0.031m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.031m to set aside as an allowance.
Investments	At 31 March 2017, the OPCC held a balance of investments of £12.359m, before IFRS accounting adjustments for cash & cash equivalents. • A review of these investments showed they were all banking institutes were either Within the top 30 most secure (rating completed by Building Society's Association, ranked by group assets), or • Other financial investment bodies are reviewed for credit worthiness via a stability assessment, based on short and long term market forecasts provided by the three main credit rating agencies. However, in the current economic climate other financial institutes have previously failed.	If one of these institutes were to fail, the maximum liability the OPCC could face would be £7.6m for our external fund managers, or £6.6m for an internally managed fund.

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 figure 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 19th 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 PCC Staff	2016/17 Total Employees
0	£50,000 to £54,999	3	3
4	£60,000 to £64,999	1	1
0	£65,000 to £69,999	1	1
1	£70,000 to £74,999	2	2
5	**Total**	**7**	**7**

The disclosure above 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 £	Total Excluding Pension £	Employers Contribution £	Total Including Pension £
Police and Crime Commissioner							
Adam Simmonds - Police and Crime Commissioner	22/11/2012	11/05/2016	7,903	0	7,903	1,344	9,247
Stephen Mold - Police and Crime Commissioner	12/05/2016		62,097	2,576	64,673	10,615	75,288
Office of the Police and Crime Commissioner							
Acting Chief Executive*	12/10/2015	31/10/2016	40,464	811	41,275	7,456	48,731
Director for Resources*	01/11/2016		20,919	314	21,233	3,518	24,751
Chief Executive	15/11/2016		31,661	1,115	32,776	5,452	38,228
Acting Director for Resources**	12/10/2015	31/10/2016	32,795	941	33,736	5,575	39,311
Strategic Resource Officer**	01/11/2016		19,085	158	19,243	2,861	22,104
Assistant Chief Executive (Visibility)	22/11/2012	31/08/2016	31,656	149	31,805	5,100	36,905
Acting Director for Delivery***	12/10/2015	31/08/2016	29,999	0	29,999	5,100	35,099
Director for Delivery – 1***	01/09/2016		42,418	253	42,671	7,272	49,943
Director of Technology and Digital Transformation	22/11/2016		38,378	0	38,378	6,585	44,963
Director for Delivery - 2	21/11/2016		26,259	28	26,287	0	26,287
Director for Early Intervention	07/11/2016		29,087	928	30,015	5,005	35,020

2015/16 Post Holder Information	Start Date	Leaving date	Salary £	Expense Allowances £	Total Excluding Pension £	Employers Contribution £	Total Including Pension £
Police and Crime Commissioner							
Adam Simmonds - Police & Crime Commissioner	22/11/2012		70,000	89	70,089	11,900	81,989
Office of the Police and Crime Commissioner							
Chief Executive	01/08/2014	31/10/2015	43,824	0	43,824	7,450	51,274
Chief Executive*	01/11/2015		27,410	88	27,498	4,659	32,157
Director for Resources, Transformation & Governance*	01/02/2015	31/10/2015	38,846	125	38,971	6,604	45,575
Assistant Chief Executive (Visibility)	01/08/2014		71,997	60	72,057	12,239	84,296
Assistant Chief Executive**	27/04/2015	11/10/2015	28,173	17	28,190	4,789	32,979
Acting Director for Governance, Operations and Delivery**	12/10/2015		35,856	191	36,047	6,095	42,142
Acting Director for Resources and Section 151 Officer	01/11/2015		47,904	36	47,940	8,144	56,084

* The post holder is the same person
** The post holder is the same person
*** The post holder is the same person

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**
PCC	8,146	985	13	9,144
Net Cost of Services	**8,146**	**985**	**13**	**9,144**
Other Income and Expenditure	(32,138)	(916)	78	(32,976)
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	(23,992)	69	91	(23,832)

2015/16	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	**£000**	**£000**	**£000**
PCC	352	115	0	467
Net Cost of Services	**352**	**115**	**0**	**467**
Other Income and Expenditure	(1,962)	35	(515)	(2,442)
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	(1,610)	150	(515)	(1,975)

Note 5B - Segmental Analysis of Income and Expenditure

2016/17	Revenues from External Customers	Depreciation and Amortisation
	£000	**£000**
PCC	(950)	8,171
Total	**(950)**	**8,171**

2015/16	Revenues from External Customers	Depreciation and Amortisation
	£000	**£000**
PCC	(802)	352
Total	**(802)**	**352**

Note 5C - Expenditure Analysed by Nature

2015/16 £000	Nature of Expenditure or Income	2016/17 £000
	Fees, charges and other service income	
(105)	(Surplus) or deficit on associates and joint ventures	(159)
	Interest and investment income	
(70,433)	Income from local taxation	(72,103)
(52,055)	Government grants and contributions	(52,011)
	Other income	(106)
1,589	Employee benefits expenses benefits (IAS 19)	1,656
4,879	Other service expenses	3,458
352	Depreciation, amortisation and impairment	8,186
	Interest payments	
0	Gain or loss on disposal of non-current assets (Excl JV)	(16,278)
114,029	Intra Company Adjustment	109,990
	Other expenditure	(15)
(1,744)	**(Surplus) or Deficit for Year**	**(17,382)**

Note 6 - 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 OPCC in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions, 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)	(67)	67
Council tax and NDR (transfers to or from the Collection Fund)	(78)	78
Holiday pay (transferred to the Accumulated Absences reserve)	34	(34)
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)	(6,978)	6,978
Total Adjustments to Revenue Resources	**(7,089)**	**7,089**
Adjustments between Revenue and Capital Resources		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	235	(235)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	14,286	(14,286)
Total Adjustments between Revenue and Capital Resources	**14,521**	**(14,521)**
Transfer of Assets from CC	16,364	(16,364)
Other adjustments	36	(36)
Total Adjustments	**23,832**	**(23,832)**

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)	**(150)**	150
Council tax and NDR (transfers to or from the Collection Fund)	**515**	(515)
Holiday pay (transferred to the Accumulated Absences reserve)	**(65)**	65
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)	**(352)**	352
Total Adjustments to Revenue Resources	**(52)**	**(52)**
Adjustments between Revenue and Capital Resources		
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	**3,153**	(3,153)
Total Adjustments between Revenue and Capital Resources	**3,153**	**(3,153)**
Other adjustments	0	0
Total Adjustments	**3,101**	**(3,101)**

Note 7 - 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 £000		2016/17 £000
99	Gains/losses on the Disposal of Non-Current Assets	182
	Transfer of Assets from CC	(16,364)
	Other	(46)
99	**Total Other Operating Expenditure**	**(16,228)**

Note 8 - 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 £000		2016/17 £000
35	Net interest on the net defined benefit liability (asset)	29
35	**Total**	**29**

Note 9 - Taxation and Non-Specific Grant Income

The CIES includes income comprising of council tax income, NNDR, non-ring fenced government grants and all capital grants.

2015/16 £000		2016/17 £000
(46,114)	Council tax income	(47,923)
(24,319)	Non-domestic rates income and expenditure	(24,180)
(50,062)	Non-ringfenced government grants	(49,815)
(1,245)	Capital grants and contributions	(1,545)
(121,740)	**Total**	**(123,463)**

Note 10 - Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement or within notes 5-9, such as the disposals of Fixed Assets and Investments or reversals of provisions, the nature of these material amounts are set out below:

2015/16 PCC £000		2016/17 PCC £000
855	Insurance Provision	938
0	Legal Provision	320
0	Redundancy	66
300	Property Dilapidations	650
1,155	**Total**	**1,974**

Note 11 - Trading Operations

The OPCC do not have any trading operations. All commercial activities have been outsourced.

Note 12 - Members' Allowances

During 2016/17 a total of £0.013m was paid in Allowances and Reimbursements for OPCC members (2015/16 £0.016m)

2015/16 PCC £000	Description	2016/17 PCC £000
16	Allowances and Re-imbursements	13
16	**Total**	**13**

Note 13 - External Audit Costs

During the year the PCC incurred direct external audit fees from KPMG LLP. The Audit Fee of £0.029m (which excludes VAT) in both 15/16 and 16/17 related to the statutory audit work for the Statement of Accounts, which is a statutory requirement. There was a further £0.001m (£0.001m in 2015/16) relating to other audits.

2015/16 £000		2016/17 £000
30	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	30
	Fees payable in respect of other services provided by external auditors during the year	
30	**Total**	**30**

Note 14 - Grant Income

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

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2015/16 £000		2015/16 £000
(43,418)	Revenue Support Grant	(43,171)
(6,644)	Council Tax Burden Grant	(6,644)
(881)	Capital grants and contributions	(1,151)
(364)	Agile Innovation Fund Capital Grant	
	Other Capital Grants and Contributions	(394)
(51,307)	**Total**	**(51,360)**

Credited to Services

2015/16 PCC £000		2015/16 PCC £000
(782)	Ministry of Justice	(844)
0	Police Transformation Grant – Police/ Fire	(40)
0	Sale of Goods and Services	(46)
(20)	Proceeds of Crime	(20)
(802)	**Total**	**(950)**

Note 15 - Related Parties

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

Central Government has effective control over the general operations of the OPCC. It is responsible for providing the statutory framework within which the OPCC operates, and provides the majority of funding in the form of general or specific grants. Details of government grants are set out in note 14 to the Core Financial Statements.

The OPCC has direct control over the OPCC's financial and operating policies. Chief Officers might also be in a position to influence significantly the policies of the OPCC.

The OPCC and 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 OPCC 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.

During 2015/16, there was a transaction (grant) amounting to £0.050m with Walgrave Wellbeing Centre of the Director for Resources (OPCC) was also a Director. In 2016/17 £0.033m of this grant was refunded to the OPCC as Walgrave were unable to meet some of the conditions of the grant relating to the timing of expenditure.

There were also transactions of £0.567m (16/17) & £0.520m (15/16) with the University of Northampton of which the said Director was an external audit committee member. These transactions related to four quarterly payments of £0.130m for the Funding to help the Institute for Public Safety Crime and Justice.

Note 16 - Transfers to/from Earmarked Reserves

This note sets out the PCC amounts set aside from the General Fund and earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet the General Fund requirements in 2016/17.

The adequacy of reserves is assessed as part of the annual budget process where the strategic, operational and financial risks facing the OPCC are considered. The Reserves Policy is published annually in the Budget Report and included in the Budget Book where the rationale for each Reserve is clearly stated.

A review of the existing Reserves was undertaken during at the end of the financial year in which a number of Earmarked Reserves, which had opening balances were again reviewed. In terms of adequacy. One earmarked reserve, the Employee Benefit reserve was originally created to mitigate fluctuations within the Accumulated Absence Reserve. However, as this a not a cash backed reserve it was determined that this reserve is no longer applicable and the balance of £1.146m has been transferred to the Capital Transformation Reserve.

As part of the budget allocation in 2016/17, there was an agreed 'topslice' of the revenue budget amounting to £5.771m; this was reallocated between the Initiatives Fund and the Capital Transformation Reserve amounting to £0.910m and £4.861m respectively.

As at the 1 April 2016, the General Fund balance stood at £4.404m. During the year a review of of the balance sheet balances revealed an outstanding long term creditor balance, which was no longer appropriate and as such was transferred back to the General Fund; this amounted to £1.225m. The OPCC has agreed that these funds should be used to fund a new reserve and increase the insurance reserve; details of which are documented below.

On 31 March 2017, the total Earmarked Reserves and General Fund balance stood at £9.753m(£16.111m in 2015/16). These were made up as follows:

		Balance at 1 April 2015	Transfers In 2015/16	Transfers Out 2015/16	Balance at 31 March 2016	Transfers In 2016/17	Transfers Out 2016/17	Balance at 31 March 2017
	£000	£000	£000	£000	£000	£000	£000	£000
Initiatives Fund		(1,362)	(7,462)	5,883	**(2,941)**	(910)	2,717	**(1,134)**
Insurance		(1,783)		1,700	**(83)**	(919)		**(1,002)**
Invest to Save		0			**0**	(977)		**(977)**
Pensions		(1,197)	(83)		**(1,280)**	(6)		**(1,286)**
Safer Roads		(1,194)			**(1,194)**	(112)		**(1,306)**
Capital/ Transformation		0	(3,010)		**(3,010)**	(10,270)	12,754	**(526)**
Joint Venture Reserves		(715)		41	**(674)**		90	**(584)**
Carry Forwards (OPCC & Force)		(2,141)	(1,124)	1,212	**(2,053)**	(387)	2,440	**0**
Employee Benefit Reserve		(1,144)	(2)		**(1,146)**		1,146	**0**
PCC Carry Forward Reserve		(22)		22	**0**			**0**
Print Services Equipment		(49)		49	**0**			**0**
Transformation Reserve		(708)		708	**0**			**0**
Restructuring Reserve		(2,799)		2,799	**0**			**0**
Specials and Volunteers		(1,684)		1,684	**0**			**0**
Future Capital Spending		(59)		59	**0**			**0**
Total General Fund		**(14,857)**	**(11,681)**	**14,157**	**(12,381)**	**(13,581)**	**19,147**	**(6,815)**
General Fund Reserves:		(6,049)	(2,476)	4,121	**(4,404)**	(1,532)	2,416	**(3,520)**
Total Earmarked Reserves		**(20,906)**	**(14,157)**	**18,278**	**(16,785)**	**(15,113)**	**21,563**	**(10,335)**

General Fund balance £3.520m

The opening balance was £4.404m; a net adverse in year movement of £0.884m. There has been a net nil transfer of £1.225m, which was allocated to the new Spend to Save Reserve of £0.592m and Insurance Reserve amounting to £0.633m. In addition, there was a net transfer out relating to contribution to general balances from OPCC revenue of £0.307m and a contribution to the Force revenue account of £0.569m; the remaining balance of £0.622m was transferred to the Capital Transformation Reserve. Thus leaving a closing balance of £3.520m

Force Carry Forward Reserve - nil balance

Historically, the OPCC reserve was used for carry forwards requirements in alignment to the process for the Chief Constable for pressures consistent with the OPCC revenue budgetary needs. The agreed transfers were undertaken during the financial year. However, within the 2017/18 budget settlment this process is no longer required in its current format. As a result the balance on this reserve of £0.387m was transferred to the new Invest to Save Reserve, £0.086m which form part of th e realignment

OPCC Carry Forward Reserve – nil balance

Similarly, the OPCC carry forward of under/over spends on budgets were considered by the OPCC and CC. At the end of 2016/17 no carry forwards were needed. The balance has now been transferred as a result of this no longer being required.

The opening balance amounted to £1.356m and as part of the earmarked reserves review this balance was transferred to the Capital Transformation Reserve in its entirety.

Employee Benefit Reserves - nil balance

The employment benefit reserve opening balance reserve of £1.146m was deemed was no longer applicable and as a result the balance in its entirety was transferred to the Capital Transformation Reserve.

Internal Re-alignment of Reserves (A and B) totalled £5.596m (see page 41 Group narrative disclosure)

An in year review of earmarked reserves demonstrated there was a need for a re-alignment. This was needed as circumstances change within the organisation. This is particularly pertinent within the Capital transformation Earmarked Reserve when combined with the funding for the capital programme. For illustrative purposes this realignment has been split into A and B. Realignment A is purely a net transfer into the Capital Reserve of £5.410m and this realignment has been 'funded' from the following earmarked reserves and General Fund as follows:

- Employment Benefit £1.146m
- Initiative Fund £2.200m
- OPCC CF Fund £1.356m
- Force CF Fund £0.086m
- Transfer from General Fund £0.622m

The realignment reserve B is purely a transfer of the closing balance on Force Carry forward Reserve. This amounted to £0.387m and had been transferred as 'seed fund' to the new spend to Save Reserve.

Capital Transformation Reserve balance £0.526m

The reserve was set up to fund the future capital spending to ensure the OPCC can continue to fund its capital programme at the planned levels. The Capital Transformation Reserve opening balance was £3.010m; a net in year movement of £2.484m. However, there have also been significant transfers in and out of the Reserve.

There has been a transfer out of £12.754m to fund capital expenditure / financing. A strategic decision was made during the financial year that the original intention to temporarily fund capital expenditure from this Reserve and repay by undertaking additional borrowing in 2017/18, which would have replaced the sums internally borrowed for cash flow purposes.

However, as part of the review of general fund balances and earmarked reserves, it was agreed that it was not financially prudent to repay these internal funds by undertaking additional borrowing as this could be funded from Earmarked Reserves.

There was a 'transfer in' of £5.409m as a result of a review of the existing earmarked balances.

Invest to Save Earmarked Reserve (New) balance £0.977m

This is a new earmarked reserve and it has been set up to fund specific agreed schemes that will deliver long term efficiency savings for the Force. To access this new fund there will be a number strict criteria to meet, namely specific 'cashable savings' have to be demonstrated before funds will be released. The closing balance of £0.977m has been funded by two transfers; one from the Force carry forward balance amounting to £0.387m and £0.590m from General Fund balance.

Initiatives Fund Reserve £1.134m

The opening balance was £2.941m. During the year there was an additional revenue contribution of £0.910m and also a call of £0.517m for revenue cost within the OPCC budget. As part of the realignment review £2.200m was transferred to the Capital Transformation Reserve.

Pensions Reserve balance £1.286m

The pensions reserve is maintained for those liabilities relating to Police Officers pension payments that still fall to be met by the OPCC. These include one-off lump sum payments due when an officer retires on ill health and payments of injury awards. It was deemed that this reserve was adequate, however this reserve will be continually reviewed to ensure that it still fit for purpose and will be adjusted as circumstances change.

Insurance Reserve balance £1.002m

The Insurance Earmarked Reserve is designed to meet potential future claims. The balance at the commencement of the year amounted to £0.083m. However, it was recognised that was an inappropriate balance, which did not adequately account for the potential risk and total value of future claims. As a result, this reserve had been increased by £0.919m of which has been funded from £0.633m from General Fund reserves and from budgeted Force revenue allocation which amounted to £0.286m. Again, the adequacy of this will be reviewed on a regular basis to ensure compliance with Insurance advice.

Safer Roads Reserve balance £1.306m

The opening balance was £1.194m and there was an in year revenue contribution amounting to £0.112m. This balance is specifically assigned to Safer Roads and in-particular speed awareness training is the funding generator and both the training and support staff are funded from this source. This reserve has a significant balance. However, there are potential calls on this reserve. Firstly, if training income is significantly reduced there will have to be a revenue adjustment to account for potential revenue staffing shortfall. In addition, there maybe a potential call regarding a HMRC challenge on regard to vatable payments on speed awareness fees. The current advice is that the Force are correctly accounting for this, however, there may be a risk (at this stage unquantifiable) that there may be a future call on this reserve to meet potentially any under recovery of VAT.

Note 17 - Unusable Reserves

31 March 2016 £000		31 March 2017 £000
(13,236)	Revaluation Reserve	(13,412)
(18,697)	Capital Adjustment Account	(43,141)
771	Pension Reserve	1,288
(1,664)	Collection Fund Adjustment Account	(1,586)
82	Accumulated Absences Account	48
(32,744)	**Total**	**(56,803)**

Revaluation Reserve

31 March 2016 £000		31 March 2017 £000
(8,656)	**Balance 1 April**	(13,236)
(5,074)	Upward revaluation of assets	(1,932)
1,610	Downward revaluation of assets and impairment losses not charged to the (Surplus) or Deficit on the Provision of Services	1,256
(3,464)	**(Surplus) or deficit on revaluation of non-current assets not charged to the (Surplus) or Deficit on the Provision of Services**	**(676)**
(1,116)	Difference between fair value depreciation and historical cost depreciation	500
(1,116)	**Amount written off to the Capital Adjustment Account**	**500**
(13,236)	**Balance 31 March**	**(13,412)**

The Revaluation Reserve contains the gains made by the OPCC arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

Capital Adjustment Account

31 March 2016 £000		31 March 2017 £000
(17,621)	**Balance 1 April**	(18,697)
	Transfer of Assets from CC	(16,364)
1,078	Charges for depreciation and impairment of non-current assets	4,887
0	Revaluation losses on non-current assets	
0	Amortisation of intangible assets	3,453
218	Revenue expenditure funded from capital under statute	
206	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	182
1,502	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	(7,842)
1,116	Adjusting Amounts written out of the Revaluation Reserve	(500)
2,618	**Net written out amount of the cost of non-current assets consumed in the year**	(8,342)
(4,796)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,545)
0	Statutory provision for the financing of capital investment charged against the General Fund	(235)
1,746	Intra Company Capital Financing (Including Joint Venture)	
(644)	Capital expenditure charged against the General Fund balances	(14,286)
(3,694)	**Capital financing applied in year:**	(16,066)
0	Other movements	(36)
(18,697)	**Balance 31 March**	**(43,141)**

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.

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

Pension Reserve

31 March 2016 £000		31 March 2017 £000
991	Balance 1 April	772
(369)	Remeasurements of the net defined benefit (liability)/asset	449
328	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	214
(179)	Employer's pensions contributions and direct payments to pensioners payable in the year	(147)
771	**Balance 31 March**	**1,288**

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 OPCC 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 OPCC 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 OPCC 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.

Collection Fund Adjustment Account

31 March 2016 £000		31 March 2017 £000
(1,149)	Balance 1 April	(1,664)
(515)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	78
(1,664)	**Balance 31 March**	**(1,586)**

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

Accumulated Absences Account

31 March 2016 £000		31 March 2017 £000
50	**Balance 1 April**	82
(50)	Settlement or cancellation of accrual made at the end of the preceding year	(82)
82	Amounts accrued at the end of the current year	48
82	**Balance 31 March**	**48**

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.

Note 18 - Property, Plant and Equipment

The figures contained within this note are represented by three separate figures within the Balance Sheet, the organisation Fixed Assets, the Joint Venture Assets & the assets held for sale.

Movements to 31 March 2017

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2016	**37,020**	**3,513**	**0**	**40,533**
Transfer of assets from CC	1,392	11,044	5,079	**17,515**
Cost after Transfer of Assets	**38,412**	**14,557**	**5,079**	**58,048**
Additions	431	1,437	12,484	**14,352**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	676			**676**
Derecognition - disposals	(50)	(1,857)		**(1,907)**
Reclassifications and transfers		1,306	(1,919)	**(613)**
at 31 March 2017	**39,469**	**15,443**	**15,644**	**70,556**
Accumulated Depreciation and Impairment				
at 1 April 2016	**(269)**	**(2,181)**		**(2,450)**
Transfer of assets from CC	(83)	(6,673)		**(6,756)**
Cost after Transfer of Assets	**(352)**	**(8,854)**		**(9,206)**
Depreciation charge	(1,014)	(3,874)		**(4,888)**
Derecognition - disposals		1,724		**1,724**
at 31 March 2017	**(1,366)**	**(11,004)**	**0**	**(12,370)**
Net Book Value				
at 31 March 2017	**38,103**	**4,439**	**15,644**	**58,186**
at 31 March 2016	36,751	1,330	0	38,081

Movements to 31 March 2016

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2015	**48,039**	**3,123**	**0**	**51,162**
Additions	0	303	0	**303**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(11,019)	(87)		**(11,106)**
Revaluation increases/(decreases) recognised in the Surplus/(Deficit) on the Provision of Services	0			**0**
Derecognition - disposals	0	0		**0**
Reclassifications and transfers	0	174	0	**174**
at 31 March 2016	**37,020**	**3,513**	**0**	**40,533**
Accumulated Depreciation and Impairment				
at 1 April 2015	**(16,105)**	**(2,098)**		**(18,203)**
Depreciation charge	(269)	(83)		**(352)**
Depreciation written out to the Revaluation Reserve	16,105			**16,105**
Derecognition - disposals		0		**0**
at 31 March 2016	**(269)**	**(2,181)**	**0**	**(2,450)**
Net Book Value				
at 31 March 2016	**36,751**	**1,330**	**0**	**38,081**

Note 19 - Impairment Losses

For the Financial period 2016/17 there were no impairment losses.

Note 20 - Assets Held for Sale

Current 31 March 2016 £000	Non-current 31 March 2016 £000		Current 31 March 2017 £000	Non-current 31 March 2017 £000
66		Balance outstanding at start of year	66	
66		**Total**	**66**	

Note 21 - Investment Properties

The OPCC does not hold any investment property interests that could be classified and accounted for as investment properties, therefore, no adjustments or disclosures are required.

Note 22 - Leases

The OPCC holds premises and some equipment on an operating lease basis, made payments of £0.235m for the year and was committed to making the following annual lease payments.

	Land £000	Buildings £000	Equipment £000	Total £000
Leases expiring in 2017/18	25	33	3	**61**
Leases expiring between 2018/19 & 2021/22	29	39		**68**
Leases expiring 2022/23 and after	45	61		**106**
Total	**99**	**133**	**3**	**235**

At the balance sheet date, considering any known new commitments and as if it was 31 March 2017, the commitments would be.

	Land £000	Buildings £000	Equipment £000	Total £000
Leases expiring in 2018/19				
Leases expiring between 2019/20 & 2022/23	29	39		**68**
Leases expiring 2023/24 and after	45	62		**107**
Total	**74**	**101**	**0**	**175**

As at the end of 31st March 2016 and 2017, there were no Finance Leases.

Note 23 - Intangible Assets

The OPCC 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 OPCC.

The carrying amount of intangible assets is amortised on a straight-line basis over three years or where appropriate over the asset life, such as the Multi Force Shared Service (MFSS) which is ten years. Amortisation of £3.45m was charged to revenue in 2016/17.

31st March 2016 Internally Generated Assets	31st March 2016 Total		31st March 2017 Internally Generated Assets	31st March 2017 Total
£000	**£000**		**£000**	**£000**
		Balance at start of year:		
8	**8**	**- Gross carrying amounts**	**8**	**8**
		1st April Transfer of Assets from CC	9,604	9,604
		Gross carry amounts 1st April	**9,612**	**9,612**
		Accumulated Amortisation	**(1)**	**(1)**
		1st April Transfer of Assets from CC	(3,999)	(3,999)
		- Accumulated amortisation	**(4,000)**	**(4,000)**
8	**8**	**Net carrying amount at start of year**	**5,612**	**5,612**
		Additions:		
		- Internal development	1,494	1,494
		Other disposals	(449)	(449)
		Reclassifications and transfers	613	613
(1)	(1)	Amortisation for the period	(3,453)	(3,453)
		Amortisation written off on disposal	449	449
(1)	**7**	**Net carrying amount at end of year**	**4,266**	**4,266**
		Comprising:		
8	8	- Gross carrying amounts	11,270	11,270
(1)	(1)	- Accumulated amortisation	(7,004)	(7,004)
7	**7**		**4,266**	**4,266**

Note 24 - Capital Expenditure and Capital Financing

The capital financing requirement measures the OPCC's need to borrow for a capital purpose. The following statement shows the effect of the OPCC's capital investment decisions in 2016/17 upon the capital financing requirement. The capital financing requirement reduced by £0.235m, this was due to the CC providing for a repayment of borrowing through revenue. There was no further borrowing to finance capital expenditure during the year.

Capital Expenditure and Capital Financing

31 March 2016 £000		31 March 2017 £000
5,346	**Opening Capital Financing Requirement**	**6,204**
	Capital Investment:	
4,070	Property Plant and Equipment	14,352
2,587	Intangible Assets	1,494
1,775	Revenue Expenditure Funded from Capital Under Statute	
8,432	**Total Capital Spending**	**15,846**
	Sources of Finance:	
(1,360)	Government Grants and other contributions	(1,545)
	Sums set aside from revenue:	
(5,969)	- Direct revenue contributions	(14,286)
(245)	- Minimum revenue provision	(235)
(7,574)	**Total Sources of Finance**	**(16,066)**
6,204	**Closing Capital Financing Requirement**	**5,984**

Note 25 - Construction Contracts

At 31 March 2017 the OPCC had two construction contacts in progress. First one being for the Northern Accommodation Hub with Bowman Kirkland with a contractual value of £18.558m.

Note 26 - Debtors

These amounts represent sums falling due within one year to the OPCC from various sources, together with bad debt provision and prepayments.

2015/16 £000		2016/17 £000
1,579	Central Government Bodies	1,356
1,360	Other Local Authorities	5,343
	NHS Bodies	130
5	Public Corporations and Trading Funds	81
11,275	Other Entities and Individuals	4,117
14,219	**Total Debtors**	**11,027**

Note 27 - Inventories

The following stocks were held as available for issue as at 31 March 2017:

2015/16 £000		2016/17 £000
518	**Balance outstanding at start of year**	**472**
472	Purchases	462
(518)	Recognised as an expense in the year	(472)
0	Written-off balances	0
0	Reversals of write-offs in previous years	0
472	**Balance Outstanding at Year End**	**462**

Note 28 - Provisions

An independent evaluation of the Insurance Provision as at 31 March 2017 has identified a requirement of £0.938m for future year's potential claims, an increase of £0.083m.

For 2016/17, the OPCC has created a new £0.066m provision for the costs associated with the Loss of Office for senior officer employment contracts.

The remaining costs are associated with the £0.32m costs of terminating a lease and £0.65m end of lease building dilapidation costs.

Current Provisions

2016/17	**Insurance Provision**	**Property Dilapidations**	**Loss of Office**	**Legal**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Opening Balance	**(855)**	**(300)**	**0**	**0**	**(1,155)**
Increase in provision during year	(938)	0	(66)	(355)	(1,360)
Utilised during year	855	300	0	0	1,155
Closing Balance	**(938)**	**(0)**	**(66)**	**(355)**	**(1,360)**

2015/16	**Insurance Provision**	**Property Dilapidations**	**Loss of Office**	**Legal**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Opening Balance	**(570)**	**(245)**	**0**	**0**	**(815)**
Increase in provision during year	(855)	(300)	0	0	(1,155)
Utilised during year	570	245	0	0	815
Closing Balance	**(855)**	**(300)**	**0**	**0**	**(1,155)**

Long Term Provisions

2016/17	**Property Dilapidations**	**Total**
	£000	**£000**
Opening Balance	**0**	**0**
Increase in provision during year	(615)	(615)
Other movements		
Closing Balance	**(615)**	**(615)**

There were no long term provisions in 2015/16.

The Insurance provision provides financial resources for Motor, Property, Public and Employers Liability claims. Costs outside of the known and expected provision will be met by the Force's legal revenue budget or reserves.

This report uses the Chain Ladder actuarial method for forecasting ultimate mature loss levels from the last available data point for a given risk and year. The Chain Ladder method has been applied to the progression of incurred losses, plotted at annual intervals. The full stated methodology is the Chain Ladder method assumes that the development profile of historic mature underwriting (policy) years will be repeated as the more immature years' run-off. However, in applying the development factors, any anomalies are first excluded before calculating average development factors. If the assumptions underlying the Chain Ladder method are not borne out then the future development of claims will differ from the predictions in this report, but we believe this forecasting method is robust, evidenced by the fact that it is used extensively by insurance companies.

The recommended fund injection for future losses is based on the projected ultimate claims under the Chain Ladder Method with a margin added for prudence.

Note 29 - Creditors

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

2015/16 £000		**2016/17 £000**
	Central Government Bodies	(1,912)
(490)	Other Local Authorities	(2,088)
(1)	NHS Bodies	(114)
(64)	Public Corporations and Trading Funds	
(13,878)	Other Entities and Individuals	(13,063)
(14,433)	**Total Creditors**	**(17,176)**

Note 30 - Capitalisation of Borrowing Costs

The OPCC did not borrow any new money to finance the capital programme and therefore has not capitalised any borrowing.

Note 31 - Contingent Liabilities

Our insurance consultants, Gallacher Heath, suggested the OPCC do not have any Contingent Liabilities for 2016/17 as 2015/16.

The Police and Crime Commissioner of Northamptonshire, along with other OPCC, Forces and the Home Office, continue to have 25 claims (with potential for further cases coming forwards) lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until later in 2017. Legal advice continues to suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2016/17 Accounting Statements.

There is a potential VAT complication around the charging of Safer Road Team fines for statutory roles versus the physical course and training fees. This will be moved forwards by HMRC nationally through 2017/18.

Note 32 - Contingent Assets

The OPCC have a contingent asset of £0.150m relating to a building related legal case.

Note 33 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2015/16 £000		2016/17 £000
6,677	Cash and Bank balances	12,859
6,677	**Total Cash and Cash Equivalents**	**12,859**

Note 34 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2016 £000		31 March 2017 £000
(352)	Depreciation	(4,888)
(3,327)	Impairment and downward valuations	
	Gain on transfer of asset from CC	16,364
0	Amortisation	(3,453)
	Increase/(decrease) in impairment for bad debts	
(2,743)	Increase/(decrease) in creditors	(2,976)
3,192	(Increase)/decrease in debtors	(3,192)
(46)	(Increase)/decrease in inventories	(12)
(150)	Movement in pension liability	(67)
(402)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(182)
16	Other non-cash movements charged to the (surplus) or deficit on provision of services	(820)
1,674	**Total**	**774**

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2016 £000		31 March 2017 £000
1,245	Any other items for which the cash effects are investing or financing cash flows	1,545
1,245	**Total**	**1,545**

Note 35 - Cash Flow from Investing Activities

The cash flows for investing activities include the following items:

31 March 2016 £000		31 March 2017 £000
6,425	Purchase of property, plant and equipment, investment property and intangible assets	16,079
1,664	Purchase of short-term and long-term investments	(7,025)
	Other payments for investing activities	
	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	
	Proceeds from short-term and long-term investments	
(6,494)	Other receipts from investing activities	(173)
1,595	**Net cash flows from investing activities**	**8,881**

Note 36 - Termination Benefits

The OPCC 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 OPCC 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 OPCC terminated the contracts of a number of employees in 2016/17 incurring liabilities of £0.138m, of which £0.087m relates to the Chief Constables account. The previous year's total was £0.198m.

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	2	1			2	1	13	1
£20,001 - £40,000		2				2		50
Total	**2**	**3**	**0**	**0**	**2**	**3**	**13**	**51**

Note 37 - 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 OPCC offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the OPCC has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The OPCC participates in pension schemes for Police Staff:

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.

(b) Transactions Relating to Retirement Benefits

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

Pensions liabilities and future considerations

The current service costs contained in the table, below, are within the following values contained within the Comprehensive Income and Expenditure Statement, forming part of note 36, 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

	Local Government Pension Scheme	
Comprehensive Income and Expenditure	**2015/16 £000**	**2016/17 £000**
Net Cost of Services		
Current service cost	(293)	(186)
Past service cost		
Net Operating Expenditure		
Interest Costs**	(83)	(90)
Expected return on employers assets**	48	61
Net Charge to the Income and Expenditure Account	(328)	(215)
Movement In Reserves		
Movement on Pensions Reserve		
(Reversal of net charges made for retirement benefits in accordance with IAS19)	(219)	(283)
Actual amount charged against Council Tax		
(General Fund Balance) for pensions Employers contributions to the Scheme	178	147

** The net of interest costs and return on assets is £0.09m, which reconciles to the amount included within financing and investment income and expenditure on the face of the CIES

In addition to the recognised gains and losses included in the CIES, actuarial losses of £0.449m (£0.369m in 2015/16) were included within other Comprehensive Income & Expenditure.

The estimated 2017/18 pension scheme contributions for the Police Pension Scheme are £0.15m and £0.2m 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.

Note 38 - Defined Benefit Pension Scheme

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of the Present Value of the Schemes Liabilities

OPCC	Funded Liabilities Local Govt. Scheme	
	31 Mar 16	31 Mar 17
	£000	£000
Opening Defined Benefit Obligation - 1 April	**(3,536)**	**(3,587)**
Current Service Cost (Grossed up for employee contributions)	(293)	(186)
Interest Cost	(83)	(90)
Contributions by Scheme Participants	(81)	(48)
Actuarial (Gains)/ Losses	406	(1,118)
Past Service (Costs)/ Gains		1,206
(Loses)/ Gains on Curtailments		
Estimated Unfunded Benefits Paid		
Estimated Benefits Paid		
Closing Defined Benefit Obligation 31st March	**(3,587)**	**(3,823)**

Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only

OPCC	31 Mar 16	31 Mar 17
	£000	£000
Pensions Asset 1 April	**2,545**	**2,815**
Expected Return on Assets	48	61
Contributions by Members	81	48
Gains & Losses Effect of Settlement		(1,205)
Employers Contributions (Incl Injuries) - excluding Top-Up Grant	178	147
Contributions in Respect of Unfunded Benefits		
Pension Fund Asset Split (Group to Single Entity)		
Actuarial Gains	(37)	669
Estimated Unfunded Benefits paid		
Estimated Benefits Paid		
Fair Value of Pensions Asset 31 March	**2,815**	**2,535**

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 £4.326m (£3.586m in 2015/16).

Scheme History (OPCC)		**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
		£'m	**£'m**	**£'m**	**£'m**	**£'m**
Present Value of Liabilities	LGPS	(4.858)	(5.452)	(2.330)	(2.381)	(3.823)
Fair Value of Assets	**LGPS**	3.396	3.643	1.340	1.610	2.535
Surplus/ (Deficit) in the Scheme	LGPS	**(1.462)**	**(1.809)**	**(0.990)**	**(0.771)**	**(1.288)**

The OPCC's total pension liability of £1.288m, reconciles to the Unusable Reserves within the Balance Sheet, 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 (Note 17)

The OPCC 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 OPCC has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the OPCC 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 OPCC 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 OPCC with Home Office Top-Up Grant payable to cover the OPCC'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 are the same for both OPCC & Group

	Local Govt. Pension Scheme 2015/16	2016/17
Expected Return on Assets	**%**	**%**
Investments	6.0	8.6
Mortality Assumptions	**yrs**	**yrs**
Longevity at 65 for current pensioners		
Men	22.3	22.1
Women	24.3	24.2
Longevity at 65 for future pensioners		
Men	24.0	23.9
Women	26.6	26.1
Financial Assumptions	**%**	**%**
Rate of Inflation	2.2	2.4
Rate of Increase in Salaries	4.2	2.7
Expected Return on Assets	0.8	23.3
Rate for Discounting Scheme Liabilities (Gross)	3.6	2.7
Take up Option to Convert annual Pension into retirement Lump Sum	50	50

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 Mar 16		31 Mar 17
%	**Description**	**%**
79.00	Equity Investments	83.00
10.00	Bonds	8.00
9.00	Property	7.00
2.00	Cash and Liquidity	2.00
100.00	**Total**	**100.00**

Pensions Reserve - History of Experience Gains / Losses

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

	2012/13		2013/14		2014/15		2015/16		2016/17	
OPCC	**£m**	**%**	**£m**	**%**	**£m**	**%**	**£m**	**%**	**£m**	**%**
Local Government Pension Scheme Differences between expected and actual return on **assets**	N/A	N/A	(0.03)	-0.02	0.39	0.24	0.037	4.8	0.669	51.94
Differences between actuarial assumptions about **Liabilities** and actual experience.	N/A	N/A	(0.26)	0.09	(0.39)	-0.10	(0.406)	52.6	1.118	86.80

Note 39 - Financial Instruments

Refer to Note 39 Group Statements of Accounts

Note 40 –Joint Operations

The OPCC's share of joint operations is as follows:

Ownership %	Arrangement	Net Op Exp	Income	(Surplus)/Deficit
		£000	£000	£000
14.70	EM Technical Support Unit	280	(296)	(16)
14.70	EM Legal Services	231	(218)	13
33.33	EM Air Support Unit	6		6
50.00	EM Strategic Commercial Unit	452	(447)	5
14.70	EM Major Crime	126	(134)	(8)
14.70	EM Serious Organised Crime	2,077	(2,255)	(178)
18.80	EM Criminal Justice	142	(145)	(3)
18.80	EM Operational Support Services	1,311	(1,321)	(10)
14.70	EM Occupational Health Unit	246	(239)	7
14.70	EM Forensics	696	(676)	20
16.90	EM Learning & Development	424	(411)	13
20.48	Multi Force Shared Services (MFSS)	1,220	(1,228)	(8)
	Total	**7,211**	**(7,370)**	**(159)**

EM is an abbreviation for East Midlands. After an external review of Joint Operation accounting, the MFSS arrangement has now been incorporated into the Joint Operations statements.

Joint Operations - Movement in Reserves

	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**	**(674)**	**(674)**	**(1,303)**	**(1,977)**
Movement in reserves during 2016/17					
(Surplus) or deficit on the provision of services	(159)		**(159)**		**(159)**
Other Comprehensive Income / Expenditure					**0**
Total Comprehensive Income and Expenditure	**(159)**	**0**	**(159)**	**0**	**(159)**
Adjustments between accounting basis and funding basis under regulations	249		**249**	(249)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**90**	**0**	**90**	**(249)**	**(159)**
Transfers to / from Earmarked Reserves	(90)	90	**0**		**0**
Increase or Decrease in 2016/17	**0**	**90**	**90**	**(249)**	**(159)**
Balance at 31 March 2017	**0**	**(584)**	**(584)**	**(1,552)**	**(2,136)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015	0	(715)	**(715)**	(1,157)	**(1,872)**
Movement in reserves during 2015/16					
(Surplus) or deficit on the provision of services	(105)		**(105)**		**(105)**
Other Comprehensive Income / Expenditure					**0**
Total Comprehensive Income and Expenditure	**(105)**	**0**	**(105)**	**0**	**(105)**
Adjustments between accounting basis and funding basis under regulations	146		**146**	(146)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**41**	**0**	**41**	**(146)**	**(105)**
Transfers to / from Earmarked Reserves	(41)	41	**0**		**0**
Increase or Decrease in 2015/16	**0**	**41**	**41**	**(146)**	**(105)**
Balance at 31 March 2016	**0**	**(674)**	**(674)**	**(1,303)**	**(1,977)**

Joint Operations - Comprehensive Income and Expenditure Statement

2015/16				2016/17		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
5,332	(5,482)	(150)	Collaboration & Regional	7,161	(7,176)	(15)
5,332	**(5,482)**	**(150)**	**Cost of Services**	**7,161**	**(7,176)**	**(15)**
99		99	Other Operating Expenditure	50		50
			Financing and Investment Income and Expenditure			
			(Surplus) or Deficit on Discontinued Operations			
	(54)	(54)	Taxation and Non Specific Grant Income		(194)	(194)
5,431	**(5,536)**	**(105)**	**(Surplus) or Deficit on Provision of Services**	**7,211**	**(7,370)**	**(159)**
			(Surplus) or deficit on revaluation of Property, Plant and Equipment			
			Remeasurement of the net defined benefit liability / asset			
		0	**Other Comprehensive Income and Expenditure**			**0**
		(105)	**Total Comprehensive Income and Expenditure**			**(159)**

Joint Operations – Balance Sheet

31 March 2016 £000		31 March 2017 £000
1,331	Property, Plant and Equipment	1,444
7	Intangible Assets	75
1,338	**Long Term Assets**	**1,519**
66	Assets Held for Sale	66
	Inventories	
175	Short Term Debtors	319
703	Cash and Cash Equivalents	499
944	**Current Assets**	**884**
(305)	Short-Term Creditors	(267)
	Provisions	
(305)	**Current Liabilities**	**(267)**
	Provisions	
	Long Term Borrowing	
0	**Long Term Liabilities**	**0**
1,977	**Net Assets**	**2,136**
(674)	Usable Reserves	(584)
(1,303)	Unusable Reserves	(1,552)
(1,977)	**Total Reserves**	**(2,136)**

Note 41 - Accounting Standards Issued, Not Adopted

The Accounting Standards Issued, Not Adopted are contained within the Group Statement of Accounts.

Note 42 - Accounting Policies

The Accounting Policies and General Principles are contained within the Group Statement of Accounts