



Creating a safer  
**Cambridgeshire**

# The Chief Constable of Cambridgeshire Constabulary

## **STATEMENT OF ACCOUNTS 2015/16**

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Constabulary  
STATEMENT OF ACCOUNTS  
2015/16**

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## **Preface – Introduction to the 2015/16 Statement of Accounts by Alec Wood, Chief Constable of Cambridgeshire Constabulary**

In the last year Cambridgeshire Constabulary has achieved many successes, including increased public confidence and victim satisfaction and low officer sickness rates, but total recorded crime has increased by 5.0% and the prosecution possible outcome rate has deteriorated. This is reflected in our grading from Her Majesty's Inspectorate of Constabulary (HMIC) of "requires improvement" for Effectiveness, as part of the Police Effectiveness, Efficiency and Legitimacy Programme (PEEL). Efficiency and Legitimacy inspections were graded "good". The Constabulary has a clear plan to address the issues in the Effectiveness Report and we await the next inspection so that we can demonstrate the improvements made.

This is against the backdrop of six years of successive budget cuts. Last year (2015/16) another £4.6 million off efficiency savings and cuts had to be found to balance the overall budget, bringing the total budget reduction since 2010/11 to £28.0 million.

The policing landscape continues to change with the emergence of new, complex crimes and the growth, both through increased reporting and increased 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 £943k or 0.7% (for the Group as a whole) demonstrates the strong and effective financial management of the annual budget.

Going forward the challenges continue, with Cambridgeshire Constabulary facing another £4.0 million of savings to be delivered in 2016/17.

Alec Wood MA  
Chief Constable

# **Narrative Report by the Chief Finance Officer to the Chief Constable**

## **Message from the Chief Finance Officer – Niki Howard**

This is the first time that we have produced a Narrative Report which 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 is extremely challenging with the emergence of new complex crimes and the increasing awareness of vulnerability, alongside the current threat levels and against a backdrop of six 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). 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 Police 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 2015/16 was £129.2 million, of which £124.6 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 804,900; 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.

Crime reduced in Cambridgeshire by 8.4% between 2010/11 – 2014/15. Over the last year there have been significant increases in violence and serious sexual offences (recent and historical) in line with the national trend. 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 are developing 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 and the constabulary delivers a good service to the public despite being one of the lowest cost forces, 43p per person per day (national average: 55p). The workforce has reduced by 16% since 2010 with a reduced operating budget of £16.5m. This imperative to increase efficiency whilst maintaining resilience has led to the development of a pioneering collaboration with Bedfordshire and Hertfordshire. This is proving successful, leading to increased capacity at a lower cost that still meets the local needs.

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 2015. Cambridgeshire Constabulary was assessed as GOOD for Efficiency and Legitimacy and Requires Improvement for Effectiveness. The HMIC said *"The constabulary works very well to prevent crime and anti-social behaviour and protects most victims well, but improvement is needed to ensure the services are consistent and vulnerable people are properly supported. There are good arrangements in place to keep communities safe and tackle the most serious crimes. However, the constabulary needs to improve its approach to ensuring that crime investigations are of a consistently good quality so that it can effectively fight crime and bring more offenders to justice."*

### **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 Government's 2015 Spending Review recognised the importance of the police service to the country. It 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. Our focus is now to build and expand our capabilities to counter new and complex threats.

**b. Financial Management**

The financial standing of Cambridgeshire Constabulary is very robust with sound financial management practices. Cambridgeshire Constabulary obtained a GOOD rating from HMIC who said “*Cambridgeshire Constabulary is well prepared to face its future financial challenges. The force has achieved greater levels of savings than it needed to since 2010 and has built up financial reserves, which it plans to use to smooth the impact of budget cuts over the next few years until anticipated savings are achieved. The constabulary has plans in place to make all the expected savings needed through to 2019. It has worked hard to minimise the impact of budget cuts on frontline policing through working jointly with other forces to save money, and an ambitious approach to using new technology to improve police efficiency*”.

**c. Outturn 2015/16**

This was the fifth consecutive year of cuts to police funding. Police Grant Funding was cut by 5.11%. Funding for legacy council tax freeze grants was maintained at the same cash level as in previous years. The base number of properties used for the calculation of the precept rose by 2.13% but the actual increase in precept was kept at 0% for all households. In preparing the annual revenue budget, full provision was included for pay and other inflationary increases and £4.7m savings were identified in order to balance the budget. The majority of budget savings came from supplies and services (re-negotiation of contracts and collaborative working) and transport. The budget resulted in a reduction of only seven police officer posts, three police staff posts and maintenance of PCSOs.

The following table provides a high level comparison between the approved budget for 2015/16 and actual expenditure for Cambridgeshire Constabulary operational budgets i.e. those under the direction and control of the Chief Constable.

<b>Chief Constable's Revenue Budget to end March 2015/16</b>			
<b>£'000</b>	<b>2015/16 Budget</b>	<b>2015/16 Spend</b>	<b>Variance</b>
Local Policing Expenditure	65,688	64,848	(840)
Organisational Support Expenditure	27,991	26,504	(1,487)
Net Cost of Police Pensions	11,933	12,052	119
BCH Collaboration	18,156	17,765	(391)
Other Collaboration	3,564	3,903	339
Seconded Officers and CCJB	107	72	(35)
Revenue Contributions to Capital Outlay	0	999	999
Carry Forwards	(846)	(833)	13
Income	(1,994)	(2,801)	(807)
CTC Underspend - to reserves	0	476	476
<b>Policing Budget Delegated to Chief Constable</b>	<b>124,599</b>	<b>122,985</b>	<b>(1,614)</b>

**d. Outlook – Medium Term Financial Plan (MTFP)**

The Medium Term Financial Plan was approved by the PCC in November 2015 and updated in March 2016 following the government grant announcement. There are a number of significant risks to the MTFP and these are clearly explained in the 2016/17 Medium Term Financial Report which can be downloaded from the PCC’s website at <http://www.cambridgeshire->

[pcc.gov.uk/wp-content/uploads/2016/04/16-03-30-BCB-Agenda-Item-4.0-MTFP-report-Appendix-1.pdf](http://pcc.gov.uk/wp-content/uploads/2016/04/16-03-30-BCB-Agenda-Item-4.0-MTFP-report-Appendix-1.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, but work is in hand to ensure that our key priority services are maintained to the highest standards possible with the funding available. 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 over the page.

*The Chief Constable of Cambridgeshire Constabulary  
Statement of Accounts 2015/16*

<b>Cambridgeshire Police and Crime Commissioner - 2016-17 Medium Term Financial Forecasts</b>				
<b>£'000</b>	<b>2016/17 Approved Budget</b>	<b>2017/18 Forecast Budget</b>	<b>2018/19 Forecast Budget</b>	<b>2019/20 Forecast Budget</b>
Local Policing Expenditure	62,222	63,488	64,897	65,906
Business Support	17,359	18,039	18,418	18,806
Collaboration Services	21,998	22,177	22,318	22,416
Services to be Collaborated	26,278	26,722	27,175	27,634
OPCC	1,229	1,248	1,268	1,287
OPCC Grants and Subscriptions	2,341	2,341	2,341	2,341
Capital Financing Costs	2,420	3,299	3,489	3,247
<b>Gross Revenue Expenditure</b>	<b>133,847</b>	<b>137,314</b>	<b>139,906</b>	<b>141,637</b>
Income	(1,376)	(1,376)	(1,376)	(1,376)
<b>Net Revenue Expenditure</b>	<b>132,471</b>	<b>135,938</b>	<b>138,530</b>	<b>140,261</b>
Contributions from Reserves	(1,967)			
<b>Net Budget Requirement</b>	<b>130,504</b>	<b>135,938</b>	<b>138,530</b>	<b>140,261</b>
<b>Financed By</b>				
Formula Grant	79,431	78,637	77,850	77,072
MoJ Victims Grant	981	981	981	981
Precept	49,682	51,683	53,766	55,932
Collection Fund - Deficit / +Surplus	410			
<b>Total Financing</b>	<b>130,504</b>	<b>131,301</b>	<b>132,597</b>	<b>133,985</b>
Budget Gap	0	-4,638	-5,933	-6,276
Band D Council Tax £	£183.15	£186.79	£190.51	£194.30
Increase	£1.80	£3.64	£3.72	£3.79
<b>KEY ASSUMPTIONS INCLUDED IN THE FORECASTS ABOVE</b>				
Council Tax base increases				
Actual	1.98%			
Forecast		2.00%	2.00%	2.00%
Council Tax	0.99%	1.99%	1.99%	1.99%
Tax base	271,265	276,690	282,224	287,869
Grant increase / Decrease (-)	(0.52%)	(1.00%)	(1.00%)	(1.00%)
Police officer pay rise (w.e.f 01/09)	1.00%	1.00%	1.00%	1.00%
Police staff pay rise	0.58%	1.00%	1.00%	1.00%
Increment increase	0.60%	0.60%	0.60%	0.60%
General Inflation	1.00%	2.00%	2.00%	2.00%
Energy Inflation	1.50%	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 2015/16 compared to the approved capital programme.

<b>Capital Budget to end of March 2015/16</b>			
	<b>Budget</b>	<b>Spend</b>	<b>Percentage</b>
	<b>2015/16</b>	<b>2015/16</b>	<b>Spent</b>
<b>2015/16 Capital Programme</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Land & Buildings	1,589	1,050	66.10%
IT & Communications	1,659	1,575	94.96%
Fleet	1,799	1,447	80.46%
Collaboration	334	249	74.55%
<b>Totals</b>	<b>5,381</b>	<b>4,322</b>	<b>80.32%</b>

**Medium Term Capital Plan**

The PCC has approved a Medium Term Capital Plan (MTCP) costing £14.7 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 total capital programme is delivered without the need for borrowing. The PCC's policy on borrowing dictates that borrowing shall only be considered for assets with a lifespan of 10+ years.

The Emergency Services Mobile Communications Programme 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 £2m for Cambridgeshire. This is not included in the MTCP but is referred to on the MTFP report and will be funded by reserves.

A high level summary of the MTCP is provided over the page.

*The Chief Constable of Cambridgeshire Constabulary*  
*Statement of Accounts 2015/16*

**Medium Term Capital Plan 2016/17 to 2019/20**

Description of Bid	Forecast Programme 2016/17 £	Forecast Programme 2017/18 £	Forecast Programme 2018/19 £	Forecast Programme 2019/20 £
<b>Funding Approved in Previous years</b>				
Athena - ongoing capital funding required	270,000			
Fleet Workshop replacement	1,000,000			
<b>Section A Totals</b>	<b>1,270,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Approval 2016/17 Expenditure</b>				
Estates Major Repairs Planned	580,000	510,000	500,000	500,000
New Vehicle Equipment	400,000	400,000	400,000	400,000
Vehicle Replacement Programme	1,300,000	1,300,000	1,500,000	1,500,000
Rolling Replacement Mobile Technology	159,000	578,000	578,000	336,000
ERP system	624,320	100,000		
Covert Equipment Renewal	50,000	50,000	50,000	50,000
Wisbech Fire Station Ext for Police Purposes	395,000			
ICT Infrastructure for BCH - WAN	161,600			
Virtual Courts	22,000			
<b>Section B Totals</b>	<b>3,691,920</b>	<b>2,938,000</b>	<b>3,028,000</b>	<b>2,786,000</b>
<b>Schemes Requiring Approval</b>				
ICT Infrastructure for BCH	150,400			
IMD DP FOI	35,000			
CRM / Contact	93,576	93,576		
<b>Section C Totals</b>	<b>278,976</b>	<b>93,576</b>	<b>0</b>	<b>0</b>
<b>Schemes New in Year</b>				
ANPR 3 Year Investment Strategy	150,000	140,000	140,000	
SSU Logistic and Case Management System	125,160			
JPS technology role out - implementing TuServ	20,860			
AFO Uplift	69,284			
<b>Section D Totals</b>	<b>365,304</b>	<b>140,000</b>	<b>140,000</b>	<b>0</b>
<b>Totals for All Schemes</b>	<b>5,606,200</b>	<b>3,171,576</b>	<b>3,168,000</b>	<b>2,786,000</b>
<b>Capital Financing:-</b>				
Capital Grants	596,668	596,668	596,668	596,668
ICT Reserve	526,904			
Vehicle Receipts (RCCO)	150,000	150,000	150,000	150,000
Vehicle Recharge	300,000			
Capital Receipts	1,395,000	0	0	0
Capital Reserves	500,000	0	0	0
Budget Reserve	925,296	193,576		
Revenue Contribution to Capital Outlay (RCCO)	1,212,332	2,231,332	2,421,332	2,039,332
Borrowing	0	0	0	0
<b>Totals</b>	<b>5,606,200</b>	<b>3,171,576</b>	<b>3,168,000</b>	<b>2,786,000</b>

**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 31 March 2016 we had negative net assets of £1,204m 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 (£1,148m) coupled with the deficit of £54m 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 that the PCC owns all Property but 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**

Public confidence in Cambridgeshire Constabulary significantly improved in the year ending March 2016 (when compared to last year 74.3% v 72.0%). Victim satisfaction in the 12 months to March 2016 remained comparable to last year (86.4% n = 1770); it is anticipated that the work of the Victims and Witness Service Delivery Group will drive forward improvements in victim satisfaction (particularly our ability to communicate in a way which satisfies victims).

##### **Continue to Tackle Crime and Disorder**

Total recorded crime increased by 5.0% year on year (2,234 offences); with Fenland, Huntingdonshire and Peterborough experiencing the greatest percentage increases. Monthly crime levels in recent months are giving an early indication that crime numbers have started to plateau (at Force level). Cambridgeshire crime rates remain lower than regional or national.

The prosecution possible outcome rate (20.4%) at year-end was worse than last year's<sup>1</sup> 24.4%, and likely to see us in the bottom quartile nationally when the data is published. March did see a marginal month on month improvement.

All round performance relating to Burglary Dwelling crime levels remained comparable to the 2015 benchmark (2,366 v 2,412) with the recently emerging downward trend still apparent. The Burglary Dwelling prosecution possible outcome rate was comparable to last year at year end. Victims of Burglary Dwelling continue to report the highest levels of satisfaction (compared to other crime types surveyed) (91.8% n=524). Performance remained comparable to peers in the 12 months to December.

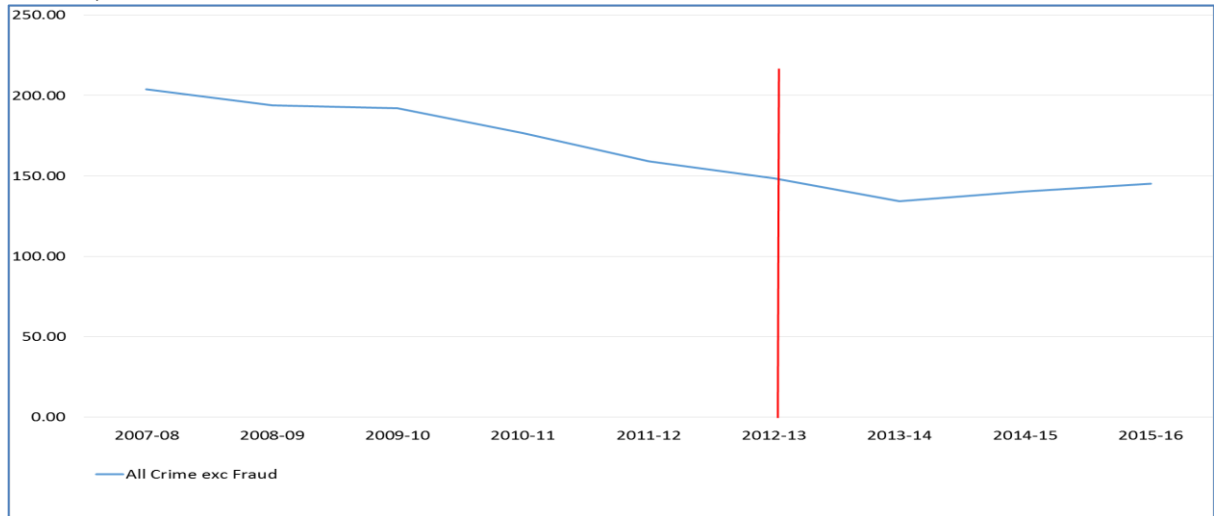
The public's perception of drug misuse in Cambridgeshire was significantly higher at year end than last year (11.4% n = 3,593 v 8.8% n = 3,533); with all areas reflecting this performance change. Understanding this deterioration in public perception may provide opportunities to drive improvements (and thus public reassurance) next year.

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<sup>1</sup> Crime fell in the years preceding the 12 months ending March 2014, thereafter crime increased by c5% year on year. 12 months to March 2013 v 12 months to March 2012 -10.3%, 12 months to March 2014 vs 12 months to March 2013 -5.3%, 12 months to March 2015 vs 12 months to March 2014 +5.3%, 12 months to March 2016 vs 12 months to March 2015 +5%

### Trends in Overall Recorded Crime per 1000 Households

Source: Police Recorded Crime based on Cambridgeshire data submitted, rolling 12 month average at month 6 of financial year



### Keeping People Safe

In the year to March 2016, domestic crime was significantly higher than last year, with crime continuing on an upward trajectory. Incident levels have remained stable year on year at c13, 500 whilst crime has increased by 17% (n= 4901); evidence of the influence of a drive towards improved National Crime Recording Standard (NCRS) compliance.

A Domestic Abuse Victim Satisfaction survey began in April, soon to be mandated by the Home Office. Results will be published in 2016/17. The prosecution possible outcome rate for Domestic Abuse crime (at force level) was lower than last year (31.1% v 35.3%) but the High Risk Victims crimes investigated resulted in a significantly higher prosecution possible outcome rate than last year (32.5% v 28.2%), demonstrating the focus on those most at risk. Levels of Serious Sexual Offences remained higher this year than the 2015 benchmark position; with 46.4% of these considered 'historic' (compared to 47.9% last year).

### Organisational Health

National Crime Recording Standard (NCRS) compliance remained a particular focus for the Force and it is acknowledged that we must strive to continue to build on improvements made recently in order to have confidence the cultural change is firmly embedded. The Crime Data Integrity Scrutiny Group continues to focus on this issue reporting into the Force Performance Board on a monthly basis. Wider data quality concerns remain and ways of driving up performance are being introduced including more focussed supervision and better accountability.

Police Officer sickness remained below the national average at year end, at an average of 7.6 days lost per officer; conversely, police staff sickness was above the national average at 10.9 days lost per member of staff. Recent media attention has highlighted the emergence of police officer stress related sickness; in Cambridgeshire, 31.4% of officer sickness in the recent year was due to 'psychological disorders'. Whilst a lower proportion of sickness is recorded in this category for police staff, the performance trajectory is nonetheless upwards.

## **5. PEOPLE**

In December 2015 the Tri-Force HR and Learning and Development Department went live. This Department will provide a service to all our people across Beds, Cambs and Herts. The unit will be fully collaborated for April 2016 and 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 2017 will further assist in the management of our people.

At 31 March 2016 Cambridgeshire Constabulary had 1324 officers, employed 722 staff and employed 136.5 PCSOs. We also had 249 unpaid members of the special constabulary and 108 volunteers giving a total workforce of 2,539.5. We have continued to actively recruit both PCs and PCSOs during 2015/16.

## **6. 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 corporate 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 has been established to add further scrutiny to the risk processes. This Board, which is chaired by the Deputy Chief Constable and reports monthly to the Force Executive Board and the Chief Constable, has responsibility for reviewing the risk register monthly and also holding to account operational managers for risk within their business area. 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. A joint strategic risk register is in place which brings the corporate risks together.

## **7. 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 GOOD on Efficiency in HMIC (PEEL) inspection. Since 2010/11 cash savings of over £16 million have been identified and delivered, whilst overall crime has dropped. The latest medium term financial plan, which covers the four year period 2016/17 to 2019/20, identifies further cash savings of at least £6 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 visiting the Cambridgeshire Constabulary website at [www.cambs-police.co.uk](http://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 CPFA

Chief Finance Officer to 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; and
- 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; and
- complied with the Local Authority Code.

The Chief Finance Officer has also:

- kept proper accounting records, which were up to date; and
- 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 2016 and its income and expenditure for the year then ended.

Niki Howard CPFA  
Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary  
30 June 2016

### **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 30 September 2016.

Alec Wood MA  
Chief Constable, Cambridgeshire Constabulary  
30 September 2016

## Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2014</b>	-	(1,166,207)	(1,166,207)
<b><u>Movement in reserves during 2014/15</u></b>			
Surplus or (deficit) on provision of services	(48,785)	-	(48,785)
Other Comprehensive Expenditure and Income	-	(136,755)	(136,755)
<b>Total Comprehensive Expenditure and Income</b>	<b>(48,785)</b>	<b>(136,755)</b>	<b>(185,540)</b>
Transfer from Chief Constable to PCC	-	401	401
Adjustments between accounting basis & funding basis under regulations	48,785	(48,785)	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>(185,139)</b>	<b>(185,139)</b>
Transfers to/from Earmarked Reserves	-	-	-
<b>Increase/(Decrease) in 2014/15</b>	<b>-</b>	<b>(185,139)</b>	<b>(185,139)</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>-</b>	<b>(1,351,346)</b>	<b>(1,351,346)</b>
<b><u>Movement in reserves during 2015/16</u></b>			
Surplus or (deficit) on provision of services	<b>(34,445)</b>	-	<b>(34,445)</b>
Other Comprehensive Expenditure and Income	-	<b>181,735</b>	<b>181,735</b>
<b>Total Comprehensive Expenditure and Income</b>	<b>(34,445)</b>	<b>181,735</b>	<b>147,290</b>
Transfer from Chief Constable to PCC	-	-	-
Adjustments between accounting basis & funding basis under regulations	<b>34,445</b>	<b>(34,445)</b>	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>-</b>	<b>147,290</b>	<b>147,290</b>
Transfers to/from Earmarked Reserves	-	-	-
<b>Increase/(Decrease) in 2015/16</b>	<b>-</b>	<b>147,290</b>	<b>147,290</b>
<b>Balance at 31 March 2016 carried forward</b>	<b>-</b>	<b>(1,204,056)</b>	<b>(1,204,056)</b>

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



## Comprehensive Income and Expenditure Statement

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000		2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
			Police Services			
55,941	-	55,941	Local policing	40,742	-	40,742
12,225	-	12,225	Dealing with the Public	12,167	-	12,167
10,502	-	10,502	Criminal Justice	9,922	-	9,922
6,464	-	6,464	Road Policing	6,268	-	6,268
5,877	-	5,877	Specialist Operations	6,072	-	6,072
10,825	-	10,825	Intelligence	10,785	-	10,785
19,966	-	19,966	Specialist Investigations	27,014	-	27,014
4,489	-	4,489	Investigative Support	3,997	-	3,997
2,961	-	2,961	National Policing	2,593	-	2,593
<u>129,250</u>	<u>-</u>	<u>129,250</u>		<u>119,560</u>	<u>-</u>	<u>119,560</u>
			Central Services			
16	-	16	The Corporate and Democratic Core	16	-	16
32	-	32	Non Distributed Costs	117	-	117
<u>(131,644)</u>	<u>-</u>	<u>(131,644)</u>	Intra-Group Adjustment for financial resources consumed	<u>(129,709)</u>	<u>-</u>	<u>(129,709)</u>
<u>(131,596)</u>	<u>-</u>	<u>(131,596)</u>		<u>(129,576)</u>	<u>-</u>	<u>(129,576)</u>
(2,346)	-	(2,346)	<b>Net Cost of Services</b>	<b>(10,016)</b>	-	<b>(10,016)</b>
<u>55,704</u>	<u>(4,573)</u>	<u>51,131</u>	Financing and Investment Income and Expenditure (note 8)	<u>44,461</u>	<u>-</u>	<u>44,461</u>
53,358	(4,573)	48,785	<b>(Surplus) or Deficit on Provision of Services (note 12)</b>	<b>34,445</b>	<b>-</b>	<b>34,445</b>
		<u>136,755</u>	Remeasurement of the net defined benefit liability/(asset) (note 17)			<u>(181,735)</u>
		<u>136,755</u>	<b>Other Comprehensive Income and Expenditure</b>			<u>(181,735)</u>
		<u>185,540</u>	<b>Total Comprehensive Income and Expenditure</b>			<u>(147,290)</u>

## Balance Sheet

2014/15			2015/16	
£000	£000	Notes	£000	£000
	-			-
	-			-
(1,113)	(1,113)	9	(1,378)	(1,378)
(1,350,233)	(1,350,233)	17	(1,202,678)	(1,202,678)
	<u>(1,351,346)</u>			<u>(1,204,056)</u>
	-			-
	1,351,346	10		1,204,056
	<u>1,351,346</u>			<u>1,204,056</u>

The unaudited accounts were issued on 28 June 2016 and the audited accounts were authorised for issue on 30 September 2016.

Niki Howard CPFA  
Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary  
30 September 2016

## Cash Flow Statement

2014/15 £000		2015/16 £000
(48,785)	Net surplus/(deficit) on the provision of services	<b>(34,445)</b>
48,785	Adjust net (deficit) or surplus on the provision of services for non cash movements (note 11)	<b>34,445</b>
<hr/> -	Net cash flows from Operating Activities	<hr/> -
-	Investing Activities	-
-	Financing Activities	-
<hr/> -	Net increase/(decrease) in cash and cash equivalents	<hr/> -
-	Cash and cash equivalents at the beginning of the reporting period	-
<hr/> <hr/> -	Cash and cash equivalents at the end of the reporting period	<hr/> <hr/> -

This statement does not show any cash balances for the financial year 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 2015/16 financial year and the position at 31 March 2016. 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 2015/16 and the Service Reporting Code of Practice 2015/16, 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, and
  - faithful representation
- The following qualitative characteristics:
  - comparable
  - verifiable
  - timely, and
  - 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 £1,000 is applied (£500 limit is applied for transactions involving collaborated units).

**(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 (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; and
- 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 2015/16.

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; and
- 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 (e.g. 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 (e.g. closing a service unit of the Group).

Gains or losses on settlements and curtailments are debited to Non-Distributed Costs in 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 those services benefiting from the supply applying the total absorption costing principal in accordance with the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). This requires that the full cost of overheads and support services is shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Group's status as a multi-functional, democratic organisation; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

**(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 2015/16 the accounting policy changes that need to be reported relate to:

- Amendments to IAS 19 *Employee Benefits* (Defined Benefit Plans: Employee Contributions);
- Annual Improvements to IFRSs (2010 – 2012 Cycle):
  - IFRS 2 – Definition of vesting condition;
  - IFRS 3 – Accounting for contingent consideration in a business combination;
  - IFRS 8 – Aggregation of operating segments;
  - IFRS 8 – Reconciliation of the total of the reportable segments' assets to the entity's assets;
  - IFRS 13 – Short-term receivables and payables;
  - IAS 16 – Revaluation method – proportionate restatement of accumulated depreciation;
  - IAS 24 – Key management personnel; and
  - IAS 38 – Revaluation method – proportionate restatement of accumulated amortisation;
- Amendments to IFRS 11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations);
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation);
- Annual Improvements to IFRSs (2012 – 2014 Cycle):
  - IFRS 5 – Changes in methods of disposal;
  - IFRS 7 – Servicing contracts;
  - IFRS 7 – Applicability to the amendments to IFRS 7 to condensed interim financial statements;
  - IAS 19 – Discount rate: regional market issue;
  - IAS 34 – Disclosure of information 'elsewhere in the interim financial report';
- Amendment to IAS 1 *Presentation of Financial Statements* (Disclosure Initiative);
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis; and
- The changes to the format of the Pension Fund Account and the Net Assets Statement.

The relevant amendments are set out in Appendix C of the 2016/17 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 that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the income and expenditure 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 in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
<b>Pensions Liability</b>	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 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.	The effects on the net pension liability of changes in individual assumptions can be measured.  However, the assumptions interact in complex ways. During 2015/16, the Group's actuaries advised that the net pension liability had decreased by £129.72m for Police Pension Schemes (including a decrease of £19.31m as a result of changes in demographic assumptions and a decrease of £114.47m as a result of changes in financial assumptions) and decreased £17.84m for Police Staff Pensions (including an decrease of £26.38m 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 28 June 2016. Events taking place after this date are not reflected in the statement of accounts or notes.

On 23 June 2016 the EU referendum took place, resulting in a vote for the United Kingdom to leave the EU. As this took place after 31 March 2016 no adjustment to the figures in the financial statements and notes has been required. The result of the referendum may impact on the future basis of assumptions and estimates, but such impacts cannot be assessed at this point in time as formal discussions regarding the withdrawal from the EU and future

arrangements have not yet begun. The Group will monitor the situation and consider impacts for future years as more is known.

No other events taking place before this date provided information about conditions existing at 31 March 2016 which would materially impact the financial statements, therefore no adjustment to the figures in the financial statements and notes has been required.

## **6. 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 2015/16 the Chief Constable approved a total of £558,009.06 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.

<b>2014/15</b>	<b>2015/16</b>
<b>£000</b>	<b>£000</b>

### **Comprehensive Income and Expenditure Statement**

131,644	PCC resources consumed at the request of the CC	<b>129,709</b>
(131,644)	PCC funding for resources consumed at the request of the CC	<b>(129,709)</b>

## **7. 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.

*The Chief Constable of Cambridgeshire Constabulary  
Statement of Accounts 2015/16*

<u>2014/15</u> <u>Usable Reserves</u> General Fund Balance £000		<u>2015/16</u> <u>Usable Reserves</u> General Fund Balance £000
<b>Adjustments to the Revenue Resources</b>		
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:		
49,019	Pensions costs (transferred to (or from) the Pensions Reserve)	<b>34,180</b>
(234)	Holiday pay (transferred to the Accumulated Absences Reserve)	<b>265</b>
<u>48,785</u>	<b>Total Adjustments to Revenue Resources</b>	<u><b>34,445</b></u>
<u>48,785</u>	<b>Total Adjustments</b>	<u><b>34,445</b></u>

**8. Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

<u>2014/15</u> £000		<u>2015/16</u> £000
51,131	Net interest on the net defined benefit liability	<b>44,461</b>
<u>51,131</u>		<u><b>44,461</b></u>

**9. Creditors**

	<u>2015/16</u> £'000	<u>2014/15</u> £'000
Other Entities and Individuals	<u>(1,378)</u>	<u>(1,113)</u>
	<u><b>(1,378)</b></u>	<u><b>(1,113)</b></u>

The balance of creditors is a financial instrument, with the category of current other liabilities and is included in disclosure note 18 of the Group accounts.

**10. Unusable Reserves**

	<u>2015/16</u> £000	<u>2014/15</u> £000
Pensions Reserve	<u>(1,202,678)</u>	(1,350,233)
Accumulating Compensated Absence Adjustment Account	<u>(1,378)</u>	(1,113)
	<u><b>(1,204,056)</b></u>	<u><b>(1,351,346)</b></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 17.

	<b>2015/16</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	<b>(1,350,233)</b>	(1,164,858)
Pension reserve opening balance transfer to PCC	-	401
Remeasurements of the net defined benefit liability/(asset)	<b>181,735</b>	(136,755)
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	<b>(74,212)</b>	(81,402)
Employer's pensions contributions and direct payments to pensioners payable in the year	<b>40,032</b>	32,381
	<u><b>(1,202,678)</b></u>	<u>(1,350,233)</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.

	<b>2015/16</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	<b>(1,113)</b>	(1,347)
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	<b>(265)</b>	234
Balance at 31 March	<u><b>(1,378)</b></u>	<u>(1,113)</u>

### **11. Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

<b>2014/15</b>		<b>2015/16</b>
<b>£000</b>		<b>£000</b>
49,019	Movement in Pension Liability	<b>34,180</b>
(234)	Other non-cash items charged to the net surplus or deficit on the provision of services	<b>265</b>
<u>48,785</u>		<u><b>34,445</b></u>

## 12. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, the Chief Constable's resource allocation discussions are based on management accounts presented to the Chief Constable which have a different basis of preparation, in particular the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure of the Chief Constable as recorded in the management accounts for the year is as follows:

	<b>Police Services £000 2015/16</b>	<b>Police Services £000 2014/15</b>
Government Grants		
Income from Fees and Charges	<u>(2,801)</u>	<u>(2,347)</u>
Total Income	<b>(2,801)</b>	<b>(2,347)</b>
Employee Expenses	<b>86,692</b>	86,625
Premises Expenses	<b>3,668</b>	3,868
Transport Expenses	<b>563</b>	1,035
Collaboration	<b>22,144</b>	20,229
Supplies and Services	<u><b>12,838</b></u>	<u>12,030</u>
Total Expenditure	<b>125,905</b>	123,787
Net Expenditure	<u><b>123,104</b></u>	<u>121,440</u>

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

The Chief Constable does not report internally on asset and liability balances.

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2015/16

	Police Services £000	Amounts not reported to management for decision making £000	Amounts reported at Group Level £000	Amounts not included in I&E £000	Total £000
Government Grants	-	-	-	-	-
Income from Fees and Charges	2,801	-	(2,801)	-	-
Income from council tax	-	-	-	-	-
Intra Group Adjustment	-	-	129,151	-	129,151
<b>Total Income</b>	<b>2,801</b>	<b>-</b>	<b>126,350</b>	<b>-</b>	<b>129,151</b>
Employee expenses	86,692	10,869	-	-	97,561
Premises	3,668	31	-	-	3,699
Transport	563	2,325	-	-	2,888
Supplies and services	12,838	1,968	181	-	14,987
Collaboration	22,144	(27,224)	5,080	-	-
Financing and investment Income and Expenditure	-	44,461	-	-	44,461
<b>Total Expenditure</b>	<b>125,905</b>	<b>32,430</b>	<b>5,261</b>	<b>-</b>	<b>163,596</b>
(Surplus) or deficit on the provision of services	<b>123,104</b>	<b>32,430</b>	<b>(121,089)</b>	<b>-</b>	<b>34,445</b>

2014/15

	Police Services £000	Amounts not reported to management for decision making £000	Amounts reported at Group Level £000	Amounts not included in I&E £000	Total £000
Government Grants	-	-	-	-	-
Income from Fees and Charges	2,347	-	(2,347)	-	-
Income from council tax	-	-	-	-	-
Intra Group Adjustment	-	-	131,644	-	131,644
<b>Total Income</b>	<b>2,347</b>	<b>-</b>	<b>129,297</b>	<b>-</b>	<b>131,644</b>
Employee expenses	86,625	17,134	-	-	103,759
Premises	3,868	11	-	-	3,879
Transport	1,035	90	1,072	-	2,197
Supplies and services	12,030	8,100	185	(850)	19,465
Collaboration	20,229	(20,833)	604	-	-
Financing and investment Income and Expenditure	-	51,131	-	-	51,131
<b>Total Expenditure</b>	<b>123,787</b>	<b>55,633</b>	<b>1,861</b>	<b>(850)</b>	<b>180,431</b>
(Surplus) or deficit on the provision of services	<b>121,440</b>	<b>55,633</b>	<b>(127,436)</b>	<b>(850)</b>	<b>48,787</b>

### 13. 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 £2.577m 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:

<b>2015/16</b>	<b>Beds £'000</b>	<b>Cambs £'000</b>	<b>Essex £'000</b>	<b>Herts £'000</b>	<b>Norfolk £'000</b>	<b>Suffolk £'000</b>	<b>Total £'000</b>
Running Costs	2,017	2,577	1,053	3,665	2,948	2,248	14,508
<b>2014/15</b>	<b>Beds £'000</b>	<b>Cambs £'000</b>	<b>Essex £'000</b>	<b>Herts £'000</b>	<b>Norfolk £'000</b>	<b>Suffolk £'000</b>	<b>Total £'000</b>
Running Costs	1,558	2,008	952	2,847	2,267	1,732	11,364

#### **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 £17.344m 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:

2014/15				2015/16			
Beds £'000	Cambs £'000	Herts £'000	Total £'000	Beds £'000	Cambs £'000	Herts £'000	Total £'000
<b>Tri-force Protective Services</b>							
2,453	2,150	2,510	7,113	2,488	2,169	2,506	7,163
921	1,184	1,684	3,789	1,668	2,131	3,031	6,830
(389)	(495)	(660)	(1,544)	(380)	(480)	(635)	(1,495)
595	557	396	1,548	628	590	415	1,633
706	878	1,188	2,772	678	838	1,134	2,650
2,513	3,045	3,793	9,351	2,424	2,912	3,601	8,937
200	348	367	915	235	300	427	962
160	205	292	657	158	202	288	648
3,211	4,645	6,227	14,083	3,153	4,539	6,099	13,791
2,131	2,615	3,589	8,335	2,031	2,468	3,362	7,861
<b>12,501</b>	<b>15,132</b>	<b>19,386</b>	<b>47,019</b>	<b>13,083</b>	<b>15,669</b>	<b>20,228</b>	<b>48,980</b>
<b>Tri-force Organisational Support</b>							
800	830	1,223	2,853	848	874	1,278	3,000
-	-	-	-	404	516	734	1,654
32	33	49	114	41	43	62	146
209	242	360	811	189	242	344	775
<b>1,041</b>	<b>1,105</b>	<b>1,632</b>	<b>3,778</b>	<b>1,482</b>	<b>1,675</b>	<b>2,418</b>	<b>5,575</b>
<b>13,542</b>	<b>16,237</b>	<b>21,018</b>	<b>50,797</b>	<b>14,565</b>	<b>17,344</b>	<b>22,646</b>	<b>54,555</b>
<b>Total Net Operating Costs</b>							

## 14. 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								
	<i>to 31/07/2015*</i> <b>2015/16</b>	<b>49,444</b>	-	-	<b>5,713</b>	<b>55,157</b>	-	<b>55,157</b>
	<i>from 01/08/2015</i> <b>2015/16</b>	101,928	-	-	<b>2,558</b>	<b>104,486</b>	<b>23,839</b>	<b>128,325</b>
	2014/15	151,287	-	-	7,825	159,112	-	159,112
Deputy Chief Constable								
	<i>to 31/07/2015</i> <b>2015/16</b>	<b>46,434</b>	-	-	<b>1,195</b>	<b>47,629</b>	<b>8,763</b>	<b>56,393</b>
	<i>01/08/2015 to 31/12/2015</i> <b>2015/16</b>	<b>64,353</b>	-	-	<b>1,982</b>	<b>66,334</b>	<b>13,664</b>	<b>79,998</b>
	<i>from 01/01/2016</i> <b>2015/16</b>	<b>29,075</b>	-	-	<b>116</b>	<b>29,192</b>	<b>6,843</b>	<b>36,035</b>
	2014/15	136,447	-	-	1,325	137,772	26,990	164,762
Assistant Chief Constable								
	<i>to 31/07/2015 and from 01/01/2016</i> <b>2015/16</b>	<b>56,059</b>	-	-	<b>1,982</b>	<b>58,041</b>	<b>12,848</b>	<b>70,889</b>
	<i>from 01/08/2015 to 31/12/2015</i> <b>2015/16</b>	<b>48,219</b>	-	-	<b>3,744</b>	<b>51,963</b>	<b>11,669</b>	<b>63,632</b>
	2014/15	120,816	-	-	1,325	122,141	26,023	148,164
Chief Finance Officer (Constabulary)								
	<b>2015/16</b>	<b>97,173</b>	-	-	<b>3,963</b>	<b>101,136</b>	<b>20,406</b>	<b>121,542</b>
	2014/15	95,456	-	-	-	95,456	19,051	114,507
Assistant Chief Constable - BCH Joint Protective Services								
	<i>to 03/01/2016</i> <b>2015/16</b>	<b>78,720</b>	-	-	<b>648</b>	<b>79,368</b>	<b>18,009</b>	<b>97,377</b>
	<i>from 04/01/2016</i> <b>2015/16</b>	<b>23,370</b>	-	-	<b>1,375</b>	<b>24,745</b>	<b>5,656</b>	<b>30,401</b>
Assistant Chief Constable - BCH Operational Support								
	<i>from 14/09/2015</i> <b>2015/16</b>	<b>55,842</b>	-	-	<b>106</b>	<b>55,947</b>	<b>11,944</b>	<b>67,891</b>

\* Opted out of employer's pension scheme

The number of employees and senior police officers (being 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:

	<b>2015/16</b>	<b>2014/15</b>
£50,000 to £54,999	-	1
£55,000 to £59,999	<b>6</b>	3
£60,000 to £64,999	-	1
£65,000 to £69,999	-	-
£70,000 to £74,999	-	-
£75,000 to £79,999	<b>2</b>	3
£80,000 to £84,999	-	-
£85,000 to £89,999	<b>1</b>	3
£90,000 to £94,999	-	1
£95,000 to £99,999	<b>3</b>	2
£100,000 to £104,99	<b>2</b>	-
£105,000 to £109,99	<b>1</b>	-
£110,000 to £114,99	-	-
£115,000 to £119,99	-	-
£120,000 to £124,99	<b>1</b>	1
£125,000 to £129,99	-	-
£130,000 to £134,99	-	-
£135,000 to £139,99	-	1
£140,000 to £144,99	-	-
£145,000 to £149,99	-	-
£150,000 to £154,99	<b>1</b>	1
	<b>17</b>	<b>17</b>

The numbers above include the senior employees and relevant police officers disclosed earlier in Note 14.

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

<b>Exit package cost band</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>No.</b>	<b>No.</b>	<b>£'000</b>	<b>£'000</b>
<b>£0 - £20,000</b>	<b>12</b>	4	<b>92</b>	34
<b>£20,001 - £40,000</b>	<b>4</b>	3	<b>127</b>	89
<b>£40,001 - £60,000</b>	<b>1</b>	-	<b>44</b>	-
<b>£120,001 - £140,000</b>	<b>1</b>	-	<b>127</b>	-
	<b>18</b>	<b>7</b>	<b>390</b>	<b>123</b>

## 15. Audit Costs

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

	2015/16	2014/15
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor:	<u>15</u>	<u>20</u>

## 16. Related Parties

The Chief Constable is required to disclose material transactions with related parties (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 2015/16.

### 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: S Parr, Chief Constable  
A Wood, Chief Constable  
M Hopkins, Assistant Chief Constable  
N Howard, Chief Finance Officer (Constabulary)

In the year to 31 March 2016, 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 (2014/15 £50,000 general grant contribution, a grant contribution of £36,000 from the Victims Support Competed Services Grant, plus a donation of £10,000 to support a Domestic Abuse project).

**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 2015/16.

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, 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 17 for details of transactions and balances outstanding.

During the year the Chief Constable made payments totalling £1,352k to the six local authorities for National Non-Domestic Rates Bills (2014/15 £1,320k).

**17. 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, 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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	2015/16					2014/15					
	PPS £000	NPPS £000	PPS 2015 £000	Injury Awards £000	LGPS-Chief Constable £000	Total £000	PPS £000	NPPS £000	Injury Awards £000	LGPS- Chief Constable £000	Total £000
<b>Comprehensive Income and Expenditure Account</b>											
<i>Cost of Services:</i>											
Current service cost	11,380	530	9,310	1,500	6,914	29,634	17,410	6,220	1,020	5,589	30,239
Past service costs	-	-	-	-	117	117	-	-	-	32	32
Effect of settlements	-	-	-	-	-	-	-	-	(401)	(401)	(401)
	<b>11,380</b>	<b>530</b>	<b>9,310</b>	<b>1,500</b>	<b>7,031</b>	<b>29,751</b>	<b>17,410</b>	<b>6,220</b>	<b>1,020</b>	<b>5,220</b>	<b>29,870</b>
<i>Financing and Investment Income and Expenditure:</i>											
Net interest expense	37,580	1,940	210	2,310	2,421	44,461	43,600	2,010	3,250	2,271	51,131
	<b>37,580</b>	<b>1,940</b>	<b>210</b>	<b>2,310</b>	<b>2,421</b>	<b>44,461</b>	<b>43,600</b>	<b>2,010</b>	<b>3,250</b>	<b>2,271</b>	<b>51,131</b>
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>											
	<b>48,960</b>	<b>2,470</b>	<b>9,520</b>	<b>3,810</b>	<b>9,452</b>	<b>74,212</b>	<b>61,010</b>	<b>8,230</b>	<b>4,270</b>	<b>7,491</b>	<b>81,001</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>											
Return on plan assets	-	-	-	-	5,979	5,979	-	-	-	(8,013)	(8,013)
Actuarial gains and losses arising on changes in demographic assumptions	(17,580)	(840)	(190)	(700)	-	(19,310)	(32,700)	(4,500)	(15,910)	-	(53,110)
Actuarial gains and losses arising on changes in financial assumptions	(96,770)	(11,560)	(1,140)	(5,000)	(26,378)	(140,848)	176,650	13,180	10,210	26,739	226,779
Other	(25,883)	2,280	(50)	(1,910)	(1,993)	(27,556)	(24,380)	(2,040)	(440)	(2,041)	(28,901)
	<b>(140,233)</b>	<b>(10,120)</b>	<b>(1,380)</b>	<b>(7,610)</b>	<b>(22,392)</b>	<b>(181,735)</b>	<b>119,570</b>	<b>6,640</b>	<b>(6,140)</b>	<b>16,685</b>	<b>136,755</b>
	<b>(91,273)</b>	<b>(7,650)</b>	<b>8,140</b>	<b>(3,800)</b>	<b>(12,940)</b>	<b>(107,523)</b>	<b>180,580</b>	<b>14,870</b>	<b>(1,870)</b>	<b>24,176</b>	<b>217,756</b>
<b>Movement in Reserves Statement</b>											
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(48,960)	(2,470)	(9,520)	(3,810)	(9,452)	(74,212)	(61,010)	(8,230)	(4,270)	(7,491)	(81,001)
	<b>(48,960)</b>	<b>(2,470)</b>	<b>(9,520)</b>	<b>(3,810)</b>	<b>(9,452)</b>	<b>(74,212)</b>	<b>(61,010)</b>	<b>(8,230)</b>	<b>(4,270)</b>	<b>(7,491)</b>	<b>(81,001)</b>
<i>Actual amount charged against the General Fund</i>											
<i>Balance for Pensions in the year:</i>											
Employer's contributions payable to the schemes	36,579	(70)	(3,600)	2,224	4,899	40,032	27,180	(1,650)	2,240	4,611	32,381
	<b>36,579</b>	<b>(70)</b>	<b>(3,600)</b>	<b>2,224</b>	<b>4,899</b>	<b>40,032</b>	<b>27,180</b>	<b>(1,650)</b>	<b>2,240</b>	<b>4,611</b>	<b>32,381</b>

### Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2015/16						2014/15				
	Unfunded Liabilities	Unfunded Liabilities	Unfunded Liabilities	Unfunded Liabilities	LGPS- Chief Constable	Total Liabilities	Unfunded Liabilities	Unfunded Liabilities	Unfunded Liabilities	LGPS- Chief Constable	Total Liabilities
	PPS £000	NPPS £000	PPS 2015 £000	Injury Awards £000	£000	£000	PPS £000	NPPS £000	Injury £000	£000	£000
Balance at 1 April	1,149,160	58,370	-	70,410	192,870	1,470,810	995,760	41,850	74,520	158,276	1,270,406
Current service cost	11,380	530	9,310	1,500	6,914	29,634	17,410	6,220	1,020	5,589	30,239
Past service costs	-	-	-	-	117	117	-	-	-	32	32
Effect of settlements	-	-	-	-	-	-	-	-	-	(1,121)	(1,121)
Interest cost	37,580	1,940	210	2,310	6,453	48,493	43,600	2,010	3,250	6,844	55,704
Contributions by scheme participants	2,368	110	3,740	-	1,490	7,708	4,580	1,679	-	1,516	7,775
Benefits paid	(38,947)	(40)	(140)	(2,224)	(3,130)	(44,481)	(31,760)	(29)	(2,240)	(2,964)	(36,993)
Remeasurement gain/(loss):											
Actuarial gains/losses arising from changes in demographic assumptions	(17,580)	(840)	(190)	(700)	-	(19,310)	(32,700)	(4,500)	(15,910)	-	(53,110)
Actuarial gains/losses arising from changes in financial assumptions	(96,770)	(11,560)	(1,140)	(5,000)	(26,378)	(140,848)	176,650	13,180	10,210	26,739	226,779
Other	(25,883)	2,280	(50)	(1,910)	(1,993)	(27,556)	(24,380)	(2,040)	(440)	(2,041)	(28,901)
<b>Balance at 31 March</b>	<b>1,021,308</b>	<b>50,790</b>	<b>11,740</b>	<b>64,386</b>	<b>176,343</b>	<b>1,324,567</b>	<b>1,149,160</b>	<b>58,370</b>	<b>70,410</b>	<b>192,870</b>	<b>1,470,810</b>



Reconciliation of fair value of the scheme assets:

	2015/16						2014/15				
	PPS £000	NPPS £000	PPS 2015 £000	Injury Awards £000	LGPS- Chief Constable £000	Total Assets £000	PPS £000	NPPS £000	Injury Awards £000	LGPS- Chief Constable £000	Total Assets £000
Balance at 1 April	-	-	-	-	120,577	120,577	-	-	-	105,548	105,548
Interest Income	-	-	-	-	4,032	4,032	-	-	-	4,573	4,573
Effect of Settlements	-	-	-	-	-	-	-	-	-	(720)	(720)
Remeasurement gain/(loss):											
The return on plan assets, excluding the amount included in the net interest expense	-	-	-	-	(5,979)	(5,979)	-	-	-	8,013	8,013
Contributions from employer	36,579	(70)	(3,600)	2,224	4,899	40,032	27,180	(1,650)	2,240	4,611	32,381
Contributions from employees into the scheme	2,368	110	3,740	-	1,490	7,708	4,580	1,679	-	1,516	7,775
Benefits paid	(38,947)	(40)	(140)	(2,224)	(3,130)	(44,481)	(31,760)	(29)	(2,240)	(2,964)	(36,993)
<b>Closing fair value of scheme assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,889</b>	<b>121,889</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,577</b>	<b>120,577</b>

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

	PPS £000		NPPS £000		PPS 2015 £000		Injury Awards £000		LGPS £000		Total £000	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Present value of the defined benefit obligation	1,021,308	1,149,160	50,790	58,370	11,740	-	64,386	70,410	176,343	192,870	1,324,567	1,470,810
Fair Value of Plan Assets	-	-	-	-	-	-	-	-	(121,889)	(120,577)	(121,889)	(120,577)
<b>Net Liability arising from defined benefit obligation</b>	<b>1,021,308</b>	<b>1,149,160</b>	<b>50,790</b>	<b>58,370</b>	<b>11,740</b>	<b>-</b>	<b>64,386</b>	<b>70,410</b>	<b>54,454</b>	<b>72,293</b>	<b>1,202,678</b>	<b>1,350,233</b>

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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:

	<b>31 March 16</b>	<b>31 March 15</b>
	<b>'£000</b>	<b>'£000</b>
Cash and Cash Equivalents	<b>2,497</b>	3,613
Private Equity	<b>9,476</b>	8,549
Debt Securities		
Corporate Bonds	-	-
Corporate Bonds (Non - investments grade)	-	-
UK government	-	-
Other	-	-
Real Estate		
UK Proprety	-	-
Overseas Property	-	-
Equity Instruments:		
By industry type		
Consumer	<b>2,847</b>	11,942
Manufacturing	<b>2,382</b>	7,392
Energy and Utilities	<b>2,079</b>	3,397
Financial Institutions	<b>4,512</b>	9,861
Health and Care	<b>1,942</b>	5,870
Information Technology	<b>978</b>	5,452
Other	-	-
Investment Funds and Unit Trusts		
Equities	<b>66,240</b>	37,145
Bonds	<b>18,444</b>	18,385
Hedge Funds	-	-
Other	<b>10,492</b>	8,971
	<b>121,889</b>	<b>120,577</b>

The liabilities are the underlying commitments that the Chief Constable has to pay retirement benefits in the long-term. The total liability of £1,202,678k has a significant impact on the net worth of the Chief Constable as presented in the Balance Sheet, giving rise to negative equity of £1,204,057k. 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:

	<b>Local Government</b>		<b>Police Pension Schemes</b>	
	<b>2015/16</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2014/15</b>
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	<b>22.5</b>	22.5	<b>23.1</b>	23.3
Women	<b>24.5</b>	24.5	<b>25.1</b>	25.7
Longevity at 65 for future pensioners:				
Men	<b>24.4</b>	24.4	<b>25.1</b>	25.4
Women	<b>26.9</b>	26.9	<b>27.1</b>	27.9
Rate of increase in salaries	<b>4.2</b>	4.4	<b>4.2</b>	4.2
Rate of increase in pensions	<b>2.2</b>	2.5	<b>2.2</b>	2.2
Rate for discounting scheme liabilities	<b>3.6</b>	3.3	<b>3.6</b>	3.3

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed 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 analyses have followed the accounting policies for the scheme, ie 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		New Police Pension Scheme		Police Pension 2015 Scheme	
	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £'000
Change in assumptions at 31 March 2016								
0.5% decrease in Real Discount Rate	13%	23,002	11%	109,300	20%	10,200	21%	2,400
1 year increase in member life expectancy	3%	5,290	2%	24,000	2%	900	2%	20,000
0.5% increase in the Salary Increase Rate	4%	7,811	1%	9,100	7%	3,800	0%	0

**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 2017 is £5,243k (2015/16 £5,182k). Expected contributions for the Police Pension Scheme in the year to 31 March 2017 are £12,377k (2014/15 £10,720k).

## **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 2016, is set out below. All Fund transactions are treated in accordance with the Group's accounting policies as set out at Note 1, where applicable.

Full details of the Chief Constable's retirement benefits have been disclosed in Note 17.

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**Fund Account**

	<b>2015/16</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>
Contributions receivable:		
From employer:		
Normal	<b>(11,215)</b>	(11,875)
Early retirements	<b>(260)</b>	(147)
From members	<b>(7,080)</b>	(6,642)
Transfers in	<b>(24)</b>	(85)
	<u><b>(18,579)</b></u>	<u>(18,749)</u>
Benefits payable:		
Pensions	<b>27,685</b>	25,766
Commutations and lump sum retirement benefits	<b>11,436</b>	6,024
	<u><b>39,121</b></u>	<u>31,790</u>
Payments to and on account of leavers:		
Refunds of contributions	<b>27</b>	13
Individual transfers out to other schemes	<b>365</b>	475
	<u><b>392</b></u>	<u>488</u>
Net amount payable / receivable for the year before top-up grant payable by sponsoring department	<b>20,934</b>	13,529
Amount (receivable from) / payable to sponsoring department	<b>(20,934)</b>	(13,529)
<b>Balance on Fund at 31 March</b>	<u><b>-</b></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 of Cambridgeshire Constabulary financial statements**

We have audited the financial statements of the Chief Constable of Cambridgeshire Constabulary for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- *Chief Constable of Cambridgeshire Constabulary Movement in Reserves Statement;*
- *Chief Constable of Cambridgeshire Constabulary Comprehensive Income and Expenditure Statement;*
- *Chief Constable of Cambridgeshire Constabulary Balance Sheet;*
- *Chief Constable of Cambridgeshire Constabulary Cash Flow Statement*
- *Chief Constable of Cambridgeshire Constabulary Pension Fund Accounts; and*
- *The related notes 1 to 17.*

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 2015/16.

This report is made solely to the Chief Constable of Cambridgeshire Constabulary 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 Constabulary, 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 Accounts set out on page 13, 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 2015/16, 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 Constabulary's 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 2015/16 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 Constabulary as at 31 March 2016 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 2015/16.

### **Opinion on other matters**

In our opinion, the information given in the Statement of Accounts 2015/16 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 of Cambridgeshire Constabulary's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### ***Chief Constable of Cambridgeshire Constabulary's responsibilities***

The Chief Constable of Cambridgeshire Constabulary 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 Constabulary 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 CC 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 of Cambridgeshire Constabulary'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 2015, as to whether the Chief Constable of Cambridgeshire Constabulary 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 of Cambridgeshire Constabulary put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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 of Cambridgeshire Constabulary 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 2015, we are satisfied that, in all significant respects, the Chief Constable of Cambridgeshire Constabulary has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

**Certificate**

We certify that we have completed the audit of the accounts of the Chief Constable of Cambridgeshire Constabulary 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

September 2016