



The Chief Constable of
Cambridgeshire
Constabulary

**STATEMENT OF ACCOUNTS
2018/19**

Table of Contents

	Page
Preface – Introduction to the 2018/19 Statement of Accounts by Nick Dean, Chief Constable of Cambridgeshire Constabulary	2
Narrative Report by the Chief Finance Officer	4
Statement of Responsibilities for the Statement of Accounts	18
Expenditure and Funding Analysis	19
The Core Statement of Accounts	
Comprehensive Income and Expenditure Statement	20
Movement in Reserves Statement	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Accounts	24
Accompanying Statements	
Pension Account	50
Glossary of Terms	52
Audit Report	55

PREFACE

Introduction to the 2018/19 Statement of Accounts by Nick Dean, Chief Constable of Cambridgeshire Constabulary

During the past twelve months the policing landscape has continued to remain extremely challenging. Demand for our services and the complexity of issues we face, has increased. We have seen an increase of demand in non-crime related calls which add to the challenges faced by the service: mental health, concern for safety and missing from home incidents are a few examples of where policing has had to respond. Growing threats such as cyber, modern day slavery, County lines, human trafficking as well as terrorism, continue to challenge and require us to prioritise our resources effectively to keep people safe and protect the most vulnerable. They can no longer be regarded as 'emerging' crimes; they are present within our communities now.

Nationally, crime continues to increase but in Cambridgeshire we had a small decrease of 4%. Analysis shows that much of this increase is due to improved crime recording, confidence in communities to come forward and report crime, which must be welcomed and a closer relationship with our partners. More accurate crime recording underlines Cambridgeshire Constabulary's commitment to transparency, legitimacy and public accountability.

The key values of the Constabulary of respect, openness, integrity and trust are at the heart of everything we do. This has been acknowledged by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) within the Police Effectiveness, Efficiency and Legitimacy (PEEL) Programme.

In response to rising crime trends and to address the Force's grading of 'Requires Improvement' for the Effectiveness element of the PEEL programme, the Constabulary underwent a significant change programme throughout the past year to ensure that we continue to deliver the best possible service to the public.

This new model has seen an increase in police officer numbers deployed on the front line, to deal with the increasing demand and calls for service. The creation of a Demand Hub is now embedded, which brought together call handling, dispatch, incident resolution and crime management teams into one team at a single location which allows us to deal with incidents and crimes more quickly and, at the first point of contact. As well as delivering increased police officer numbers, improving systems and processes and better aligning resources to demand, the review also allowed us to deliver £3.1m of savings.

The next few years will continue to be financially challenging as the impact of austerity continues and future challenges such as the uncertainty surrounding Brexit, remain unclear. In addition, the Constabulary has had to incorporate significant cost pressures within its financial strategy, much of which was unforeseen. The Constabulary, however, continues to have a strong track record of effective financial management and has delivered over £28 million of cash savings since 2010/11.

As one of the fastest growing counties, Cambridgeshire anticipates an expected population growth of a further 25 percent by 2031. The diversity of the county, from the cities Peterborough and Cambridge through to the rural Fens, to the major infrastructure projects

of the county's road network, to significant growth in construction of houses and businesses and the consequential policing challenge that these bring, cannot be under-estimated.

We have continually challenged the efficiency and effectiveness of all areas of the Constabulary, yet we continue to remain one of the lowest cost forces in the country at 42p per person per day, against the national average of 51p (as per HMIC Website). This has been achieved through increased collaboration with our Strategic Partners in Bedfordshire and Hertfordshire, developing new collaborations with the 7 Forces in our region and working with local partnerships and the Fire Service.

I am confident that the combination of this strong financial plan together with the infrastructure, assets, leadership and staff will ensure we continue to deliver our vision of creating a safer Cambridgeshire.

Nick Dean Mst (Cantab)
Chief Constable

Narrative Report by the Chief Finance Officer to the Chief Constable

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

The Policing landscape remains extremely challenging with crimes such as cyber, modern day slavery and human trafficking becoming ever more complex and the increasing demand around vulnerability and terrorist incidents. This sits against a backdrop of eight 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) and new collaboration with the 7 Forces in our region as well as working with local partnerships and the Fire Service. This continued focus on working together to deliver increased effectiveness and efficiency ensures resources are directed to priority areas.

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

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

1. EXPLANATION OF THE CHIEF'S ACCOUNTS

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Cambridgeshire Constabulary policing area. The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his functions and those of persons under his direction and control. This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services. The Net Revenue Budget for 2018/19 was £137.1m, of which £133.9 million was under the Chief Constable's direct control.

2. AN INTRODUCTION TO CAMBRIDGESHIRE CONSTABULARY

Cambridgeshire Constabulary covers 1,309 square miles. The county has a varied geography from sparsely populated rural communities to market towns and the cities of Ely, Peterborough and Cambridge. Cambridgeshire has a population of 0.83m, a rise of 13 percent compared with 10 years ago. This resident population is ethnically diverse, with 10 percent from black, Asian and minority ethnic communities, and is increased by students who study in the area's universities and the large numbers who visit or travel through the county each year. Cambridgeshire continues to be one of the fastest growing counties with an expected population growth of a further 25 percent by 2031.

Nationally, crime is on the increase (+7.2% year ending December 2018), but Cambridgeshire is somewhat of an outlier as being one of only a few Forces reporting a reduction in recorded crime – a 4% drop, the largest proportional drop of any Force nationally over the same period.

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

We also need to build our ability to meet the threats of tomorrow but we should not forget the very services people expect of the police. That is where they can now see and feel the stretch. Let's not forget an accessible, responsive, visible and proactive police force on our streets not only keeps us safe but builds legitimacy and trust to manage the big threats we face. It needs investment and numbers matter.

Despite these concerns, policing today is better in many ways than it was five, ten or twenty years ago. We're more diverse, more accountable and more ethical. Our response to many crimes has been transformed for the better, and we keep seeking to adapt and improve. We need to prepare for more change that is to come and we also know with the right resources we can drive down crime and make a difference.

The Constabulary continues to develop the pioneering collaboration with Bedfordshire and Hertfordshire and looking further to collaborate with the Eastern Region to develop 7 Force Collaboration which includes Kent. We continue to work with local partners to have a joined up response to tackling the cause of crime. In 2018 the £12 rise in precept enabled Cambridgeshire to put 80 new police constable posts into the establishment leading to increased capacity to meet the increasing demand at the local needs level. A full review of the way we deliver Local Policing to the public was undertaken during 2017/18 and the outcome of the review was for 2 areas of command for the county, 1 north and 1 south which brought together resources in a

more cohesive way than the previous 5 area model. The review has also, so far, delivered £1.3m of savings.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) annual assessment of Police Effectiveness, Efficiency and Legitimacy (PEEL) was published in November 2017. Cambridgeshire Constabulary was assessed as GOOD for Efficiency, GOOD for Legitimacy and required improvement for Effectiveness. The next review is not due until June 2019

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 while 2018/19 has seen a respite from cuts and ability for the PCC to raise additional precept, austerity is expected to last well after 2020. We are only at the beginning of a journey to understand what impact Brexit may have on the finances but it is likely to put further pressure on government finances in general and therefore potential to further impact Police finances. The world of private sector contracting is starting to look different with the collapse of Carillion and Interserve being in difficulties and we have seen our motor insurance tender produce only one bidder doubling our premiums. We are like many companies in that we rely on clothing manufactures for uniform and car manufactures for our vehicles and we keep a very close eye on these markets in particular.

b. Financial Management

The financial standing of Cambridgeshire Constabulary is very robust with sound financial management practices. Cambridgeshire Constabulary is judged to be good by HMICFRS in Efficiency.

The force is judged to be good in its understanding of demand; its use of resources to manage demand is assessed to be good; and its planning for future demand is also judged to be good.

The internal auditor has also assessed the financial management of the constabulary and has raised no significant issues to address.

c. Outturn 2018/19

Funding for legacy council tax freeze grants was maintained at the same cash level as in the previous year. However, PCCs were given the ability to raise precept by £12 per head. The PCC for Cambridgeshire went out to the public who overwhelmingly agreed to the increase. The base number of properties for the calculation of the precept rose by 1.71% and the increase in precept was set at 6.41% for all band D households. In preparing the annual revenue budget inflation was applied to pay budgets and to non-pay budgets where required i.e. electricity. 80 new officer posts were delivered using the precept increase, £3.7m savings identified and reserves of £1.8m were used to balance the budget.

The following table provides a high level comparison between the approved budget for 2018/19 and actual expenditure for Cambridgeshire Constabulary operational budgets i.e. those under the direction and control of the Chief Constable.

Chief Constable's Revenue Budget to end March 2018/19			
Budget head	2018/19 Budget £'000	2018/19 Spend £'000	Variance £'000
Total Local policing Expenditure	68,100	67,501	-599
Total Organisational Support Expenditure	16,597	15,394	-1,203
Net Cost of Police Pensions	11,470	11,869	399
BCH Collaboration	34,058	34,312	254
Enterprise Resource Planning Set up costs	0	115	115
Other Collaborations and Partnerships	4,362	4,581	219
Seconded Officers	0	-3	-3
Revenue Contribution to Capital Outlay	0	508	508
Carry forwards	-908	-893	15
Income	-1,241	-1,223	18
Transfer to reserves	0	-506	-506
Camera Tickets & Collision Underspend - to reserves	0	227	227
Policing Budget Delegated to Chief Constable	132,438	131,882	-556

d. Outlook – Medium Term Financial Plan (MTFP)

The Draft Medium Term Financial Plan was approved by the PCC on 30th January 2019. There are a number of significant risks to the MTFP and these are clearly explained in the 2019/20 Medium Term Financial Report which can be downloaded from the PCC's website at <https://www.cambridgeshire-pcc.gov.uk/accessing-information/money/budget/precept/>

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

The next few years will undoubtedly be extremely challenging and difficult despite the ability of the PCC to raise the council tax for 2018/19 by £12 and by £24 for 2019/20 which should go some way to addressing the gap for 2019/20. The economic climate continues to look uncertain not least of which the exit from the European Union is far from agreed and could have an impact on things such as inflation, and the ability to procure goods and services from Europe. Work is in hand to make sure that our key priority services are maintained to the highest standards possible with the available funding. We will continue to be robust in driving out all possible savings from non-staff budgets and ensure that, as far as practicably possible, our staff are delivering the right service at the right time. A high level summary of the MTFP is provided over the page.

*The Chief Constable of Cambridgeshire Constabulary
Statement of Accounts 2018/19*

	Budget 2018/19 £'000	Revised Budget 2018/19 £'000	Budget 2019/20 £'000	Revised Forecast 2020/21 £'000	Revised Forecast 2021/22 £'000	Revised Forecast 2022/23 £'000
Constabulary Expenditure	133,831	133,922	144,562	148,642	151,317	154,030
Total Income	-1,508	-1,599	-1,356	-1,356	-1,356	-1,356
Total Constabulary Budget	132,323	132,323	143,206	147,286	149,961	152,674
Office of the Police and Crime Commissioner						
OPCC Office Running Costs						
Police Staff & Commissioner	904	904	910	938	968	998
Other Employee Expenses	1	1	1	1	1	1
Transport Costs	12	12	12	13	13	14
Supplies & Services	303	303	292	298	304	310
Total OPCC Office Expenditure	1,220	1,220	1,215	1,250	1,286	1,323
Corporate Costs and Grants						
Non-Operational Estate Held for Investment	64	64	-5	64	64	64
Police National ICT Company Subscription	60	60	60	60	60	60
Community Safety / Crime Reduction Grants	1,276	1,276	1,276	1,276	1,276	1,276
MoJ Victims Grant	987	987	979	979	979	979
Investment Interest	0	0	-114	-114	-114	-114
Capital Financing Costs						
Revenue Contribution to Capital	0	0	0	0	0	450
Interest	414	414	627	773	1,135	1,135
MRP	774	774	714	714	686	686
Total Capital Financing Costs	1,188	1,188	1,341	1,487	1,821	2,271
NET BUDGET REQUIREMENT (NBR)	137,118	137,118	147,958	152,288	155,333	158,533
Budget -Decrease / +Increase Year on Year	4.7%	4.7%	7.9%	2.9%	2.0%	2.1%
Financed by:						
Formula Grant	78,411	78,411	79,921	79,921	79,921	79,921
Actual Grant Reductions	0.00%	0.00%	1.93%	0.00%	0.00%	0.00%
MoJ Victims Grant	987	987	978	978	979	978
Pension Grant			1,398	1,398	1,398	1,398
Precept	55,619	55,619	63,383	65,944	68,675	71,520
Contribution to/-from Reserves	1,801	1,801	1,547	0	0	0
Collection Fund - Deficit / +Surplus	300	300	731	0	0	0
TOTAL FINANCING	137,118	137,118	147,958	148,241	150,973	153,817
BUDGET GAP	0	0	0	-4,047	-4,360	-4,716

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 2018/19 compared to the approved capital programme.

Summary of Capital Expenditure and Funding at 31 March 2019

All figures £'000	B/Fwd from previous years	Original 2018/19 Capital Programme	Previously Authorised Programme Amendments	Revised 2018/19 Capital Budget	Outturn 2018/19	%
Capital Payments:-						
Land & Buildings	796	4,000	-2,552	2,244	970	43%
IT & Communications	873	1,215	188	2,276	2,099	92%
Fleet	413	1,700	-	2,113	1,690	80%
Other Collaboration	91	140	161	392	206	53%
Schemes approved subject to further business case	-	394	-274	120	-	0%
TOTAL	2,173	7,449	-2,477	7,145	4,965	69%

All figures £'000	B/Fwd from previous years	Original 2018/19 Capital Programme	Previously Authorised Programme Amendments	Revised 2018/19 Capital Budget	Applied	Transfer to Capital carry forward Reserve
Capital Financing:-						
Capital Grants	166	506	181	853	845	-
ESMCP Grant (RCCO)	-	214	33	247	-	-
Carry Forward Reserve	2,007	-	-22	1,985	1,600	573
ICT	-	161	119	280	432	-
Capital Reserves	-	1,030	100	1,130	277	339
Capital Receipts	-	1,888	387	2,275	1,215	579
Estates Reserve	-	-	-	-	94	-
RCCO	-	150	-145	5	502	-
Borrowing	-	3,500	-3,130	370	-	200
TOTAL	2,173	7,449	-2,477	7,145	4,965	1,691

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £47.3 million over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

The largest single item in the 4 year plan covers the replacement of Parkside Police Station with a new Southern Police Station. The estimated cost of the new facility is £30.5m and it is likely that borrowing will be required to fund all of this project. The PCC's plan is to redevelop the Parkside building and receive an income stream in the future from this building. The PCC's policy on borrowing dictates that borrowing shall only be considered for assets with a lifespan of 10+ years. A loan of £10m over 30 years was taken out at the end of 2017/2018 in the preparation for Project gathers pace.

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

*The Chief Constable of Cambridgeshire Constabulary
Statement of Accounts 2018/19*

Capital Programme No.	Description of Bid	Programme 2018/19 £	Programme 2019/20 £	Forecast Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £
Section A	Funding Approved in Previous years					
1	Athena		247,000			
	Section A Totals	0	247,000	0	0	0
Section B	Estate Programme					
2	Parkside Custody Replacement	0	3,470,000	14,000,000	12,000,000	1,000,000
3	Estates Major Repairs Planned	500,000	500,000	500,000	500,000	500,000
	Section B Totals	500,000	3,970,000	14,500,000	12,500,000	1,500,000
Section C	Fleet Programme					
6	Vehicle Replacement Programme	1,300,000	1,525,000	1,570,750	1,617,873	1,666,409
	Section C Totals	1,300,000	1,525,000	1,570,750	1,617,873	1,666,409
Section D	ICT Enabling Programme					
7	ICT Programme 2018/19	707,000	2,460,000	1,200,000	800,000	500,000
	Rolling replacement	150,000	400,000	400,000	400,000	400,000
11	CRM - In FBC and will go to JCOB	93,580				
14	ESMCP Devices and Fitting (now part of ICT)	213,500				
15	ANPR 3 Year Investment Strategy	140,000				
	Section D Totals	1,304,080	2,860,000	1,600,000	1,200,000	900,000
Section E	Operational Programme					
19	JPS General	95,000	100,000	100,000	100,000	100,000
20	Digital Interview Recording Equipment Refresh					
21	Delegated Chiefs Budget	300,000	300,000	300,000	300,000	300,000
	Section E Totals	395,000	400,000	400,000	400,000	400,000
	Totals for All Schemes	3,499,080	9,002,000	18,070,750	15,717,873	4,466,409

f. Balance Sheet

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

At 31st March 2019 we had negative net assets of £1,652m 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 (£1,560m) coupled with the deficit of £92m in the funded Local Government Pension Scheme (LGPS) for police staff.

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

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

4. NON-FINANCIAL PERFORMANCE

The following information provides a summary of key performance

Cambridgeshire Context

Recorded Crime in March 2019 was at 5,708 (+14.4% compared to March 2018), though over the 2018/19 financial year, Cambridgeshire's recorded crime was down 3.4% from 2017/18.

Over the 12 months to March 2019, most Forces show an increase in recorded crime, for an overall increase of 7.2% as reported earlier. Cambridgeshire is one of only a few Forces showing a reduction over the same period, of 4%. Some of the reduction may be due to declining crime recording compliance, which over the 2018/19 financial year has been 82.5% down from 94.2% over 2017/18. Recording of priority crime remains strong and plans to improve compliance have started to show an impact. While there have been increases in some crime types, there have also been reductions in others which are not believed to be linked to changes in recording or reporting practices. This is particularly true for dwelling burglaries which fell by 16.5% year on year.

Victims

Positive feedback from survey respondents continues to reflect the level of professionalism in the service and support being offered to victims of crime. Overall satisfaction with service delivery has fallen over the 2018/19 financial year. Of victims surveyed¹, 79.4% were at least fairly satisfied with the whole experience, down from 81% over 2017/18. Satisfaction with follow-up contact remains the most challenging area of victims experience with Cambridgeshire, down to 67.8% over 2018/19 compared to 72.2% over 2017/18.

¹ Excluding victims of hate crime

Offenders

The average length of live investigations has fluctuated over 2018/19 but overall has been around 81 days, similar to the 2017/18 figure of 84 days. Investigation length rose to a peak a few months after the introduction of Athena, largely due to numbers of investigations left open on Crimefile increasing the average. The changes to the Bail Act in April 2017 resulted in more suspects released under investigation (RUI) rather than bailed to return at a pre-determined point in time. However, over 2018/19 numbers of bail cases have been increasing in Cambridgeshire. This is likely in recognition that there are situations in which a formal bail status is more appropriate than RUI.

While recorded serious sexual offences have increased 11.4% between 2017/18 and 2018/19, the prosecution possible rate between the same periods has declined by 6.6% to 4.3%. Within serious sexual offences, the outcome rate for rape offences dropped from 6% to 2.9%. The outcome rate for Violence Against the Person has also declined, down from 19.4% in 2017/18 to 13.9% in 2018/19.

Overall, there has been further deterioration in the rolling 12 month all crime prosecution possible outcome rate which now stands at 11.1%. Although the national average prosecution possible outcome rate has also been in decline, the rate in Cambridgeshire has fallen faster than the national average.

Community

The Constabulary delivers a good service to the public despite being one of the lowest cost Forces in the country per person per day.

Public feedback about whether the Constabulary is perceived to be dealing with local concerns has deteriorated over 2018/19. The rolling 12 month proportion of respondents who agree that Cambridgeshire Police were dealing with things that matter dropped fairly consistently through 2017/18 and continued to decline through 2018/19, from 66% at the end of March 2018 to 59% by March 2019. Most respondents feel that crime in their area has remained about the same over the last 12 months, although the proportion who feel it has increased has been steadily increasing – the 12 month total proportion as of March 2019 is now above 30%.

Incident volumes have decreased in recent years in Cambridgeshire, the total number of incidents in the 12 months to March 2019 was 11% lower than the 12 months to March 2018 figure. The number of crimes has also reduced but to a lesser extent, meaning the incident to crime conversion rate has been increasing. Efforts to limit the creation of unnecessary incidents can be seen to have been effective.

The number of calls received by Cambridgeshire in 2018/19 was comparable to 2017/18, as were the number of 999 emergency and 101 non-emergency calls within the total. The number of 101 calls received was around 2.5 times that of 999 calls. The number of 101 calls received remains fairly consistent while the number of 999 is

gradually rising. The volume of online reporting continues to rise, the 2018/19 year total was 17.8% higher than the 2017/18 total. The number of webchats is still relatively small compared to either 999 or 101 call volume, but monthly webchats are now consistently above 3% of total monthly contact (999, 101 and webchat contact).

Emergency call volume increased 3.2% in 2018/19 compared to 2017/18, 94.6% of 999 calls were answered within 10 seconds, slightly up from the 2017/18 proportion.

Demand from non-emergency 101 calls was consistent with 2017/18 (0.5% increase). 91.7% of 101 calls were answered within the 30 second threshold, down from 94.3% in 2017/18.

The number of incidents which have a mental health marker (9,927, 6.8% of all incidents) has remained consistent with the 2017/18 figure. The integrated mental health team has completed its third year in the force control room.

The force saw notable success in reducing dwelling burglary incidents and crimes at the start of the 2018/19 financial year – the number of dwelling burglary incidents recorded in April 2018 was the lowest monthly figure in over three years. Overall dwelling burglary incidents in 2018/19 were 13.3% lower than 2017/18 while recorded dwelling burglary crimes were down 16.5%.

The number of hate crimes recorded in the last 12 months has dropped by 16.7% compared to 2017/18 while the prosecution possible outcome rate has dropped 9% to 15.7% over the same period.

Hate Crime (Action Against Hate) forms one of the Force's 8 new priorities, the others being Child Abuse, Child Exploitation, Dwelling Burglary, Serious Sexual Offences, Modern Slavery, Domestic Abuse and Serious Street Based Violence. Each priority is reported on monthly and has a strategic owner with responsibility for driving improvements in the response to incidents and investigations of each priority in line with the PCC's four pillars: Victims, Offenders, Communities and Transformation.

There continues to be a long term reduction in the number of Anti-Social Behaviour (ASB) incidents recorded in Cambridgeshire, with a 13.3% (-2,023) reduction when comparing 2018/19 with 2017/18 with the seasonality still seen – high in the summer months, low over the winter.

Organisational Health

Cambridgeshire Constabulary has had various Crime Data quality issues to identify and overcome since the introduction of Athena. These include the underuse of keywords to identify crime types like Domestic Abuse and efforts to avoid double counting as crimes are migrated from Crimefile to Athena. New Athena Data Quality Assessments have been introduced in the Investigation Management Unit (IMU) to assist staff in ensuring new crimes are being properly marked.

5. PEOPLE

The recruitment plan for new recruits was marginally short but we were still 19 above establishment at the year end. 1,439 against 1,420. There were shortfalls for transferees and Police Now recruits.

This year, there has been increase in officers sitting the Sergeants exam for both male and female officers.

The total number of hours worked by the Special Constabulary increased year on year, with over 39,500 hours of policing activity. Over 21,700 hours were spent in support of reactive colleagues. However, there was a marginal drop in establishment from 229 in March 2018 to 221 in March 2019.

Police Officer Statistics

- 7.5% turnover against national average of 7%
- 31.1% females make up the workforce against national average 29.8%
- 4.1% Black and Minority Ethnic (BME) make up workforce against national average 6.4%

Levels of police officer and police staff sickness have increased over the last 12 months. While there have been improvements in recent months, this has yet to feed through to the long term indicator which remains on an upward trajectory. Sickness rates for police officers have risen over the last year with more long term sickness reported with the average number of working days lost to sickness increasing from 0.8 to 0.9. Police staff sickness rates have also risen with the average number of working days lost to sickness remaining now standing at 1.0 person compared to 0.8 last year. Occupational Health performance in terms of timelines of appointments continues to be impacted by both demand and an increase in sickness. HR transformation of the business is under way with the Business Case plan for phase one being agreed. Occupation Health Unit (OHU) is an area for the HR transformation team to look at during 2019/20.

As part of BCH new suite of systems for HR Hertfordshire are due to go live on the new HR system from 1st April 2019. The OHU and Health and Safety IT system has completed the Tender process and awarded the contract awarded so this should go live during 2019/20. Learning and Development's new system iLearn remains in the project stage with an anticipated launch date of June 2019.

The HR staff survey has now been fully analysed and the results entered on this scorecard are accurate. Upon completion of the analysis of the 2018 survey and a comparison of the 2017 survey results, the Business Support Manager realised that the performance for HRB03A: % line manager satisfaction with advice/support reported in Quarter 3 was incorrectly reported. Manager satisfaction has actually increased, raising from 65% to 75%. With only 43% satisfied with the timeliness of receipt and only 40% of managers reporting advice and support being consistent. However, customer satisfaction with non-line management responsibilities has increased slightly, 4% with locating policy, procedure and guidance, and 1% in applying policy, procedure and guidance.

This is also accompanied by an increase in the number of emails the service centre is receiving and a decrease in the use of Infopoint as a place for HR guidance. We know from previous surveys response times can be long and that often the advice can be perceived as unhelpful or hard to obtain. Currently this process is run manually and Infopoint has not been developed. The new HR systems should see the number of emails reduce dramatically as all 3 forces come on-line.

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 Risk Register and the risk management process is managed by the Corporate Development Department. Formal accountability for the process lies with the Deputy Chief Constable and governance is ensured through the Risk Review Board that adds further scrutiny to the risk processes. This Board is chaired by the Deputy Chief Constable and reports monthly to the Force Executive Board. The Joint Audit Committee oversees the risk management arrangements of the Force and ensures that the Constabulary's processes are aligned with the Commissioner's processes. A joint strategic risk register is in place which brings the corporate risks together. The internal auditors rated our risk process substantial assurance.

7. FINANCIAL STATEMENTS

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

The Expenditure and Funding Analysis (EFA)

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

The Comprehensive Income and Expenditure Statement (CIES)

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

Movement in Reserves Statement (MiRS)

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

Balance Sheet

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

The Cash Flow Statement

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

8. SUMMARY AND CONCLUSION

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

This is borne out by the comments made on Efficiency by the last HMICFRS (PEEL) inspection. Since 2010/11 cash savings of over £28 million have been identified and delivered. The latest medium term financial plan, which covers the four year period 2019/20 to 2022/23, identifies further cash savings of at least £4 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 the increase in precept has helped tremendously and I am confident that the Chief Constable, PCC and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

Receipt of further information

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

Acknowledgements

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



Niki Howard
Chief Finance Officer to the Chief Constable

Statement of Responsibilities for the Statement of Accounts

The Chief Constable's Responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs
- manage its affairs to secure the economic, efficient, 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, 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 2019 and its income and expenditure for the year then ended.



Niki Howard CPFA
Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary
30th July 2019

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 30th July 2019.



Nick Dean Mst (Cantab)
Chief Constable, Cambridgeshire Constabulary

Expenditure and Funding Analysis

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

	2017/18			2018/19		
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Police Services	136,993	(4,100)	132,893	139,854	62,556	202,410
Intra-Group Adjustment for financial resources consumed	(156,828)	-	(156,828)	(159,609)	-	(159,609)
Net Cost of Services	(19,835)	(4,100)	(23,935)	(19,755)	62,556	42,801
Other Income and Expenditure	19,835	39,177	59,012	19,755	38,090	57,845
Deficit on Provision of Services	-	35,077	35,077	-	100,646	100,646
Opening General Fund Balance	-			-		
Closing General Fund Balance	-			-		

Comprehensive Income and Expenditure Statement

2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000		2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000
132,893	-	132,893	Police Services	202,410	-	202,410
(156,828)	-	(156,828)	Intra-Group Adjustment for financial resources consumed	(159,609)	-	(159,609)
(23,935)	-	(23,935)	Net Cost of Services	42,801	-	42,801
19,835	-	19,835	Other Operating Expenditure (note 10)	19,755	-	19,755
39,177	-	39,177	Financing and Investment Income and Expenditure (note 11)	38,090	-	38,090
35,077	-	35,077	Deficit on Provision of Services	100,646	-	100,646
		(25,340)	Remeasurement of the net defined benefit liability (note 19)			59,821
		(25,340)	Other Comprehensive Income and Expenditure			59,821
		9,737	Total Comprehensive Income and Expenditure			160,467

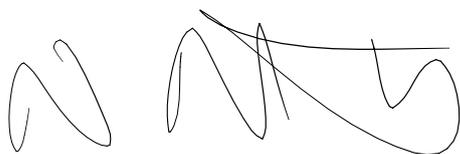
Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2017	-	(1,483,032)	(1,483,032)
Movement in reserves during 2017/18			
Total Comprehensive Income and Expenditure	(35,077)	25,340	(9,737)
Adjustments between accounting basis & funding basis under regulations	35,077	(35,077)	-
Decrease in 2017/18	-	(9,737)	(9,737)
Balance at 31 March 2018 carried forward	-	(1,492,769)	(1,492,769)
Movement in reserves during 2018/19			
Total Comprehensive Expenditure and Income	(100,646)	(59,821)	(160,467)
Adjustments between accounting basis & funding basis under regulations	100,646	(100,646)	-
Decrease in 2018/19	-	(160,467)	(160,467)
Balance at 31 March 2019 carried forward	-	(1,653,236)	(1,653,236)

This statement shows balances only for reserves in relation to staff under the direction and control of the Chief Constable for the financial years 2018/19 and 2017/18, as all other reserves are held by the Cambridgeshire Police and Crime Commissioner.

Balance Sheet

	Notes	2018/19		2017/18	
		£000	£000	£000	£000
Long Term Assets			-		-
Current Assets			-		-
Short Term Creditors	12	(1,511)		(1,460)	
Current Liabilities			(1,511)		(1,460)
Other Long Term Liabilities	19	(1,651,725)		(1,491,309)	
Long Term Liabilities			(1,651,725)		(1,491,309)
Net Liabilities			<u>(1,653,236)</u>		<u>(1,492,769)</u>
Usable Reserves			-		-
Unusable Reserves	13		<u>1,653,236</u>		<u>1,492,769</u>
Net Reserves			<u>1,653,236</u>		<u>1,492,769</u>



Niki Howard CPFA
Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary
30th July 2019

Cash Flow Statement

	2018/19 £000	2017/18 £000
Net surplus/(deficit) on the provision of services	(100,646)	(35,077)
Adjusted net deficit or surplus on the provision of services for non cash movements (note 14)	100,646	35,077
Net cash flows from Operating Activities	<u>-</u>	<u>-</u>
Investing Activities	-	-
Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	<u><u>-</u></u>	<u><u>-</u></u>

This statement does not show any cash balances for the financial years 2018/19 and 2017/18 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 2018/19 financial year and the position at 31 March 2019. 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 2018/19, 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: and
 - 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 £5,000 is applied for revenue.

All sales and purchase orders are raised in the name of the PCC and monies are paid into their bank account. Therefore, all debtors and creditors sit in the PCC accounts. The PCC also signs off the fees and charges methodology and therefore income in the Chiefs accounts are moved into the PCC at year end.

(iii) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

The Group participates in four defined benefit pension schemes: the Police Pension Scheme (PPS) for police officers in service before 31 March 2006 who are subject to transitional protection; the New Police Pensions Scheme (NPPS) for officers starting service on or after 1

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

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

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

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

- Quoted securities – current bid price
- Unquoted securities – a professional estimate of fair value
- Unitised securities – current bid price 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 2018/19.

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, for example the transfer of scheme assets and liabilities relating to a group of employees moving to another scheme.

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

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

Contributions paid to defined benefit schemes

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

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

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

(v) Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events and
- 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) 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

Standards that have been issued but not yet adopted, which may require disclosure in 2019/20 accounts, are anticipated to be listed in Appendix C of the 2019/20 Code when it is published. In the interim, potentially relevant standards include:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments and
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

When these changes come into effect for financial year 2019/20 it is not expected that any will have a material impact on the Statement of Accounts.

3. Critical judgements in applying Accounting Policies

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

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

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

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

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

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

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>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.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>However, the assumptions interact in complex ways. During 2018/19, the Group's actuaries advised that the net pension liability had increased by £136m for Police Pension Schemes (including an increase of £45m as a result of changes in financial assumptions) and increased £24m for Police Staff Pensions (including an increase of £24m as a result of changes in financial assumptions). See note 19</p> <p>A sensitivity analysis shown in Note 19 shows the impact that a 0.5% increase in Real Discount Rate will have or a 0.5% increase in Salary or Pension Increase would have on the 3 pension schemes. The highest impact likely is on the Police Pension Scheme if the Real Discount Rate was reduced with a potential impact of £155m (10.5% reduction in liability).</p>

5. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 29th May 2019.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination.

The ruling relates to the 'transitional protection' offered to some members when the reformed schemes were introduced. In order to ensure people close to retirement age were treated fairly, the government agreed to 'transitional protection', which broadly permitted those members who were closest to retirement at the time new pension schemes were introduced to remain members of their respective old schemes. The court has found that those too far away from retirement age to qualify for 'transitional protection' have been unfairly discriminated against. As 'transitional protection' was offered to members of all the main public service pension schemes including schemes for local government and police workers.

In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions and applying these across the Police scheme as a whole have estimated the potential increase in scheme liabilities for Cambridgeshire Chief Constable to be approximately 4.4% or £65.8m of pension scheme liabilities. This increase is reflected in the IAS19 Disclosure as a Past Service Cost. The actuaries have highlighted that this estimate is based on one potential remedy, the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth (See Note 19)

No other events taking place before this date provided information about conditions existing at 29th May 2019 which would materially impact the financial statements, therefore no other 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 through 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.

	2018/19	2017/18
	£000	£000
<u>Comprehensive Income and Expenditure Statement</u>		
PCC resources consumed at the request of the CC	159,609	156,828
PCC funding for resources consumed at the request of the CC	(159,609)	(156,828)

7. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	Total Adjustments
	£000	£000	£000
Police Services	62,505	51	62,556
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	62,505	51	62,556
Other Income and Expenditure	38,090	-	38,090
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	<u>100,595</u>	<u>51</u>	<u>100,646</u>

2017/18			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment relating to Pensions (Note 7.1)	Other Adjustments (Note 7.2)	Total Adjustments
	£000	£000	£000
Police Services	(4,265)	165	(4,100)
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	(4,265)	165	(4,100)
Other Income and Expenditure	39,177	-	39,177
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	<u>34,912</u>	<u>165</u>	<u>35,077</u>

7.1 Adjustment relating to Pensions

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

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

7.2 Other Adjustments

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

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

8. Expenditure and Income Analysed by Nature

	2018/19 £'000	2017/18 £'000
POLICE SERVICES		
Expenditure		
Police Pay and Allowances	62,561	61,539
Police Staff Pay and Allowances	42,339	42,280
Other Pay and Allowances	818	124
Other Employee Expenses	1,729	1,168
Police Pensions	71,940	4,418
Premises	4,734	4,471
Transport	3,208	3,738
Supplies and Services	13,737	13,798
Agency and Contracted Services	1,344	1,357
Funding to PCC (Re RCCO)		
Intra-Group Adjustment for financial resources consumed	(159,609)	(156,828)
Pension Top Up Grant Transferred to Pension Fund	19,755	19,835
Net interest on the net defined benefit liability	38,090	39,177
(Surplus) or Deficit on Provision of Services	100,646	35,077

9. 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.

	2018/19 <u>Usable Reserves</u> General Fund Balance £000	2017/18 <u>Usable Reserves</u> General Fund Balance £000
Adjustments to the Revenue Resources		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:		
Pensions costs (transferred to (or from) the Pensions Reserve)	100,595	34,912
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	51	165
Total Adjustments to Revenue Resources	100,646	35,077
Total Adjustments	100,646	35,077

10. Comprehensive Income and Expenditure Statement – Other Operating Expenditure

	2018/19	2017/18
	£000	£000
Pension Top Up Grant Transferred to Pension Fund	19,755	19,835
	19,755	19,835

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

	2018/19	2017/18
	£000	£000
Net interest on the net defined benefit liability	38,090	39,177
	38,090	39,177

12. Creditors

	2018/19	2017/18
	£000	£000
Accruals	(1,511)	(1,460)
	(1,511)	(1,460)

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.

13. Unusable Reserves

	2018/19	2017/18
	£000	£000
Pensions Reserve	(1,651,725)	(1,491,309)
Accumulating Compensated Absence Adjustment Account	(1,511)	(1,460)
	(1,653,236)	(1,492,769)

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 and
- 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 19.

	2018/19	2017/18
	£000	£000
Balance at 1 April	(1,491,309)	(1,481,737)
Pension reserve opening balance transfer to PCC		
Remeasurements of the net defined benefit liability	(59,821)	25,340
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	(140,681)	(74,257)
Employer's pensions contributions and direct payments to pensioners payable in the year	40,086	39,345
	<u>(1,651,725)</u>	<u>(1,491,309)</u>

14. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2018/19	2017/18
	£000	£000
Balance at 1 April	(1,460)	(1,295)
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	(51)	-165
Balance at 31 March	<u>(1,511)</u>	<u>(1,460)</u>

15. 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, Kent and Bedfordshire, to provide one serious and organised crime unit for the eastern region. ERSOU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

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

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

2018/19	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	-517	-682	-1022	-951	-486	-749	-576	-4,983
Running Costs	2,314	2,998	2,450	4,218	2,215	3,379	2,572	20,146
Depreciation	50	46	28	85	7	64	54	334
Surplus / Deficit	1,847	2,362	1,456	3,352	1,736	2,694	2,050	15,497
2017/18	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	-547	-696	-1213	-986	-740	-801	-607	-5,590
Running Costs	2,195	2,792	2,459	3,956	2,258	3,215	2,435	19,310
Depreciation	46	49	31	89	7	69	59	350
Surplus / Deficit	1,694	2,145	1,277	3,059	1,525	2,483	1,887	14,070

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 £27.283m 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:

Beds 2017/18 £'000	Cambs 2017/18 £'000	Herts 2017/18 £'000	Total 2017/18 £'000		Beds 2018/19 £'000	Cambs 2018/19 £'000	Herts 2018/19 £'000	Total 2018/19 £'000
				Joint Protective Services				
2,802	2,437	2,806	8,045	Armed Policing Unit	2,691	2,345	2,700	7,736
-319	-402	-530	-1,251	Camera, Tickets, Collisions	-338	-427	-563	-1,328
189	177	124	490	Counter Terrorism & Domestic Extremism				
646	796	1,074	2,516	Dogs	696	860	1,161	2,717
2,344	2,808	3,462	8,614	Major Crime Unit	2,442	2,933	3,616	8,991
247	314	445	1,006	Operational Planning & Public Order	284	363	514	1,161
320	407	576	1,303	Protective Services Command Team	211	269	381	861
87	110	156	353	Resilience	93	119	169	381
2,932	4,207	5,637	12,776	Roads Policing Unit	2,724	3,919	5,249	11,892
1,999	2,423	3,292	7,714	Scientific Services Unit	2,054	2,496	3,390	7,940
11,247	13,277	17,042	41,566	Total Joint Protective Services	10,857	12,877	16,617	40,351
				Operational Support				
224	285	404	913	Criminal Justice & Custody Management Team	271	346	489	1,106
537	683	967	2,187	Criminal Justice Phase	599	765	1,083	2,447
95	184	150	429	Firearms & Explosives Licensing	101	195	159	455
35	44	62	141	Local Criminal Justice Board	40	51	72	163
302	384	545	1,231	Public Contact Senior Leader Team	242	309	437	988
1,193	1,580	2,128	4,901	Total Operational Support Expenditure	1,253	1,666	2,240	5,159
				Organisational Support				
601	764	1,083	2,448	Collaboration Team	514	657	930	2,101
3,434	4,631	6,915	14,980	HR / L&D	3,891	5,093	7,408	16,392
3,545	4,996	6,398	14,939	ICT	3,740	4,774	6,761	15,275
545	803	1,089	2,437	Information Management Department	642	820	1,161	2,623
1,021	1,048	1,529	3,598	Professional Standards Unit	1,070	1,102	1,607	3,779
183	233	330	746	Procurement	231	294	417	942
9,329	12,475	17,344	39,148	Total Organisational Support Expenditure	10,088	12,740	18,284	41,112
21,769	27,332	36,514	85,615	Total Net Operating Costs	22,198	27,283	37,141	86,622

16. Officers' Remuneration

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

<u>Chief Constable's Accounts</u>	Salaries, fees & allowances £	Bonuses £	Expenses allowance £	Benefits in Kind £	Remuneration excluding pension £	Employer's pension contributions £	Remuneration including pension £
Chief Constable							
<i>Nick Dean from 29/09/2018</i> 2018/19	73,912	-	-	4,466	78,378	15,365	93,743
<i>Alec Wood to 28/09/2018</i> 2018/19	84,021	-	-	4,911	88,932	-	88,932
<i>Alec Wood</i> 2017/18	159,149	-	-	7,425	166,574	-	166,574
Deputy Chief Constable							
<i>-Alan Baldwin</i> 2018/19	125,880	-	-	5,163	131,043	24,863	155,906
<i>-Alan Baldwin</i> 2017/18	122,646	-	-	8,069	130,715	24,475	155,190
Assistant Chief Constables							
Nav Malik & Dan Vajozvic 2018/19	241,960	-	-	6,148	248,108	49,657	297,765
2017/18	223,940	-	-	9,569	233,509	23,598	257,107
Chief Finance Officer (Constabulary)							
Niki Howard 2018/19	104,806	-	-	-	104,806	24,001	128,807
2017/18	101,000	-	-	-	101,000	23,129	124,129
Assistant Chief Constable - BCH Joint Protective Services							
Paul Fullwood 2018/19	108,759	-	-	6,058	114,817	22,594	137,411
<i>from 02/10/2017</i> 2017/18	69,072	-	-	2,009	71,081	11,930	83,011

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

	2018/19	2017/18
£50,000 to £54,999	5	2
£55,000 to £59,999	3	4
£60,000 to £64,999	2	1
£70,000 to £74,999	1	-
£75,000 to £79,999	3	3
£80,000 to £84,999	2	1
£85,000 to £89,999	3	2
£90,000 to £94,999	1	1
£95,000 to £99,999	1	-
£100,000 to £104,999	1	1
£105,000 to £109,999	1	2
£110,000 to £114,999	1	1
£115,000 to £119,999	1	-
£120,000 to £124,999	-	1
£125,000 to £129,999	-	1
£130,000 to £134,999	2	1
£165,000 to £169,999	-	1
	27	22

The numbers above include the senior employees and relevant police officers disclosed earlier in Note 16.

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

Exit package cost band	Number of redundancies		in each band	
	2018/19	2017/18	2018/19	2017/18
	No.	No.	£'000	£'000
£0 - £20,000	7	1	48	4
£20,001 - £40,000	2	2	36	64
£40,001 - £60,000	-	1	-	58
£60,001 - £80,000	-	-	-	96
£80,001 - £100,000	-	1	-	-
	9	5	84	222

17. Audit Costs

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

	2018/19	2017/18
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor:	<u>12</u>	<u>15</u>

18. Related Parties

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

Police and Crime Commissioner

The Police and Crime Commissioner has direct control over the groups finances, including responsibility for funding of all pensions' liabilities, and is responsible for setting the Police and Crime Plan. The Chief Constable operates within the budget set by the Police and Crime Commissioner, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept. (see note 6)

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 2018/19.

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: N Dean, Chief Constable (from 29 Sept 2018)
A Wood, Chief Constable (to 28 Sept 2018)
D Vajzovic, Assistant Chief Constable
N Howard, Chief Finance Officer (Constabulary)

In the year to 31 March 2019, 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

(2017/18 £50,000). We do not produce consolidated accounts for this as amount is immaterial.

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

The Chief Constable has a pooled budget arrangement (joint operation) with the 6 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 2018/19.

The Chief Constable participates in four pension schemes the Local Government Pension Scheme (LGPS) for Police Staff, the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection and the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection. The LGPS scheme is administered by Cambridgeshire County Council and the PPS, NPPS and PPS 2015 are administered by XPS Pension Group. See Note 19 for details of transactions and balances outstanding.

During the year the Chief Constable made payments totalling £1,569k to the six local authorities for National Non-Domestic Rates Bills (2017/18 £1,472k).

19. 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. As corporations sole the Police and Crime Commissioner and Chief Constable are separate employers in the scheme, which is reflected in the figures included in the financial statements; and
- ii) the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection and the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection. All three schemes are defined benefit, unfunded schemes, administered by XPS Pension Group, 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:

	Police Pensions £000	2018/19 LGPS- Chief Constable £000	Total £000	Police Pensions £000	2017/18 LGPS- Chief Constable £000	Total £000
Comprehensive Income and Expenditure Account						
<i>Cost of Services:</i>						
Current service cost	25,945	10,114	36,059	24,253	9,841	34,094
Past service costs	65,750	782	66,532	864	122	986
	91,695	10,896	102,591	25,117	9,963	35,080
<i>Financing and Investment Income and Expenditure:</i>						
Net interest expense	36,200	1,890	38,090	37,401	1,776	39,177
	36,200	1,890	38,090	37,401	1,776	39,177
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>						
	127,895	12,786	140,681	62,518	11,739	74,257
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
Return on plan assets	-	(6,156)	(6,156)	-	601	601
Actuarial (gains) and losses arising on changes in financial assumptions	44,620	23,797	68,417	(17,555)	(5,286)	(22,841)
Other	(2,420)	(20)	(2,440)	(3,136)	36	(3,100)
	42,200	17,621	59,821	(20,691)	(4,649)	(25,340)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>						
	170,095	30,407	200,502	41,827	7,090	48,917
Movement in Reserves Statement						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(127,895)	(12,786)	(140,681)	(62,518)	(11,739)	(74,257)
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>						
Employer's contributions payable to the schemes	34,108	5,978	40,086	33,632	5,713	39,345

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities:

	2018/19			2017/18		
	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000
Balance at 1 April	1,423,695	224,507	1,648,202	1,415,500	215,989	1,631,489
Current service cost	25,945	10,114	36,059	24,253	9,841	34,094
Past service costs	65,750	782	66,532	864	122	986
Interest cost	36,200	6,176	42,376	37,401	5,716	43,117
Contributions by scheme participants	6,540	1,645	8,185	6,476	1,556	8,032
Benefits paid	(40,648)	(3,699)	(44,347)	(40,108)	(3,467)	(43,575)
Remeasurement gain/loss:						
Actuarial (gains)/losses arising from changes in financial assumptions	44,620	23,797	68,417	(17,555)	(5,286)	(22,841)
Other	(2,420)	(20)	(2,440)	(3,136)	36	(3,100)
Balance at 31 March	1,559,682	263,302	1,822,984	1,423,695	224,507	1,648,202

Reconciliation of fair value of the scheme assets:

	2018/19			2017/18		
	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000	Police Pensions £000	LGPS- Chief Constable £000	Total Assets £000
Balance at 1 April	-	156,893	156,893	-	149,752	149,752
Interest Income	-	4,286	4,286	-	3,940	3,940
Remeasurement gain/loss:						
The return on plan assets, excluding the amount included in the net interest expense	-	6,156	6,156	-	(601)	(601)
Contributions from employer	34,108	5,978	40,086	33,632	5,713	39,345
Contributions from employees into the scheme	6,540	1,645	8,185	6,476	1,556	8,032
Benefits paid	(40,648)	(3,699)	(44,347)	(40,108)	(3,467)	(43,575)
Closing fair value of scheme assets	-	171,259	171,259	-	156,893	156,893

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

	Police Pensions £000		LGPS £000		Total £000	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Present value of the defined benefit obligation	1,559,682	1,423,695	263,302	224,507	1,822,984	1,648,202
Fair Value of Plan Assets	-	-	(171,259)	(156,893)	(171,259)	(156,893)
Net Liability arising from defined benefit obliga	1,559,682	1,423,695	92,043	67,614	1,651,725	1,491,309

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

	31-Mar-19	31-Mar-18
	£000	£000
Cash and Cash Equivalents	2,121	5,051
Private Equity	12,967	14,553
Debt Securities		
UK government	4,249	3,955
Equity Instruments:		
By industry type		
Consumer	5,174	4,357
Manufacturing	3,082	2,817
Energy and Utilities	3,596	3,377
Financial Institutions	6,438	6,761
Health and Care	1,036	1,664
Information Technology	911	741
Investment Funds and Unit Trusts		
Equities	95,938	86,888
Bonds	15,915	15,768
Infrastructure	7,128	-
Other	12,704	10,961
	<u>171,259</u>	<u>156,893</u>

The liabilities are the underlying commitments that the Chief Constable has to pay retirement benefits in the long-term. The total liability of £1,653m (£1,560m police officer pension scheme and £92m unfunded liabilities in LGPS for police staff) has a significant impact on the net worth of the Chief Constable as presented in the Balance Sheet, giving rise to negative equity of £1,584m. 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 2016.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Schemes	
	2018/19	2017/18	2018/19	2017/18
Men	22.4	22.4	22.7	22.6
Women	24.4	24.4	24.3	24.5
Men	24.0	24.0	24.6	24.5
Women	26.3	26.3	26.2	26.4
Rate of increase in salaries	2.8	2.6	4.3	4.3
Rate of increase in pensions	2.5	2.3	2.3	2.3
Rate for discounting scheme liabilities	2.4	2.7	2.4	2.6

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

	Chief Constable Scheme		Police Pension Scheme	
	Increase in Liability (%)	Approximate monetary amount £'000	Increase in Liability (%)	Approximate monetary amount £000
Change in assumptions at 31 March 2019				
0.5% increase in Real Discount Rate	-13%	(33,455)	-10.5%	(155,000)
0.5% increase in the Salary Increase Rate	2%	5,089	1.5%	21,000
0.5% Increase in the Pension Increase Rate	11%	27,794	8.5%	124,000
Life Expectancy (Pensioners assumed to be one year younger)			2.5%	38,000

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 2020 is £5,819k (2018/19 £5,457k). Expected contributions for the Police Pension Scheme in the year to 31 March 2020 are £15,040k (2018/19 £11,457k).

McCloud / Sargeant judgement

The Chief Constable of Cambridgeshire along with other Chief Constables and the Home Office, currently has claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions and applying these across the Police scheme as a whole have estimated the potential increase in scheme liabilities for Cambridgeshire Chief Constable to be approximately 4.4% or £65.8m of pension scheme liabilities. This increase is reflected in the IAS19 Disclosure as a Past Service Cost. The actuaries have highlighted that this estimate is based on one potential remedy, the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

With regard to the LGPS a similar adjustment to past service costs and return on asset remeasurement within the IAS19 Disclosure has been made for the McCloud judgment (adjustment depending on materiality). This corresponds to a £3.8m increase in liabilities. The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates.'

The Chief Secretary of Treasury (Elizabeth Truss made a statement on 15th July 2019 stating *As 'transitional protection' was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes. This includes schemes for the NHS, civil service, local government, teachers, police, armed forces, judiciary and fire and rescue*

workers. Continuing to resist the full implications of the judgment in Court would only add to the uncertainty experienced by members.

The matter will be remitted to the Employment Tribunal in respect of the litigants in the firefighters and judicial pension schemes. It will be for the Tribunal to determine a remedy. Alongside this process, government will be engaging with employer and member representatives, as well as the devolved administrations, to help inform our proposals to the Tribunal and in respect of the other public service pension schemes.

Initial estimates suggest remedying the discrimination will add around £4bn per annum to scheme liabilities from 2015.

The reasons for the 2015 reforms remain: that public service pensions are a significant cost for the taxpayer, now and in the future. The judgment does not alter the government's commitment to ensuring that the cost of public service pensions are affordable for taxpayers and sustainable for the long term.'

20. Transport Consortium

The PCC for Cambridgeshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Cambridgeshire's contribution for 2018/19 was £2.6m (£2.6m in 2017/18). Costs are allocated to the forces in proportion to the size of their fleet. The total costs of the consortium are shown below:

	2018/19 £000	2016/17 £000
Employee Costs	2,602	2,583
Premises	412	406
Running Costs	3,849	3,620
Insurance	3,599	3,436
Vehicles	7,764	7,520
Income	(1,488)	(1,442)
	16,738	16,123

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 all accounting entries are recorded, administered and 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 2018/19 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 2019, is set out below. All Fund transactions are treated in accordance with the Group's accounting policies as set out in Note 1, where applicable.

Full details of the Chief Constable's retirement benefits have been disclosed in Note 19.

Fund Account

	2018/19	2017/18
	£000	£000
Contributions receivable:		
From employer:		
Normal	(11,532)	(11,318)
Early retirements	(540)	(229)
From members	(6,386)	(6,314)
Transfers in	(173)	(177)
	<u>(18,631)</u>	<u>(18,038)</u>
 Benefits payable:		
Pensions	30,368	28,887
Commutations and lump sum retirement benefits	7,975	8,889
	<u>38,343</u>	<u>37,776</u>
 Payments to and on account of leavers:		
Refunds of contributions	30	15
Individual transfers out to other schemes	13	82
	<u>43</u>	<u>97</u>
 Net amount for the year before top-up grant payable by sponsoring department	 19,755	 19,835
 Amount to sponsoring department	 (19,755)	 (19,835)
 Balance on Fund at 31 March	 <u>-</u>	 <u>-</u>

Glossary of Terms

Accrual	The recognition in the correct accounting period of income and expenditure as it is earned or incurred rather than as cash is received or paid.
Accrued Retirement Benefits (Pensions)	The retirement benefits for service up to a given point in time, whether vested rights or not.
Actuarial Gains And Losses (Pensions)	For a defined benefit scheme, the changes in deficits or surpluses that arise because events have not coincided with actuarial assumptions used in the last valuation (experience gains or losses) or because actuarial assumptions have changed.
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 for a general purpose (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 financial statements

We have audited the financial statements of the Chief Constable of Cambridgeshire Constabulary ('the Chief Constable') for the year ended 31 March 2019 which comprise the Chief Constable's Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Pension Fund Account, and related numbered notes and the Expenditure and Funding Analysis note to the financial statements, including a summary of significant accounting policies. 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 2018/19.

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 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 ("Code of Audit Practice") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts is consistent with the financial statements.

Conclusion on use of resources

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2017, we are satisfied that, in all significant respects, the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion on use of resources

We have undertaken our review of **the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources** in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion, published by the National Audit Office in November 2017, as to whether in all significant respects, the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Based on our risk assessment, we undertook such work as we considered necessary. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Matters on which we are required to report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice (April 2015) requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response;
- 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.

Responsibilities of the Chief Finance Officer and the Chief Constable

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable intends to cease operations or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the financial statements our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Auditor's responsibilities in respect of the Chief Constable's use of resources

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criterion specified by the National Audit Office.

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

Certificate of completion of the audit

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.

Use of our report

This report is made solely to the Chief Constable, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for our audit work, for this report, or for the opinions we have formed.

Lisa Clampin
For and on behalf of BDO LLP, Appointed Auditor
Ipswich, UK

31 July 2019

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