



Creating a safer
Cambridgeshire

The Chief Constable of
Cambridgeshire
Constabulary

STATEMENT OF ACCOUNTS
2016/17

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Preface – Introduction to the 2016/17 Statement of Accounts by Alec Wood, Chief Constable of Cambridgeshire Constabulary

The Constabulary has worked hard over the last 12 months to ensure that we maintain levels of victim satisfaction and continue to retain the confidence of the wider public. We have achieved this against a backdrop of increasing levels of recorded crime across Cambridgeshire, a trend which is being noted nationally. This rise is being driven by our focus on putting the victim at the heart of what we do and a greater emphasis on National Crime Recording Standards. We recorded 19.4% more crimes in 2016/17 than in the previous year (an increase of 9,418 offences).

Rising recording levels have affected our ability to positively investigate and detect crime. Whilst the number of positive outcomes increased year on year, in percentage terms the detection rate fell. During the last year we implemented measures to improve the effectiveness of our investigations, and I am confident that this will start to have a positive effect over the next 12 months.

This is reflected in our improved grading from Her Majesty's Inspectorate of Constabulary (HMIC) of "Good" for Effectiveness as part of the Police Effectiveness, Efficiency and Legitimacy Programme (PEEL). The Legitimacy inspection was also graded good whilst in Efficiency we were graded as "required improvement". The Constabulary has a clear plan to address the issues in the Legitimacy report and we await the next inspection so we can demonstrate the improvements made.

The above is set against the backdrop of six years of successive budget cuts. Last year (2015/16) another £4.7 million of efficiency savings and cuts had to be found to balance the overall budget, bringing the total budget reduction since 2010/11 to £28 million.

The policing landscape continues to change with the emergence of new complex crimes, and the growth, both through increased reporting and awareness of others, particularly around vulnerable individuals. An extraordinary amount of work has been done over the last year to ensure that we are able to continually improve our service to the public. Good management of our resources is crucial to be able to continue to deliver our high level of service in these uncertain financial times.

The annual revenue surplus of £0.584 million or 0.4% (for the group as a whole) demonstrates strong and effective financial management of the annual budget.

Going forward the challenges continue with Cambridgeshire Constabulary facing another £4m of savings to be delivered in 2017/18.

Alec Wood MA
Chief Constable

Narrative Report by the Chief Finance Officer to the Chief Constable

Message from the Director of Finance – Niki Howard

The Narrative Report pulls together in a single document information on the budget preparation process, financial accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks. I hope you find it helpful.

The Policing landscape remains extremely challenging with crimes such cyber, modern day slavery and human trafficking becoming ever more complex and the increasing demand around vulnerability. This sits alongside the current threat levels and additional firearms requirements and against a backdrop of seven years of financial austerity. Within this difficult environment, financial and resource management is more critical than ever. I am therefore pleased to report that the Force continues to challenge the efficiency and effectiveness of all areas of the Force with increasing collaboration with our Strategic Partners Bedfordshire Police (Beds) and Hertfordshire Constabulary (Herts) as well as working with local partnerships and the Fire Service. This continued focus on working together to deliver increased effectiveness and efficiency ensures resources are directed to priority areas.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information to help the reader understand the overarching financial position of the Chief Constable (and Group Accounts) and have confidence that the Chief Constable has spent public money wisely and has been accounted for in an appropriate manner.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

1. EXPLANATION OF THE CHIEF'S ACCOUNTS

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Cambridgeshire Constabulary policing area. The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his functions and those of persons under his direction and control. This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services. The Net Revenue Budget for 2016/17 was £130.5 million, of which £126.3 million was under the Chief Constable's direct control.

2. AN INTRODUCTION TO CAMBRIDGESHIRE CONSTABULARY

Cambridgeshire Constabulary covers 1,309 square miles. The County has a varied geography from sparsely populated rural communities to market towns and the cities of Ely, Peterborough and Cambridge. Cambridgeshire has a population of 0.83m, a rise of 13 percent

compared with 10 years ago. Cambridgeshire continues to be one of the fastest growing counties with an expected population growth of a further 25 percent by 2031.

Over 2016/17, crime recorded by police in Cambridgeshire has continued to increase with particular increases noted in public order and violence (without injury) offences.

Cambridgeshire Constabulary has a clear mission to protect the vulnerable with a particular drive to attack those criminals who prey on them. The Constabulary proactively encourages increased reporting of crime by victims through ensuring trust and confidence in the police. Emerging crime threats include human trafficking, modern day slavery, child sexual exploitation and cyber-crime, placing further complex investigative and safeguarding demands on the Constabulary. We continue to develop new and innovative ways to target these offenders and protect victims.

Police forces in England and Wales are facing unprecedented challenges as financial pressures place increasing demand on the modern police service to do more with less. The Constabulary delivers a good service to the public despite being one of the lowest cost forces, 43p per person per day, against a national average of 55p. The workforce has reduced by 17% since 2010 and the imperative to increase efficiency whilst maintaining resilience has led to further development of the pioneering collaboration with Bedfordshire and Hertfordshire. This continues to be successful both driving savings and increased capacity in the protective services arena. This has meant that Cambridgeshire has not had to cut the front line in local policing to the same extent as the national trend and work with local partners and the Fire Service is leading to increased capacity to meet the increasing demand at the local needs level.

The constabulary is developing rapidly and prides itself on working to the key values of respect, openness, integrity and trust. The Force is an innovator and is proud to be at the heart of introducing new technologies and developing evidence based policing tactics.

Her Majesty's Inspectorate of Constabulary (HMIC) annual assessment of Police Effectiveness, Efficiency and Legitimacy (PEEL) was published in November 2016. Cambridgeshire Constabulary was assessed as Requires Improvement for Efficiency and GOOD for Legitimacy and Effectiveness.

For Efficiency the HMIC said *"The force recognises it needs to improve its understanding of demand on its services and is already taking appropriate action. It is good at using its resources to meet demand and works well with other forces and partner organisations to improve efficiency and make savings. However, overall it needs to do more to fully understand demand and to plan for demand in the future. The force is already taking the right steps to address these issues."*

For Legitimacy the HMIC said *"The force treats the people it serves, and its workforce, with fairness and respect. It seeks and acts on feedback to improve the services it provides and listens to the views of its workforce. It does good work on identifying and enforcing standards of behaviour. However, HMIC has concerns about the force's ability to ensure that its entire workforce behaves ethically and fairly because of limited capacity in its anti-corruption and vetting unit (ACU)."*

For Effectiveness the HMIC said *"Cambridgeshire Constabulary has been assessed as good in respect of its effectiveness at keeping people safe and reducing crime. Our overall judgment is an improvement on last year, when we judged the force to require improvement. The force has*

an effective approach to preventing and tackling anti-social behaviour and serious and organised crime. It has improved the service it provides to vulnerable victims. However, improvements are required in how it investigates crime."

3. FINANCIAL PERFORMANCE

a. Economic Climate

Since 2010 Cambridgeshire Constabulary has faced significant financial challenges due to reductions in funding from central government along with cost pressures and continual changes in the demand for policing. This process is ongoing and is expected to last until at least 2020. The recognition in the Government's 2015 Spending Review of the importance to the country of the police service was a welcome acknowledgement of what we have known for some time, that the Police cannot continue to cut overall resources whilst addressing the threat, harm and risk levels that we currently face. The Chancellor's statement "*now is not the time for further police cuts, now is the time to back our police and give them the tools to do the job*" reflects the Government's desire to respond to the rapidly changing world of crime and the current threat level. We are only at the beginning of a journey to understand what impact Brexit may have on the finances but it is likely to put further pressure on government finances in general and therefore potential to further impact Police finances.

b. Financial Management

The financial standing of Cambridgeshire Constabulary is very robust with sound financial management practices. Whilst Cambridgeshire Constabulary obtained a Requires Improvement rating for efficiency, this was around the need to better understand future demand. The HMIC said "*Cambridgeshire Constabulary is good at using its resources to manage current demand. It has recently invested additional resources in areas of increasing demand, such as the public protection directorate, to increase its capacity to investigate serious sexual offences and safeguard vulnerable children and adults.*

The force has a strong commitment to joint working, which is clearly demonstrated by its mature and well-established collaborative work with Hertfordshire Constabulary and Bedfordshire Police. Cambridgeshire, together with its strategic alliance partners, has a very strong track record of joint working arrangements that bring about efficiencies. It has considered a range of collaborative approaches to maximise purchasing power, increase ICT inter-operability and share systems and infrastructure. The forces in this strategic alliance have an ambitious and innovative plan to work collaboratively in up to 50 percent of all policing functions, excluding local policing, by 2017. Further collaborative working is planned with four other forces and Cambridgeshire is also developing strategic partnerships with other emergency services and local government organisations to share resources and manage future demand together."

c. Outturn 2016/17

This was the sixth consecutive year of cuts to police funding albeit 2016/17 was a very small grant decrease of 0.52%. Funding for legacy council tax freeze grants was maintained at the same cash level as in previous years. The base number of properties for the calculation of the precept rose by 1.98% and the increase in precept was set at 1% for all households. In preparing the annual revenue budget, full provision was included for pay and other inflationary increases and £2.8m savings were identified in order to balance the budget. The budget savings were split across supplies and services, staffing reductions, mostly as a result

of collaboration, and selling of estate. The budget resulted in a reduction of 25 police officer posts (none of these were front-line), 27 police staff posts and maintenance of PCSO posts.

The following table provides a high level comparison between the approved budget for 2016/17 and actual expenditure for Cambridgeshire Constabulary operational budgets i.e. those under the direction and control of the Chief Constable.

Chief Constable's Revenue Budget to end March 2016/17			
£'000	2016/17 Budget	2016/17 Spend	Variance
Local Policing Expenditure	67,927	67,675	(252)
Organisational Support Expenditure	15,608	15,583	(25)
Net Cost of Police Pensions	12,015	11,600	(415)
BCH Collaboration	28,942	29,118	176
Other Collaboration	4,561	5,134	573
Seconded Officers	0	(3)	(3)
Revenue Contribution to Capital Outlay	0	372	372
Carry Forwards	(1,080)	(1,080)	0
Income	(1,683)	(2,382)	(699)
CTC Underspend - to reserves	0	163	163
Policing Budget Delegated to Chief Constable	126,290	126,180	(110)

d. Outlook – Medium Term Financial Plan (MTFP)

The Medium Term Financial Plan was approved by the PCC in February 2017. There are a number of significant risks to the MTFP and these are clearly explained in the 2017/18 Medium Term Financial Report which can be downloaded from the PCC's website at <http://www.cambridgeshire-pcc.gov.uk/wp-content/uploads/2017/01/17-01-17-BCB-Agenda-Item-5-MTFP-covering-report.pdf>

All the assumptions underpinning the current MTFP will be revisited and updated in coming months as we continue work on the next budget cycle.

The next few years will undoubtedly be extremely challenging and difficult. The economic climate continues to look uncertain not least of which the exit from the European Union is far from agreed and could have an impact on things such as inflation, and the ability to procure goods and services from Europe. Work is in hand to make sure that our key priority services are maintained to the highest standards possible with the available funding. We will continue to be robust in driving out all possible savings from non-staff budgets and ensure that, as far as practicably possible, our staff are delivering the right service at the right time. A high level summary of the MTFP is provided below.

Cambridgeshire Police and Crime Commissioner - 2017/18 Medium Term Financial Forecasts				
	2017/18 Approved Budget £'000	2018/19 Forecast Budget £'000	2019/20 Forecast Budget £'000	2020/21 Forecast Budget £'000
Local Policing	73,282	74,461	76,903	78,482
Business Support	16,675	19,851	20,193	20,699
Collaboration Services	37,802	38,016	38,416	39,027
OPCC	1,114	1,131	1,149	1,167
OPCC Grants and Subscriptions	2,322	2,322	2,322	2,322
Capital Financing Costs	1,187	1,761	3,232	3,204
Gross Revenue Expenditure	132,381	137,542	142,214	144,900
Income	(1,421)	(1,421)	(1,421)	(1,421)
Net Budget Requirement	130,960	136,121	140,793	143,479
Financed by:				
Formula Grant	78,411	77,408	76,417	75,439
MoJ Victims Grant	986	986	986	986
Precept	51,388	53,459	55,613	58,024
Collection Fund - Deficit / +Surplus	174	200	200	200
Total Financing	130,960	132,052	133,216	134,649
Cumulative Budget Gap	0	-4,069	-7,577	-8,830
Band D Council Tax £	£186.75	£190.47	£194.26	£198.13
Increase	£3.61	£3.72	£3.79	£3.87
KEY ASSUMPTIONS INCLUDED IN THE FORECASTS ABOVE				
Council Tax base increases				
Actual	1.44%			
Forecast		2.00%	2.00%	2.30%
Council Tax	1.97%	1.99%	1.99%	1.99%
Tax base	275,165	280,668	286,282	292,866
Grant increase / Decrease (-)	-1.28%	-1.28%	-1.28%	-1.28%
Police officer pay rise (w.e.f 01/09)	1.00%	1.00%	1.00%	1.00%
Police staff pay rise	1.00%	1.00%	1.00%	1.00%
Increment increase	0.60%	0.60%	0.60%	0.60%
Staff Pension Increase	0.00%	0.00%	2.00%	2.00%
General Inflation	1.00%	2.00%	2.00%	2.00%
Energy Inflation	3.00%	3.00%	3.00%	3.00%

e. Capital

In addition to spending on day to day activities, the PCC incurs expenditure on land and buildings, information technology and other items of plant and equipment which have a longer term life.

The following table shows the net capital position for 2016/17 compared to the approved capital programme.

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All figures £'000	Revised 2016/17 Capital Budget	Provisional Outturn 2016/17	%	Variance	Schemes Carried Forward
Capital Payments:-					Appendix 3
Land & Buildings	3,701	3,111	84.1%	(590)	590
IT & Communications	1,086	853	78.5%	(233)	209
Fleet	2,049	1,522	74.3%	(527)	378
Collaboration	1,763	1,336	75.8%	(427)	427
Schemes approved subject to further business case	28	-	-	(28)	-
Year-end adjustment: write off multiple workplace provision	-	(538)	-	(538)	-
TOTAL	8,626	6,284	72.8%	(2,342)	1,604

All figures £'000	Revised 2016/17 Capital Budget	Actual	Applied	Transfer to Capital Carry Forward Reserve	Transfer to Capital Receipts Reserve
Capital Financing:-					
Capital Grants	947	947	947	-	-
Capital Reserves	500	500	500	-	-
Budget Assistance Reserve	621	470	327	143	-
Carry Forward Reserve	1,627	1,627	1,572	55	-
Capital Receipts	1,713	2,951	1,233	516	1,202
Vehicle Receipts (RCCO)	150	206	206	-	-
Collaboration Vehicle Recharges (RCCO)	300	453	453	-	-
RCCO - Original Capital Programme	1,119	807	355	452	-
RCCO - Approved In-year from Savings (Chief Constable)	558	535	372	163	-
RCCO - Approved In-year by PCC	864	327	177	150	-
RCCO - From Force JPS Revenue Budget	227	227	101	125	-
RCCO - From ERSOU Revenue Budget	-	40	40	-	-
Borrowing	-	-	-	-	-
TOTAL	8,626	9,091	6,284	1,604	1,202

Note: figures may not cast due to roundings

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £33.7 million over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

The largest single item in the 4 year plan covers the replacement of Parkside Police Station with a new Southern Police Base. The estimated cost of the new facility is £18m and it is likely that borrowing will be required to fund all of this project. The PCC's plan is to redevelop the Parkside building and receive an income stream in the future from this building. The PCC's policy on borrowing dictates that borrowing shall only be considered for assets with a lifespan of 10+ years.

One of the other large requirements on the capital programme is the Emergency Services Mobile Communications Programme. This is a nationally led project to replace all critical voice channels with a digital solution and broadband coverage for all 3 emergency services and is expected to cost in the region of £2-3m for Cambridgeshire. Most of this expenditure is now built into the capital programme but as we are not yet fully aware of all the costs of the programme it may mean some funding will be provided from reserves.

A high level summary of the MTCP is provided below.

Capital Programme 2017/18 to 2020/21

Capital Programme No.	Description of Bid	Forecast Programme 2017/18 £	Forecast Programme 2018/19 £	Forecast Programme 2019/20 £	Forecast Programme 2020/21 £
Section A	Funding Approved in Previous years				
1	Athena	161,000			
	Section A Totals	161,000	0	0	0
Section B	Approved 2017/18 Expenditure				
2	Estates Major Repairs Planned	510,000	500,000	500,000	500,000
3	New Vehicle Equipment	400,000	400,000	400,000	400,000
4	Vehicle Replacement Programme	1,300,000	1,300,000	1,300,000	1,300,000
5	Rolling Replacement Mobile Technology	350,000	350,000	250,000	250,000
6	Replacement of SAN (ICT area network)	60,000			
7	Replacement of UPS	70,000			
8	ERP system	247,000			
9	ICT consolidated workstreams	850,000			
10	ESMCP ICCS	263,000			
11	ANPR 3 Year Investment Strategy	140,000	140,000		
12	Website	30,000			
13	Covert Equipment Renewal	50,000	50,000		
14	Telematics	189,000			
15	Digital Interview Recording Equipment Refresh	42,000			
16	Contingency	100,000	100,000	100,000	100,000
	Section B Totals	4,601,000	2,840,000	2,550,000	2,550,000
Section C	Schemes Requiring Approval During the Year				
17	CRM - In FBC and will go to JCOB	93,576	93,576		
	Section C Totals	93,576	93,576	0	0
Section D	Future Schemes				
18	Parkside Custody Replacement	3,500,000	10,000,000	4,500,000	
19	ESMCP Devices and Fitting		2,800,000		
	Section D Totals	3,500,000	12,800,000	4,500,000	0
	Totals for All Schemes	8,355,576	15,733,576	7,050,000	2,550,000

f. Balance Sheet

The Balance Sheet is a snapshot of the Chief Constable's assets, liabilities, cash balances and reserves at the balance sheet date. A high level summary is provided below.

At 31st March 2017 we had negative net assets of £1,483m which implies that we are technically bankrupt. Fortunately this is not the case. The sole reason we have negative assets is because of the pension liabilities associated with the unfunded police officer pension scheme (£1,416m) coupled with the deficit of £66m in the funded Local Government Pension Scheme (LGPS) for police staff.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions.

Excluding these pension liabilities the Chief Constable's Balance Sheet has negative net assets of £1 million. This reflects the fact that the PCC owns all Property but that the Chief Constable has all the assets and liabilities in relation to operational policing.

4. NON-FINANCIAL PERFORMANCE

The following information provides a summary of key performance relating to Police and Crime Plan Outcome objectives.

Maintain Local Performance

Demand from 999 emergency calls increased significantly year on year whilst demand from 101 non-emergency calls remained comparable.

Although levels of public confidence in the Constabulary have fluctuated, the rolling 12 month indicator remained comparable to last year. While an increased police presence continues to feature as one of the top five key feedback themes across all areas, it is worthy of note that 95.9% of respondents surveyed over the past year said they felt safe in their local area.

Victim satisfaction with overall service delivery remained comparable to last year.

Satisfaction with overall service delivery for victims of hate crime showed a significant year on year deterioration and remains a focus for the Force.

Continue to Tackle Crime and Disorder

The recorded crime rate continues to increase following the national trend, rising by 19.4% year on year (an increase of 9,418 offences). This was true for all policing areas, with the greatest percentage increases in South Cambridgeshire (+29.4%), Peterborough (22.4%) and Huntingdonshire (+17.4%). Although March 2017 saw the highest number of offences recorded in a single month since July 2008, suggesting crime levels have yet to plateau, we have also seen the crime profile change over the last 12 months, with non-victim based crime making up an increased proportion of total crime across all six areas.

Public Order offences continue to drive this increase, particularly so over the past six months (an increase of 80.6%, or 1576 offences year on year). The Force's focus on recording crime ethically and in line with National Crime Recording Standards remains a key factor in this.

"Violence without injury" has increased by 38.4% year on year (an increase of 2625 offences) contributing significantly to the overall rise. The Office of National Statistics also commented, in January 2017, that the national rise in this crime type is almost entirely the result of the expansion of the category in 2015 that were not previously recorded by police. Office for National Statistics data release shows Cambridgeshire crime rates per thousand population having increased to the quarter to December 2016 to 66.9 but still lower than the national (72.8).

- Levels of **hate crime** rose by 74.8% year on year with March seeing the highest number of offences recorded in any single month, surpassing the high of July 2016. 1,052 offences were recorded this year compared to 602 last.
- The rolling 12 month average for the **all crime prosecution possible outcome rate** is 20.0%. Whilst the total number of detections achieved over the year has increased, the impact of this in percentage terms has been diluted by the overall increase in recorded crime. The latest force comparison data in March places us 22nd out of 43 forces.

- The **public's perception of Anti-Social Behaviour (ASB)** in the 12 months to March remains reassuringly low and comparable to last year (0.6% of people surveyed).
- **Domestic Abuse.** 85.2% of all victims of Domestic Abuse who were surveyed over the past 12 months were at least fairly satisfied with the overall level of service they received. While follow up remains the most challenging aspect of service delivery, it is of note that 79.8% of respondents said they felt safer as a result of contacting the police, 82.6% felt that the police cared about them, and 86.8% said they would feel confident in contacting the police again.
- Levels of recorded crime rose by 33.0% year on year – an increase of 1,617 offences. This was true for all areas, with Peterborough, Cambridge City, Huntingdonshire and South Cambridgeshire all recording percentage increases of more than 30%.
- The prosecution possible outcome rate continued to deteriorate and ended the year 2.6ppt lower than last year. The long term indicators in Huntingdonshire and South Cambridgeshire ended the year significantly lower than the year end position which is an important performance change.
- There was a significant increase year on year in the total number of domestic abuse calls for service, as well as in the number which were graded immediate and those graded prompt. Although response performance was comparable to last year, it remains challenging.
- **Serious Sexual Offences Priority Area.** Offence levels were significantly higher this year compared to last, with recorded crime rising by 13.2% year on year and the proportion of historic reports remaining high. The long term prosecution possible outcome rate fell by 1.4ppt but was comparable to last year.
- **Child Abuse (including CSE) Priority Area.** The number of crimes with a Child Abuse marker rose by 45.9% year on year. This was influential on the prosecution possible outcome rate where the long term indicator has been on a downward trajectory since August 2016.

Organisational Health

The HMIC concluded a further Crime Data Integrity inspection. HMIC have recognised that we have made a concerted effort to improve the way we record crime accurately since their Crime Data Integrity inspection in 2014, and we continue to put the victim's at the heart of our crime recording decisions. We have made significant progress against all of the recommendations made in the 2014 report, including introducing new crime-recording processes and establishing the Victim and Witness Hub, which provides support services to all victims of crime, particularly those who are most vulnerable in our community. That said, we recognise there is still more work to do, and we have already put in place systems to ensure crime is reported at the first point of contact, either through an officer at the scene, the force control room or the police service centre.

Police Officer sickness remained below the national average at year end, at an average of 9.4 days lost per officer, however this was an increase of 1.8 days on the previous year; conversely police staff sickness was above the national average at 10.0 days lost per member of staff, a reduction of 0.9 days on the previous year. A lot of work has been done on staff welfare in the past year including a partnership with MIND Blue Light Programme with 44 staff across the organisation signed up as champions.

5. PEOPLE

In December 2015 the Tri-Force HR and Learning and Development Department went live. This Department provides a service to all our people across Beds, Cambs and Herts. The unit

was fully collaborated from April 2016 and is headed up by a Director of HR reporting into the Deputy Chief Constable, Cambridgeshire. This is a significant step in aligning the way we operate across the three Forces and will help to make life easier in the already collaborated units. The introduction of a new integrated HR system during 2018 will further assist in the management of our people. Key deliverables this year have been:-

- Alignment of promotion processes across BCH, and successful completion of a promotion cycle
- Launch and embedding of new tri-force governance boards for management of people issues
- Development of a suite of new key employment policies which are modernised and streamlined (to be launched imminently)
- Development of KPIs
- Development of leadership courses for Sergeants
- Delivery of actions against the 2016/17 People Plan
- Implementation of the Police Staff Council Handbook changes
- Leadership Capability Assessment
- Progress with process alignment and harmonisation
- Production of the impact assessment report which assessed demand and service delivery against the FBC and identified next steps
- Delivery against a challenging workforce plan

At 31st March 2017 Cambridgeshire Constabulary had 1331 (1324) officers, employed 745.5 (722) staff and employed 135.2 (136.5) PCSOs. We also had 234 (249) unpaid members of the special constabulary and 114 (108) volunteers giving a total workforce of 2,559.7 (2,539.5). We have continued to actively recruit both PCs and PCSOs during 2016/17. (Figures in brackets are 2015/16).

6. FINANCIAL SYSTEM

In January 2017 the Tri-Force Finance system went live in Cambridgeshire. We are the first of the 3 Forces to take the system and to do so in-year was a considerable challenge but necessary to ensure the integrity of our financial accounts going forward. There are always problems to overcome when putting in any new system but the accounts have been successfully produced using the output from the new system. The system is designed to assist the budget management records of the 3 Forces as we have the same chart of accounts and are able to access tri-force records from any site. In the future this could lead for further collaboration for the finance teams.

7. PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is embedded into the work of the Constabulary on an ongoing and continuous basis. We have a risk strategy to ensure that risk management is embedded into the governance structure and that it effectively underpins and enables the business. Particular emphasis has been placed on the clear distribution of roles and responsibilities and the distinctive ownership for risks.

The Constabulary maintains its own Risk Register and the risk management process is managed by the Corporate Development Department. Formal accountability for the process lies with the Deputy Chief Constable and governance is ensured through the Risk Review Board

that adds further scrutiny to the risk processes. This Board is chaired by the Deputy Chief Constable and reports monthly to the Force Executive Board. The Joint Audit Committee oversees the risk management arrangements of the Force and ensures that the Constabulary's processes are aligned with the Commissioner's processes. A joint strategic risk register is in place which brings the corporate risks together. The internal auditors rated our risk process as substantial assurance.

8. FINANCIAL STATEMENTS

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted.

The Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis (EFA), which is not a primary statement, shows how the annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Constabulary's Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

The 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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement (MiRS)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Chief Constable. The Statement shows how the movements in year of the reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase / Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Balance Sheet

The Balance Sheet shows the value at the 31 March of the assets and liabilities recognised by the Chief Constable. The net assets of the Chief Constable (assets less liabilities) are matched by the reserves held by the Chief Constable. The reserves held by the Chief Constable are unusable, and hold timing differences shown in the Movement in Reserves at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement shows the changes in "cash" (cash and cash equivalents) during the reporting period. The statement is designed to show how the Constabulary generates and uses "cash" by classifying cash flows as operating, investing and financing activities. However, the statement does not show any cash balances as all cash and cash equivalents are held by the Cambridgeshire Police and Crime Commissioner.

9. SUMMARY AND CONCLUSION

Cambridgeshire Constabulary has a strong track record of effective financial management to support the delivery of the PCC Policing Plan. The Chief Constable's Management Team are fully engaged with the budgeting process to ensure resources are directed to priority areas.

This is borne out by the comments made on Efficiency by the HMIC (PEEL) inspection. Since 2010/11 cash savings of over £20 million have been identified and delivered, whilst overall crime has dropped. The latest medium term financial plan, which covers the four year period 2017/18 to 2020/21, identifies further cash savings of at least £10 million will be required.

The four year capital plan will provide Cambridgeshire Constabulary with the appropriate infrastructure and assets to help our officers and staff deliver innovative policing strategies with fewer resources. Despite the financial challenges, the PCC continues to maintain a healthy level of cash balances which will be used in a judicious manner in future years to help manage the budget and deliver the PCC's Police and Crime Plan Priorities.

The financial outlook remains challenging but I am confident that the Chief Constable, PCC and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

Receipt of further information

You can also find information about Cambridgeshire Constabulary Police finances by looking at the Cambridgeshire Constabulary website at www.cambs-police.co.uk

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff in my office. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support during the year.

Niki Howard
Chief Finance Officer to the Chief Constable

Statement of Responsibilities for the Statement of Accounts

The Chief Constable's Responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code.

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Group at 31 March 2017 and its income and expenditure for the year then ended.

Niki Howard CPFA
Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary
27 September 2017

Completion of the Approval Process by the Chief Constable

In accordance with the requirements of s8 of the Accounts and Audit Regulations 2015, I confirm that the Statement of Accounts was approved on 27 September 2017.

Alec Wood MA
Chief Constable, Cambridgeshire Constabulary
27 September 2017

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) is not a primary statement but is of key importance in showing how the annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

Net Expenditure Chargeable to the General Fund Balance	Restated - 2015/16			2016/17		
	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
129,709	(10,016)	119,693	Police Services	130,903	(14,148)	116,755
(150,644)	-	(150,644)	Intra-Group Adjustment for financial resources consumed	(147,230)	-	(147,230)
<u>(20,935)</u>	<u>(10,016)</u>	<u>(30,951)</u>	Net Cost of Services	<u>(16,327)</u>	<u>(14,148)</u>	<u>(30,475)</u>
20,935	44,461	65,396	Other Income and Expenditure	16,327	42,485	58,812
-	34,445	34,445	(Surplus) or Deficit on Provision of Services	-	28,337	28,337
-			Opening General Fund Balance	-		
<u>-</u>			Closing General Fund Balance	<u>-</u>		

Comprehensive Income and Expenditure Statement

2015/16	Restated 2015/16	2015/16		2016/17	2016/17	2016/17
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
119,693	-	119,693	Police Services	116,755	-	116,755
(150,644)	-	(150,644)	Intra-Group Adjustment for financial resources consumed	(147,230)	-	(147,230)
<u>(30,951)</u>	<u>-</u>	<u>(30,951)</u>	Net Cost of Services	<u>(30,475)</u>	<u>-</u>	<u>(30,475)</u>
20,935	-	20,935	Other Operating Expenditure (note 11)	16,327	-	16,327
44,461	-	44,461	Financing and Investment Income and Expenditure (note 12)	42,485	-	42,485
34,445	-	34,445	(Surplus) or Deficit on Provision of Services	28,337	-	28,337
		<u>(181,735)</u>	Remeasurement of the net defined benefit liability (note 20)			<u>250,639</u>
		<u>(181,735)</u>	Other Comprehensive Income and Expenditure			<u>250,639</u>
		<u>(147,290)</u>	Total Comprehensive Income and Expenditure			<u>278,976</u>

Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015	-	(1,351,346)	(1,351,346)
Movement in reserves during 2015/16			
Total Comprehensive Income and Expenditure	(34,445)	181,735	147,290
Adjustments between accounting basis & funding basis under regulations	34,445	(34,445)	-
Increase/(Decrease) in 2015/16	-	147,290	147,290
Balance at 31 March 2016 carried forward	-	(1,204,056)	(1,204,056)
Movement in reserves during 2016/17			
Total Comprehensive Expenditure and Income	(28,337)	(250,639)	(278,976)
Adjustments between accounting basis & funding basis under regulations	28,337	(28,337)	-
Increase/(Decrease) in 2016/17	-	(278,976)	(278,976)
Balance at 31 March 2017 carried forward	-	(1,483,032)	(1,483,032)

This statement shows balances only for reserves in relation to staff under the direction and control of the Chief Constable for the financial years 2016/17 and 2015/16, as all other reserves are held by the Cambridgeshire Police and Crime Commissioner.

Balance Sheet

2015/16			2016/17	
£000	£000	Notes	£000	£000
	-			-
	-			-
(1,378)			(1,295)	
	(1,378)			(1,295)
(1,202,678)			(1,481,737)	
	(1,202,678)			(1,481,737)
	<u>(1,204,056)</u>			<u>(1,483,032)</u>
	-			-
	1,204,056			1,483,032
	<u>1,204,056</u>			<u>1,483,032</u>

The unaudited accounts were issued on 30 June 2017 and the audited accounts were authorised for issue on 27 September 2017.

Niki Howard CPFA
Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary
27 September 2017

Cash Flow Statement

2015/16 £000		2016/17 £000
(34,445)	Net surplus/(deficit) on the provision of services	(28,337)
34,445	Adjust net deficit or surplus on the provision of services for non cash movements (note 15)	28,337
-	Net cash flows from Operating Activities	-
-	Investing Activities	-
-	Financing Activities	-
-	Net increase/(decrease) in cash and cash equivalents	-
-	Cash and cash equivalents at the beginning of the reporting period	-
-	Cash and cash equivalents at the end of the reporting period	-

This statement does not show any cash balances for the financial years 2016/17 and 2015/16 as all cash and cash equivalents are held by the Cambridgeshire Police and Crime Commissioner.

Notes to the Accounts

1. Accounting Policies

(i) General Principles

The Statement of Accounts summarises the transactions for the 2016/17 financial year and the position at 31 March 2017. The Accounts and Audit Regulations 2015 requires the preparation of an annual Statement of Accounts, prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common needs of most users'
- The underlying assumption that the Group is a going concern and that materiality has been set at the relevant level for the individual entities and the Group
- The following fundamental qualitative characteristics:
 - relevance
 - faithful representation
- The following qualitative characteristics:
 - comparable
 - verifiable
 - timely
 - understandable

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Accounting policies are reviewed annually and have been applied consistently, as appropriate.

Following the passing of the Police Reform and Social Responsibility Act 2011 Cambridgeshire Police Authority was replaced on 22 November 2012 with two 'corporation sole' bodies, the Cambridgeshire Police and Crime Commissioner ('the Commissioner') and the Chief Constable of Cambridgeshire Constabulary ('the Chief Constable'). Both bodies are required to prepare separate Statement of Accounts.

The Financial Statements included here represent the accounts for the Chief Constable. The identification of the Commissioner as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the Commissioner under the Police Reform and Social Responsibility Act 2011. The Police and Crime Commissioner Group and the Chief Constable have adopted consistent accounting policies.

(ii) Accruals of Income and Expenditure

Items of income and expenditure are accounted for in the year to which they relate. Payments may be made, or receipts received, in the year prior or subsequent to the current year. This means that all material sums received or receivable during the year are included in the accounts, whether or not the cash has actually been paid or received in the year. Adjustments between years are made by way of accruals and prepayments of both income and expenditure. With the exception of payroll-related accruals/prepayments and any accruals/prepayments automatically generated by the accounting system, a de-minimis limit of £5,000 is applied for revenue and £10,000 for capital.

(iii) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on financial position or financial performance. Where a change is made, it is applied retrospectively, unless stated otherwise, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior periods.

(iv) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits, being those that fall due wholly within 12 months of the year-end, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Group. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. Termination Benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Group 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 termination

benefits, relating to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Group participates in four defined benefit pension schemes: the Police Pension Scheme (PPS) for police officers in service before 31 March 2006 who are subject to transitional protection; the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection, the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2016 and officers formerly members of PPS/NPPS who are not subject to transitional protection; and the Local Government Pension Scheme for Police Staff (LGPS). Pension contributions and further costs that arise in respect of certain pensions paid to retired employees on an unfunded basis are charged to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement (as appropriate). The Chief Constable's Accounts include the cost of providing pensions to the staff under the direction and control of the Chief Constable only.

Injury Awards paid under the Police Pension Schemes are disclosed separately. These payments are unfunded and are paid directly by the Group. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

The PPS, the NPPS and the PPS 2015 are unfunded schemes and have no attributable assets.

The LGPS is a funded scheme and as such the assets of the scheme are attributable to the Group and are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price
- Unquoted securities – a professional estimate of fair value
- Unitised securities – current bid price
- Property – market value

Scheme assets include current assets, such as debtors and cash, as well as the investment portfolio. Accrued expenses and other current liabilities, such as fees payable to fund managers, are deducted from the net asset/liability. All scheme assets are held and monitored by Cambridgeshire County Council LGPS (the administrator); further information can be seen within their statement of accounts for 2016/17.

Liabilities largely comprise benefits promised under the formal terms of the pension scheme. Scheme liabilities are measured using the projected unit method. This method examines all the benefits for pensioners and deferred pensioners and their dependants and the accrued benefits for current members of the scheme, making allowance for projected scheme member earnings.

The change in the net pensions liability is analysed over the following headings:

Current Service Cost

This is the increase in liabilities as a result of years of service earned in the current year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

Interest Cost

This is the expected increase in the present value of liabilities accrued during the year as they move one year closer to being paid. Interest cost is charged to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Return on Assets

This is a measure of the estimated return (income from dividends, interest, etc.) on the investments held by the scheme for the year. It is not intended to reflect the actual realised return by the scheme, but an estimate at the beginning of the financial year of the long-term future expected investment return for each asset class. The expected return on assets is credited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The expected return is based on:

- for quoted corporate or government bonds – application of the current redemption yield at the start of the year to the market value of bonds held
- for other assets (especially equities) – application of the rate of return expected for each significant class of assets over the long-term at the beginning of the year to the fair value of assets held

Actuarial Gains and Losses

This element arises where actual events have not coincided with the actuarial assumptions made for the last valuation, known as experience gains and losses, or the actuarial assumptions have been updated. For instance, there may have been an unexpectedly high pay award in the year, or new research might alter assumptions about general levels of mortality. Actuarial gains and losses are recognised in the Pension Reserve.

Past Service Costs

These arise from decisions taken in the current year, but whose financial effect is derived from years of service earned in earlier years. For instance, if scheme regulations were amended to increase the multiplier derived from years of service applied to final salaries in calculating pensions, total liabilities would rise but the majority of this rise would not relate to employee activity in the current year. It is therefore presented separately from the Current Service Cost and is charged to Non-Distributed Costs in the Comprehensive Income and Expenditure Statement.

Settlements and Curtailments

These are events that change pension liabilities but are not normally covered by actuarial assumptions.

Settlements are irrevocable actions that relieve the employer of the primary responsibility for pension obligations, for example the transfer of scheme assets and liabilities relating to a group of employees moving to another scheme.

Curtailments are events that reduce the expected years of future service of present employees or reduce for a number of employees the accrual of defined benefits for some or all of their future service, such as closing a service unit of the Group.

Gains or losses on settlements and curtailments are debited to the Comprehensive Income and Expenditure Statement.

Contributions paid to defined benefit schemes

This is the cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as a separate expense.

Actual amount charged against the General Fund Balance for pensions in the year

Revenue charges in respect of current and past service costs, interest costs and the expected return on assets are reversed in order that actual employer's contributions and retirement benefits payable are recognised in the General Fund Balance. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove notional debits and credits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

(v) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(vi) Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Group's arrangements for accountability and financial performance.

(vii) Value Added Tax (VAT)

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards that have been issued but have not yet been adopted

For 2016/17 the accounting policy changes that need to be reported relate to:

- Amendments to the reporting of pension funds scheme transaction costs
- Amendments to the reporting of investment concentration

The relevant amendments are set out in Appendix C of the 2017/18 CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. No impact on the General Fund Balance is expected as a result of the future adoption of these amendments.

3. Critical judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Group has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a degree of uncertainty about future levels of funding for Police and Crime Commissioners, and consequently Chief Constables. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision.

All income, including that from grants, is received and controlled by the Police and Crime Commissioner. As a result, no income is included within the Accounts of the Chief Constable.

It has been judged that all property, plant and equipment is owned and controlled by the PCC and as such is not included in the Chief Constable's Accounts.

4. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions of amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next 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. We have engaged the Governments Actuary's Department to provide the Group with expert advice	The effects on the net pension liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. During 2016/17, the Group's actuaries advised that the net pension liability had increased by £267.28m for Police Pension Schemes (including a decrease of £26.82m as a

about the assumptions to be applied for the Police Pension Schemes and Hymans Robertson LLP provides the same advice for the Police Staff Pension Scheme.

result of changes in demographic assumptions and an increase of £273.02m as a result of changes in financial assumptions) and increased £11.78m for Police Staff Pensions (including an decrease of £1.48m as a result of changes in demographic assumptions and an increase of £37.99m as a result of changes in financial assumptions).

5. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 June 2017. Events taking place after this date are not reflected in the statement of accounts or notes.

No other events taking place before this date provided information about conditions existing at 30 June 2017 which would materially impact the financial statements, therefore no adjustment to the figures in the financial statements and notes has been required.

6. Restatement of Prior Year Comparatives

A prior year adjustment has been included following further advice clarifying the accounting requirements for the annual top-up grant paid by the Home Office for the unfunded police officer pension scheme.

The effects of the restatement are as follows:

- The difference between the amount of police pension payments made and the amount of income from employee and employer contributions is charged as Other Operating Expenditure in the Chief Constable's Accounts.
- The Intra-Group Adjustment for financial resources consumed is increased to reflect the transfer of the Home Office top-up grant from the PCC (as grant recipient) to the Chief Constable.

A further prior year adjustment has been included as a result of the new format and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES) in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. Previously income and expenditure in the 'Cost of Services' section of the CIES was categorised into eleven service areas in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The SeRCOP analysis has now been replaced by a segmental analysis on the basis of how the organisation is structured and how financial performance is monitored and managed.

The effect of this restatement is a presentational change to the segmental section of the CIES.

The fully restated 2015/16 CIES is provided on page 16. The adjustment of the CIES from the version published in the 2015/16 Statement of Accounts is as follows:

*The Chief Constable of Cambridgeshire Constabulary
Statement of Accounts 2016/17*

	As Previously Stated 2015/16	2015/16 Adjustment	As Restated 2015/16	
	Net Expenditure £000	Net Expenditure £000	Net Expenditure £000	
Police Services				
Local policing	40,742	(40,742)	-	
Dealing with the Public	12,167	(12,167)	-	
Criminal Justice	9,922	(9,922)	-	
Road Policing	6,268	(6,268)	-	
Specialist Operations	6,072	(6,072)	-	
Intelligence	10,785	(10,785)	-	
Specialist Investigations	27,014	(27,014)	-	
Investigative Support	3,997	(3,997)	-	
National Policing	2,593	(2,593)	-	
	<u>119,560</u>	<u>(119,560)</u>	<u>-</u>	
Central Services				
The Corporate and Democratic Core	16	(16)	-	
Non Distributed Costs	117	(117)	-	
Intra-Group Adjustment for financial resources consumed	(129,709)	(20,935)	(150,644)	Intra-Group Adjustment for financial resources consumed
	<u>-</u>	<u>119,693</u>	<u>119,693</u>	Police Services
Net Cost of Services	<u>(10,016)</u>	<u>(20,935)</u>	<u>(30,951)</u>	Net Cost of Services
Other Operating Expenditure	-	20,935	20,935	Other Operating Expenditure
Financing and Investment Income and Expenditure	44,461	-	44,461	Financing and Investment Income and Expenditure
(Surplus) or Deficit on Provision of Services	34,445	-	34,445	(Surplus) or Deficit on Provision of Services
Remeasurement of the net defined benefit liability	(181,735)		(181,735)	Remeasurement of the net defined benefit liability
Other Comprehensive Income and Expenditure	<u>(181,735)</u>		<u>(181,735)</u>	Other Comprehensive Income and Expenditure
Total Comprehensive Income and Expenditure	<u>(147,290)</u>		<u>(147,290)</u>	Total Comprehensive Income and Expenditure

7. Intra Group Funding Arrangements Between the Police and Crime Commissioner and the Chief Constable

The PCC receives all funding on behalf of the Group. There is no transfer of real cash between the PCC and the Chief Constable as the latter does not have a bank account into which monies can be received or paid from.

The table below shows the movement through the intra-group account within the respective Balance Sheets. PCC resources consumed at the request of the CC are reflected in the PCC and CC Balance sheets though an intra-group adjustment. Similarly an intra-group adjustment is made through the PCC and CC Balance Sheets to reflect the PCC funding of these resources.

During 2016/17 the Chief Constable approved a total of £927k for various additional capital programme schemes, each falling with the Chief Constable's delegated limit for capital expenditure, funded from savings made within the annual devolved budget for delivering the policing service. Given that all assets are held in the Balance Sheet of the PCC, the transfer of these resources back from the Chief Constable to the PCC for the purchase of additional property, plant and equipment assets is reflected in the table below.

Restated
2015/16
£000

2016/17
£000

Comprehensive Income and Expenditure Statement

150,664	PCC resources consumed at the request of the CC	147,230
(150,644)	PCC funding for resources consumed at the request of the CC	(147,230)

8. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2016/17		
	Adjustment relating to Pensions (Note 1)	Other Adjustments (Note 2)	Total Adjustments
	£000	£000	£000
Police Services	(14,065)	(83)	(14,148)
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	(14,065)	(83)	(14,148)
Other Income and Expenditure	42,485	-	42,485
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	28,420	(83)	28,337

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2015/16		
	Adjustment relating to Pensions (Note 1)	Other Adjustments (Note 2)	Total Adjustments
	£000	£000	£000
Police Services	(10,281)	265	(10,016)
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	(10,281)	265	(10,016)
Other Income and Expenditure	44,461	-	44,461
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	34,180	265	34,445

1. Adjustment relating to Pensions

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs
- **Other Income and Expenditure** the net interest on the defined benefit liability is charged to the CIES.

2. Other Adjustments

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For services** this represents the removal of the accumulated absences accrual as allowed by statute.

9. Expenditure and Income Analysed by Nature

	2016/17 £'000	2015/16 £'000
POLICE SERVICES		
Expenditure		
Police Pay and Allowances	60,621	59,168
Police Staff Pay and Allowances	35,586	35,655
Other Pay and Allowances	25	136
Other Employee Expenses	1,240	830
Police Pensions	(615)	1,772
Premises	4,037	3,699
Transport	3,451	2,888
Supplies and Services	10,139	13,753
Agency and Contracted Services	1,344	1,234
Funding to PCC (Re RCCO)	927	558
Intra-Group Adjustment for financial resources consumed	(147,230)	(150,644)
Pension Top Up Grant Transferred to Pension Fund	16,327	20,935
Net interest on the net defined benefit liability	42,485	44,461
	28,337	34,445
(Surplus) or Deficit on Provision of Services	28,337	34,445

10. Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

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

2015/16		2016/17
<u>Usable Reserves</u>		<u>Usable Reserves</u>
General Fund		General Fund
Balance		Balance
£000		£000
	Adjustments to the Revenue Resources	
	Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:	
34,180	Pensions costs (transferred to (or from) the Pensions Reserve)	28,420
265	Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	(83)
34,445	Total Adjustments to Revenue Resources	28,337
34,445	Total Adjustments	28,337

11. Comprehensive Income and Expenditure Statement – Other Operating Expenditure

Restated 2015/16 £000		2016/17 £000
20,935	Pension Top Up Grant Transferred to Pension Fund	16,327
<u>20,935</u>		<u>16,327</u>

12. Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2015/16 £000		2016/17 £000
44,461	Net interest on the net defined benefit liability	42,485
<u>44,461</u>		<u>42,485</u>

13. Creditors

	2016/17 £'000	2015/16 £'000
Other Entities and Individuals	<u>(1,295)</u>	<u>(1,378)</u>
	<u>(1,295)</u>	<u>(1,378)</u>

The balance of creditors is a financial instrument, with the category of current other liabilities and is included in disclosure note 20 of the Group accounts.

14. Unusable Reserves

	2016/17 £000	2015/16 £000
Pensions Reserve	(1,481,737)	(1,202,678)
Accumulating Compensated Absence Adjustment Account	<u>(1,295)</u>	<u>(1,378)</u>
	<u>(1,483,032)</u>	<u>(1,204,056)</u>

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post employment benefits:

- in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service

- by updating the liabilities recognised to reflect inflation
- by 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 Chief Constable makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable 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. The movements on the pensions liability have been disclosed in Note 20.

	2016/17	2015/16
	£000	£000
Balance at 1 April	(1,202,678)	(1,350,233)
Pension reserve opening balance transfer to PCC		-
Remeasurements of the net defined benefit liability	(250,639)	181,735
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	(64,098)	(74,212)
Employer's pensions contributions and direct payments to pensioners payable in the year	35,678	40,032
	<u>(1,481,737)</u>	<u>(1,202,678)</u>

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2016/17	2015/16
	£000	£000
Balance at 1 April	(1,378)	(1,113)
Amount by which employer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	83	-265
Balance at 31 March	<u>(1,295)</u>	<u>(1,378)</u>

15. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2015/16		2016/17
£000		£000
34,180	Movement in Pension Liability	28,420
265	Other non-cash items charged to the net surplus or deficit on the provision of services	(83)
34,445		28,337

16. Joint Operations

Eastern Region Special Operations Unit

The Eastern Region Special Operations Unit (ERSOU) was established 1st April 2010 as a joint arrangement between 6 forces – Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk and Bedfordshire, to provide one serious and organised crime unit for the eastern region. ERSOU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

Expenditure of £2.717m has been consolidated into the Chief Constable's Comprehensive Income and Expenditure Statement. As all assets, liabilities and reserves, except those relating to staff and officers under the direction and control of the Chief Constable, are held by the PCC only the operational policing costs of the ERSOU joint operation have been included in the Chief Constable's Comprehensive Income and Expenditure Statement. The full consolidation is included in the PCC and Group Statement of Accounts.

The income and expenditure for the ERSOU joint operation is shown below:

2016/17	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000
Running Costs	2,129	2,717	1,516	3,822	409	3,125	2,372

2015/16	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000
Running Costs	2,017	2,577	1,053	3,665	-	2,948	2,248

Bedfordshire, Cambridgeshire and Hertfordshire (BCH) Collaborative Units

Cambridgeshire Police and Crime Commissioner and Cambridgeshire Constabulary participates in collaborative arrangements with Bedfordshire Police and Crime Commissioner/ Bedfordshire Police and Hertfordshire Police and Crime Commissioner/Hertfordshire Constabulary. The collaborated units are jointly staffed and funded by the three forces and are overseen by governance boards where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

Expenditure of £20.796m has been consolidated into the Chief Constable's Comprehensive Income and Expenditure Statement.

The net operating costs for the BCH joint operations is shown below:

2015/16				2016/17			
Beds £'000	Cambs £'000	Herts £'000	Total £'000	Beds £'000	Cambs £'000	Herts £'000	Total £'000
Tri-force Protective Services							
2,488	2,169	2,506	7,163	2,651	2,311	2,647	7,609
1,668	2,131	3,031	6,830	925	1,180	1,660	3,765
(380)	(480)	(635)	(1,495)	(380)	(479)	(629)	(1,488)
628	590	415	1,633	658	618	430	1,706
678	838	1,134	2,650	609	753	1,011	2,373
2,424	2,912	3,601	8,937	2,399	2,881	3,534	8,814
235	300	427	962	255	325	457	1,037
158	202	288	648	215	274	385	874
3,153	4,539	6,099	13,791	3,067	4,411	5,882	13,360
2,031	2,468	3,362	7,861	1,923	2,336	3,157	7,416
78	-	141	219	90	115	162	367
13,161	15,669	20,369	49,199	12,412	14,725	18,696	45,833
Tri-force Organisational Support							
848	874	1,278	3,000	908	935	1,357	3,200
404	516	734	1,654	-	-	-	-
41	43	62	146	50	51	74	175
189	242	344	775	210	269	378	857
-	-	-	-	81	103	145	329
-	-	-	-	2,895	4,020	6,180	13,095
1,482	1,675	2,418	5,575	4,144	5,378	8,134	17,656
Tri-force Operational Support							
107	-	161	268	88	170	138	396
-	-	-	-	72	93	132	297
-	-	-	-	181	231	325	737
-	-	-	-	151	165	305	621
-	-	-	-	26	34	48	108
107	-	161	268	518	693	948	2,159
14,750	17,344	22,948	55,042	17,074	20,796	27,778	65,648
Total Net Operating Costs							

17. Officers' Remuneration

The remuneration paid to the Chief Constable and Chief Officers is as follows:

		Salaries, fees & allowances £	Bonuses £	Expenses allowance £	Benefits in Kind £	Total Remuneration excluding pension contributions £	Employer's pension contributions £	Total Remuneration including pension contributions £
Chief Constable								
	2016/17	158,335	-	-	6,872	165,207	18,280	183,487
	<i>to 31/07/2015*</i> 2015/16	45,258	-	4,186	5,713	55,157	-	55,157
	<i>from 01/08/2015</i> 2015/16	101,928	-	-	2,558	104,486	23,839	128,325
Deputy Chief Constable								
	2016/17	119,525	-	-	7,652	127,177	27,532	154,709
	<i>to 31/07/2015</i> 2015/16	42,701	-	3,733	1,195	47,629	8,763	56,393
	<i>01/08/2015 to 31/12/2015</i> 2015/16	59,461	-	4,891	1,982	66,334	13,664	79,998
	<i>from 01/01/2016</i> 2015/16	29,075	-	-	116	29,192	6,843	36,035
Assistant Chief Constable								
	<i>to 26/10/2016</i> 2016/17	64,096	-	5,575	3,543	73,214	15,081	88,295
	<i>from 01/06/2016</i> 2016/17	88,776	-	-	7,325	96,101	20,632	116,733
	<i>from 09/01/2017</i> 2016/17	23,729	-	2,517	-	26,246	5,743	31,989
	<i>from 28/02/2017</i> 2016/17	8,759	-	-	660	9,419	2,038	11,457
	<i>to 31/07/2015 and from 01/01/2016</i> 2015/16	51,168	-	4,891	1,982	58,041	12,848	70,889
	<i>from 01/08/2015 to 31/12/2015</i> 2015/16	48,219	-	-	3,744	51,963	11,669	63,632
Chief Finance Officer (Constabulary)								
	2016/17	99,641	-	-	-	99,641	21,921	121,562
	2015/16	97,173	-	-	3,963	101,136	20,406	121,542

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Assistant Chief Constable - BCH Joint Protective Services								
<i>to 04/09/2016 2016/17</i>	41,863	-	-	1,461	43,324	10,003	53,327	
0.5 FTE <i>from 05/09/2016 2016/17</i>	29,029	-	-	924	29,953	6,939	36,892	
<i>to 03/01/2016 2015/16</i>	75,133	-	3,587	648	79,368	18,009	97,377	
<i>from 04/01/2016 2015/16</i>	23,370	-	-	1,375	24,745	5,656	30,401	
Assistant Chief Constable - BCH Operational Support								
<i>to 08/01/2017 2016/17</i>	76,872	-	8,452	-	85,324	18,603	103,927	
<i>from 14/09/2015 2015/16</i>	50,177	-	5,665	106	55,948	11,944	67,892	
Assistant Chief Constable - ERSOU								
<i>to 10/09/2016 2016/17</i>	47,561	-	2,125	1,712	51,398	11,194	62,592	
0.5 FTE <i>from 05/09/2016 2016/17</i>	29,029	-	-	924	29,953	6,939	36,892	
<i>from 04/01/2016 2015/16</i>	25,044	-	1,196	216	26,456	6,003	32,459	

* Opted out of employer's pension scheme

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The number of employees and senior police officers holding a rank above that of superintendent whose remuneration, excluding employer's pension contributions, was £50,000 or more, in bands of £5,000, was as follows:

	2016/17	2015/16
£50,000 to £54,999	4	-
£55,000 to £59,999	3	6
£60,000 to £64,999	1	-
£65,000 to £69,999	1	-
£70,000 to £74,999	2	-
£75,000 to £79,999	1	2
£80,000 to £84,999	1	-
£85,000 to £89,999	3	1
£90,000 to £94,999	-	-
£95,000 to £99,999	3	3
£100,000 to £104,999	1	2
£105,000 to £109,999	-	1
£110,000 to £114,999	2	-
£115,000 to £119,999	-	-
£120,000 to £124,999	-	1
£125,000 to £129,999	1	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £154,999	-	1
£155,000 to £159,999	-	-
£160,000 to £164,999	-	-
£165,000 to £169,999	1	-
	<u>24</u>	<u>17</u>

The numbers above include the senior employees and relevant police officers disclosed earlier in Note 17.

The numbers of exit packages with total cost per band and the total cost of redundancies agreed are set out below:

Exit package cost band	2016/17	2015/16	2016/17	2015/16
	No.	No.	£'000	£'000
£0 - £20,000	7	12	58	92
£20,001 - £40,000	2	4	53	127
£40,001 - £60,000	-	1	-	44
£120,001 - £140,000	-	1	-	127
	<u>9</u>	<u>18</u>	<u>111</u>	<u>390</u>

18. Audit Costs

The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts.

	2016/17	2015/16
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor:	<u>15</u>	<u>15</u>

19. Related Parties

The Chief Constable is required to disclose material transactions with related parties, being bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might be constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

Police and Crime Commissioner

The Police and Crime Commissioner has direct control over the groups finances, including responsibility for funding of all pensions' liabilities, and is responsible for setting the Police and Crime Plan. The Chief Constable operates within the budget set by the Police and Crime Commissioner, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept.

Central Government

Central government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Grants received from government departments are set out in the PCC Group and the PCC Statement of Accounts 2016/17.

Officers

During the year, the Chief Constable, the Assistant Chief Constable and the Chief Finance Officer (Constabulary) were trustees of the Shrievalty Trust.

Cambridgeshire Police Shrievalty Trust

The Cambridgeshire Police Shrievalty Trust is a charitable organisation supported by the Group whose objective is to support efforts to "Create a Safer Cambridgeshire". Details of Officers who were trustees throughout the period are set out below:

Officers: A Wood, Chief Constable
M Hopkins, Assistant Chief Constable
N Malik, Assistant Chief Constable
N Howard, Chief Finance Officer (Constabulary)

In the year to 31 March 2017, the Office of the Police and Crime Commissioner, as part of the Group, had dealings with the Trust being a Victims Support grant contribution of £50,000 (2015/16 £50,000).

Other Public Bodies (subject to common control by central government)

The Chief Constable has a pooled budget arrangement (joint operation) with the 5 other eastern police forces for the provision of tackling organised crime and further pooled budget arrangements (joint operation) with Bedfordshire Police and Hertfordshire Constabulary for the provision of a range of policing services. Transactions and balances outstanding are detailed in the PCC Group and the PCC Statement of Accounts 2016/17.

The Chief Constable participates in four pension schemes the Local Government Pension Scheme (LGPS) for Police Staff, the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection and the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection. The LGPS scheme is administered by Cambridgeshire County Council and the PPS, NPPS and PPS 2015 are administered by Kier Business Services Limited. See Note 20 for details of transactions and balances outstanding.

During the year the Chief Constable made payments totalling £1,341k to the six local authorities for National Non-Domestic Rates Bills (2015/16 £1,352k).

20. Group's Retirement Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its Police Officers and Police Staff, the Chief Constable offers retirement benefits which are normally payable on retirement. The Chief Constable, however, is required to disclose its commitment to pay future retirement benefits as those benefits are earned by officers or employees.

The Chief Constable participates in four pension schemes:

- i) the Local Government Pension Scheme (LGPS) for Police Staff, administered by Cambridgeshire County Council. This is a defined benefit, funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Following the Stage 2 transfer of staff under the direction and control of the Police and Crime Commissioner, as corporations sole the Police and Crime Commissioner and Chief Constable are separate employers in the scheme, which is reflected in the figures included in the financial statements; and
- ii) the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection and the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection. All three schemes are defined benefit, unfunded schemes, administered by Kier Business Services Ltd, meaning that there are no investment assets

built up to meet the pension liabilities and that cash has to be generated to meet actual pensions payments as they eventually fall due. Injury Awards paid under the Police Pension Schemes are disclosed separately. These payments are unfunded and are paid directly by the Chief Constable. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

Transactions Relating to Post Employment Benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by staff rather than when the benefits are actually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

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	Police Pensions £000	2016/17 LGPS-Chief Constable £000	Total £000	Police Pensions £000	2015/16 LGPS- Chief Constable £000	Total £000
Comprehensive Income and Expenditure Account						
<i>Cost of Services:</i>						
Current service cost	15,950	5,638	21,588	22,720	6,914	29,634
Past service costs	-	25	25	-	117	117
Effect of settlements			-	-		-
	<u>15,950</u>	<u>5,663</u>	<u>21,613</u>	<u>22,720</u>	<u>7,031</u>	<u>29,751</u>
<i>Financing and Investment Income and Expenditure:</i>						
Net interest expense	40,520	1,965	42,485	42,040	2,421	44,461
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<u>56,470</u>	<u>7,628</u>	<u>64,098</u>	<u>64,760</u>	<u>9,452</u>	<u>74,212</u>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
Return on plan assets	-	(20,167)	(20,167)	-	5,979	5,979
Actuarial (gains) and losses arising on changes in demographic assumptions	(26,820)	(1,481)	(28,301)	(19,310)	-	(19,310)
Actuarial (gains) and losses arising on changes in financial assumptions	273,020	37,994	311,014	(114,470)	(26,378)	(140,848)
Other	(5,011)	(6,896)	(11,907)	(25,563)	(1,993)	(27,556)
	<u>241,189</u>	<u>9,450</u>	<u>250,639</u>	<u>(159,343)</u>	<u>(22,392)</u>	<u>(181,735)</u>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>	<u>297,659</u>	<u>17,078</u>	<u>314,737</u>	<u>(94,583)</u>	<u>(12,940)</u>	<u>(107,523)</u>
Movement in Reserves Statement						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(56,470)	(7,628)	(64,098)	(64,760)	(9,452)	(74,212)
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>						
Employer's contributions payable to the schemes	<u>30,383</u>	<u>5,295</u>	<u>35,678</u>	<u>35,133</u>	<u>4,899</u>	<u>40,032</u>

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2016/17			2015/16		
	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000
Balance at 1 April	1,148,224	176,343	1,324,567	1,277,940	192,870	1,470,810
Current service cost	15,950	5,638	21,588	22,720	6,914	29,634
Past service costs	-	25	25	-	117	117
Interest cost	40,520	6,408	46,928	42,040	6,453	48,493
Contributions by scheme participants	6,010	1,501	7,511	6,218	1,490	7,708
Benefits paid	(36,393)	(3,543)	(39,936)	(41,351)	(3,130)	(44,481)
Remeasurement gain/loss:						
Actuarial (gains)/losses arising from changes in demographic assumptions	(26,820)	(1,481)	(28,301)	(19,310)	-	(19,310)
Actuarial (gains)/losses arising from changes in financial assumptions	273,020	37,994	311,014	(114,470)	(26,378)	(140,848)
Other	(5,011)	(6,896)	(11,907)	(25,563)	(1,993)	(27,556)
Balance at 31 March	1,415,500	215,989	1,631,489	1,148,224	176,343	1,324,567

Reconciliation of fair value of the scheme assets:

	2016/17			2015/16		
	Injury Awards £000	LGPS- Chief Constable £000	Total Assets £000	Injury Awards £000	LGPS- Chief Constable £000	Total Assets £000
Balance at 1 April	-	121,889	121,889	-	120,577	120,577
Interest Income	-	4,443	4,443	-	4,032	4,032
Remeasurement gain/loss:						
The return on plan assets, excluding the amount included in the net interest expense	-	20,167	20,167	-	(5,979)	(5,979)
Contributions from employer	30,383	5,295	35,678	35,133	4,899	40,032
Contributions from employees into the scheme	6,010	1,501	7,511	6,218	1,490	7,708
Benefits paid	(36,393)	(3,543)	(39,936)	(41,351)	(3,130)	(44,481)
Closing fair value of scheme assets	-	149,752	149,752	-	121,889	121,889

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit plan is as follows:

	Police Pensions £000		LGPS £000		Total £000	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Present value of the defined benefit obligation	1,415,500	1,148,224	215,989	176,343	1,631,489	1,324,567
Fair Value of Plan Assets	-	-	(149,752)	(121,889)	(149,752)	(121,889)
Net Liability arising from defined benefit obligation	1,415,500	1,148,224	66,237	54,454	1,481,737	1,202,678

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The PPS has no assets to cover its liabilities. The LGPS's assets consist of the following categories, by proportion of the total assets held:

	31 March 17	31 March 16
	£000	£000
Cash and Cash Equivalents	4,278	2,497
Private Equity	13,027	9,476
Debt Securities		
UK government	4,036	-
Equity Instruments:		
By industry type:		
Consumer	4,019	2,847
Manufacturing	2,604	2,382
Energy and Utilities	3,457	2,079
Financial Institutions	6,069	4,512
Health and Care	1,590	1,942
Information Technology	661	978
Other	-	-
Investment Funds and Unit Trusts:		
Equities	84,261	66,240
Bonds	15,797	18,444
Hedge Funds	-	-
Other	9,952	10,492
	<u>149,752</u>	<u>121,889</u>

The liabilities are the underlying commitments that the Chief Constable has to pay retirement benefits in the long-term. The total liability of £1,481.737m has a significant impact on the net worth of the Chief Constable as presented in the Balance Sheet, giving rise to negative equity of £1,483.032m. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable remains stable:

- i) the deficit on the LGPS will be made good by increased contributions over the remaining working lives of employees, as assessed by the scheme actuary; and
- ii) finance is only required to be raised to cover police pensions as and when they are actually paid.

Basis of Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions made about mortality rates and salary levels. The PPS, the NPPS and the PPS 2015 have been assessed by the Government Actuary's Department. The LGPS liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

	Local Government		Police Pension Schemes	
	2016/17	2015/16	2016/17	2015/16
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	22.4	22.5	23.2	23.1
Women	24.4	24.5	25.2	25.1
Longevity at 65 for future pensioners:				
Men	24	24.4	25.2	25.1
Women	26.3	26.9	27.3	27.1
Rate of increase in salaries	2.7	4.2	1	4.2
Rate of increase in pensions	2.4	2.2	2.35	2.2
Rate for discounting scheme liabilities	2.7	3.6	2.7	3.6

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

	LGPS - Chief Constable		Police Pension Scheme	
	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £'000
Change in assumptions at 31 March 2017				
0.5% decrease in Real Discount Rate	12%	25,846	10%	140,300
0.5% increase in the Salary Increase Rate	2%	4,569	1%	18,600
0.5% Increase in the Pension Increase Rate	10%	20,869	9%	131,100

Impact on Cash Flows

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2018 is £5,270k (2016/17 £5,243k). Expected contributions for the Police Pension Scheme in the year to 31 March 2018 are £11,995k (2016/17 £12,377k).

Pension Account

The Chief Constable is required to maintain a Pensions Account in order to discharge its responsibility for paying the pensions of retired officers and their survivors and to account to the Home Office as sponsoring department for police pensions funding. The Pensions Account has the legal status of a fund for the purposes of the Local Government Finance Act and the accounting entries to be recorded there in and its administration are governed by The Police Pension Fund Regulations 2007.

Credits to the Pension Account include contributions from both the Chief Constable and serving police officers who are members of either the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) or the Police Pension Scheme 2015 (PPS 2015). The Chief Constable's contributions in 2015/16 were at a rate of 21.3% of pensionable salary, previously 24.2%, plus an additional 2.9% contribution to the Police Pension Fund Account to fund the difference between the current and previous contribution rates. These rates are set by the Home Office and are subject to triennial revaluation by the Government's Actuary Department.

Charges to the Pension Account include pensions to retired police officers and their survivors and commutations and lump sum retirement benefits.

The Pension Account is balanced to £nil each year by the receipt of pension top-up grant from, or by paying over any surplus to, the sponsoring department. The effect of this funding mechanism is that the employer's contribution of 21.3% of serving police officers' pensionable salary, plus the additional employer's contribution of 2.9%, and together with injury pensions and a capital charge for ill-health retirements, falls to be charged to the Chief Constable's Comprehensive Income and Expenditure Statement.

The Pension Account is designed to discharge liabilities to pay pensions as they fall due and no account is taken of pensions and other liabilities after the period end.

A statement of account for the Pension Account, together with its net current assets and liabilities at 31 March 2017, is set out below. All Fund transactions are treated in accordance with the Group's accounting policies as set out in Note 1, where applicable.

Full details of the Chief Constable's retirement benefits have been disclosed in Note 20.

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Fund Account

	2016/17	2015/16
	£'000	£'000
Contributions receivable:		
From employer:		
Normal	(11,477)	(11,215)
Early retirements	(379)	(260)
From members	(6,447)	(7,080)
Transfers in	<u>(254)</u>	<u>(24)</u>
	(18,557)	(18,579)
Benefits payable:		
Pensions	27,736	27,685
Commutations and lump sum retirement benefits	<u>7,130</u>	<u>11,436</u>
	34,867	39,121
Payments to and on account of leavers:		
Refunds of contributions	17	27
Individual transfers out to other schemes	<u>-</u>	<u>365</u>
	17	392
Net amount payable / (receivable) for the year before top-up grant payable by sponsoring department	16,327	20,934
Amount (receivable from) / payable to sponsoring department	(16,327)	(20,934)
Balance on Fund at 31 March	<u><u>-</u></u>	<u><u>-</u></u>

Glossary of Terms

Accrual	The recognition in the correct accounting period of income and expenditure as it is earned or incurred rather than as cash is received or paid.
Accrued Retirement Benefits (Pensions)	The retirement benefits for service up to a given point in time, whether vested rights or not.
Actuarial Gains And Losses (Pensions)	For a defined benefit scheme, the changes in deficits or surpluses that arise because events have not coincided with actuarial assumptions used in the last valuation (experience gains or losses) or because actuarial assumptions have changed.
Audit Commission	An independent body established under the Local Government Finance Act 1982. It is the responsibility of the Audit Commission to ensure that Local Authorities make proper arrangements for ensuring economy, efficiency and effectiveness in their use of resources.
Budget	A financial statement of the Group's plans for any given year.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the leading professional accountancy body for public services.
Creditors	Amounts owed by the Group for work done, goods received or services rendered, but for which payment has not been made at the date of the balance sheet.
Curtailment (Pensions)	For a defined benefit scheme, an event that reduces the expected years of future service of current staff or reduces for a number of staff the accrual of defined benefits for some or all of their future service.
Current Service Costs (Pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from pensionable service earned in the current period.
Debtors	Sums of money due to the Group, but unpaid at the balance sheet date.
Defined Benefit Scheme (Pensions)	A scheme to provide retirement benefits, the value of which are independent of the contributions payable, and that are not directly related to the underlying investments.
Expected Rate of Return on Pension Assets	For a funded, defined benefit scheme, the average rate of return, net of any charges, expected to be earned on assets held by the scheme over the remaining life of the related obligation to pay future retirement benefits.

Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Financial Reporting Standards (FRSs)	Standards developed by the Accounting Standards Board to regulate the preparation and presentation of statement of accounts. See Statements of Standard Accounting Practice.
Government Grants	Payments by Central Government towards Local Authority spending. They may be specific to a particular service e.g. Police Grant, or general (see Revenue Support Grant).
Income	Amounts that the Group receives, or expects to receive, from any source. Income includes fees, charges, sales, specific grants and special grants. The term income implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not they have been received in that period.
Injury Award	An injury award compensates an individual for the potential loss of earnings for injury sustained whilst on duty that results in some level of disablement which hinders or prevents them from working in the future. An injury award is a life time award.
International Financial Reporting Standards (IFRSs)	Standards developed by the International Accounting Standards Board to regulate the preparation and presentation of statement of accounts.
Investments (Pensions)	The Group's share of pension scheme assets associated with its liability to pay future retirement benefits.
Past Service Cost (Pensions)	For a defined benefit scheme, the increase in the present value of the scheme liabilities related to staff service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits payable.
Projected Unit Credit Method (Pensions)	An actuarial method of valuing a pension scheme's liability to pay future retirement benefits taking into account estimated increases in future earnings.
Reserves	Amounts set aside by the Group that do not fall within the definition of a provision.
Retirement Benefits (Pensions)	All forms of consideration given by an employer in exchange for services rendered by staff that are payable after completion of the engagement.
Revenue Expenditure	The day-to-day spending and income of the Group on such items as staff, goods, services and equipment.
Revenue Fund Balances	The accumulated surplus of income over expenditure held in reserve.

Scheme Liabilities (Pensions)	The liabilities to pay future retirement benefits, measured using the projected unit credit method, of a defined benefit scheme for outgoings falling due after the valuation date.
Service Reporting Code of Practice (SeRCOP)	A CIPFA Code that is designed to ensure a consistent and comparable approach to the calculation of the cost of services.
Settlement (Pensions)	An irrevocable action that relieves the employer of the primary responsibility for a pension obligation.

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF CAMBRIDGESHIRE CONSTABULARY

Opinion on the Chief Constable for Cambridgeshire financial statements

We have audited the financial statements of the Chief Constable of Cambridgeshire for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Chief Constable of Cambridgeshire Comprehensive Income and Expenditure Statement;
- Chief Constable of Cambridgeshire Movement in Reserves Statement;
- Chief Constable of Cambridgeshire Balance Sheet;
- Chief Constable of Cambridgeshire Cash Flow Statement and the related notes 1 to 20, including the Expenditure and Funding Analysis on page 15; and
- Chief Constable of Cambridgeshire Pension Account.

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

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 14, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they 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 of Cambridgeshire circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 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 of Cambridgeshire as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report if:

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

We have nothing to report in these respects

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

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 of Cambridgeshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of

resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the 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 the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable 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, the Chief Constable 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 of Cambridgeshire 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 accounts of the Chief Constable of Cambridgeshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

*Neil Harris (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
27 September 2017*

The following foot note should be added to the audit report when it is published or distributed electronically:

The maintenance and integrity of the Chief Constable of Cambridgeshire Constabulary web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.