

**THE CHIEF CONSTABLE FOR
SUFFOLK**

STATEMENT OF ACCOUNTS

31 March 2014

**Statement of Accounts
for the year ended 31 March 2014**

Contents	page
Auditor's Report to the Chief Constable	1
Statement of Responsibilities for the Statement of Accounts	3
Explanatory Foreword	4
Financial Statements:	
Movement in Reserves Statement (MIRS).....	8
Comprehensive Income and Expenditure Statement (CIES)	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Financial Statements	13
Police Pension Fund Accounting Statements	39
Glossary of Terms	40

SUFFOLK INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF SUFFOLK

Opinion on the Chief Constable for Suffolk financial statements

We have audited the financial statements of the Chief Constable of Suffolk for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Chief Constable of Suffolk Movement in Reserves Statement, the Chief Constable of Suffolk Comprehensive Income and Expenditure Statement, the Chief Constable of Suffolk Balance Sheet, the Chief Constable of Suffolk Cash Flow Statement, the related notes 1 to 22 and the Chief Constable for Suffolk Pension Fund Account Statements. 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 2013/14.

This report is made solely to the Chief Constable of Suffolk in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Suffolk, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 3, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable of Suffolk circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Suffolk as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2013/14 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 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; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Chief Constable and the auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Chief Constable has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those 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 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, *the Chief Constable of Suffolk* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable of Suffolk in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil A Harris

Audit Director

For and on behalf of Ernst & Young LLP, Appointed Auditor

Luton

September 2014

Statement of Responsibilities for the Statement of Accounts

The Chief Constable for Suffolk Responsibilities

The Chief Constable must:

- arrange for the proper administration of the Chief Constable's financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer of the Chief Constable (CFO CC).
- manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

I approve the following Statement of Accounts:

.....

.....

D Paxton
The Chief Constable for Suffolk

Date

Chief Finance Officer of the Chief Constable Responsibilities

The CFO CC is responsible for preparing the Statement of Accounts for the Chief Constable for Suffolk in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards ("the code").

In preparing this statement of accounts, the CFO CC has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code of practice and its application to local authority accounting.

The CFO CC has also:

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

Certificate by the Chief Finance Officer of the Chief Constable

I certify that this statement of accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the Authority at 31 March 2014, and its income and expenditure for the year to that date.

.....

P Clayton FCCA

.....

Date

Chair of Audit Committee

These accounts were reviewed by the Audit Committee on behalf of the Chief Constable on xx September 2014

.....

D Rowe

.....

Date

Explanatory Foreword

Introduction

On 15 September 2011 the Police Reform and Social Responsibility Act 2011 (the Act) received Royal Assent in Parliament representing a significant change in the way the police in England and Wales are governed and held accountable. One of the key reforms was to replace the Suffolk Police Authority (SPA) with a newly elected Police and Crime Commissioner for Suffolk (PCC). Both the PCC and the Chief Constable (CC) for Suffolk Constabulary, responsible for the operational policing of Suffolk, were established as separate legal entities.

The Act provided that on 21 November 2012, all existing rights, assets and liabilities transferred from the Police Authority to the PCC. This included the transfer of all police staff to the PCC and was referred to as the "Stage 1" transfer. The Act also provided for a second "Stage 2" transfer which referred to the subsequent management of certain staff from the PCC to the Chief Constable. The "Stage 2" transfer is designed to allow PCCs and CCs the freedom to make arrangements about how their respective functions will be discharged in the future.

The Home Secretary directed that the "Stage 2" transfer was completed by 1 April 2014. This has taken place, and all staff, except those working directly in the Office of the PCC, have transferred to the corporation sole of Chief Constable.

Transfer "Stage 2" impacts upon corporate governance by the PCC and CC and a number of the governance mechanisms have been reviewed so that appropriate arrangements are in place from 1 April 2014 onwards.

The PCC's function is to hold the Chief Constable to account in order to secure the maintenance of an efficient and effective police force. For accounting purposes, the PCC for Suffolk is the parent entity of the CC for Suffolk Constabulary and together they form the PCC for Suffolk Group for accounting purposes.

The Revenue Budget and Capital Programme for 2013-2014 were approved by the PCC in February 2013. Tim Passmore was elected as the Suffolk Police and Crime Commissioner (PCC) and is responsible for managing the Revenue Budget and Capital Programme for 2013-2014. The responsibilities of the PCC, determined by the Police Reform and Social Responsibility Act 2011, include:

- Publishing a Police and Crime Plan
- Holding the Chief Constable to account for the running of the force
- Agreeing the police budget for the year and the level of the precept
- Working with partner organisations e.g. criminal justice agencies and building on collaboration arrangements with other organisations
- Publishing an Annual Report setting out progress against strategic priorities in the Police and Crime Plan.

The PCC is accountable to a Police and Crime Panel which scrutinises the actions and decisions of the Commissioner. Formal meetings between the PCC and the Chief Constable are held every two months. An independent Audit Committee has also been established in accordance with recommendations from the Home Office and CIPFA.

All the financial transactions incurred during 2013-2014 for the policing of Suffolk have been recognised and recorded within the PCC Group Statement of Accounts, which sets out the overall financial position for the year ending 31 March 2014.

The foreword provides an overview of the new accounting arrangements and outlines the financial performance during 2013-2014. Detailed analysis of performance is provided within the Group accounts which includes the PCC and the Constabulary.

The Statement of Accounts for the CC for the 2013-2014 financial year are set out on the following pages. Information on the accounts is presented as simply and clearly as possible. However, due to the technical nature of the accounts, an explanation of the use of accounting terms is provided at the end of this document.

Accounting changes and the impact on the Financial Statements of the PCC and Chief Constable

For 2012-2013 the presentation of the accounts was based on a principal and agent accounting arrangement with the Police and Crime Commissioner (PCC) being the principal and the Chief Constable the agent. This was due essentially to the judgement that the PCC had high level control of policing through his Police and Crime Plan objectives. This meant that a full set of statements and notes, and all transactions and balances of the PCC group were represented in the PCC accounts and the primary statements of the Chief Constable did not contain any transactions or underlying accounting entries, and limited notes were produced.

Following greater clarity and a better understanding of arrangements and governance between the PCC and the Chief Constable, as well as bulletins issued by CIPFA and the Audit Commission that enhanced the prevailing guidance, the presentation of the accounts is different this year from last year. The PCC and Chief Constable are both considered principals and therefore both corporations sole should have a full set of statements.

This has resulted in a change of accounting policy and therefore requires a prior period adjustment being made to the 2012-2013 figures to re-present the above position. The prior period adjustment impacts on all the main statements.

This position is more fully explained below.

The International Accounting Standards Board framework states that assets, liabilities and reserves should be recognised when it is probable that any 'future' economic benefits associated with the item will flow to, or from the entity. At the outset the PCC took responsibility for the finances of the whole Group and controls the assets, liabilities and reserves, which were transferred from the previous Police Authority. With the exception of the liabilities for employment and post-employment benefits this position has not changed and would suggest that these balances should be shown on the PCC's Balance Sheet.

The PCC receives all income and makes all payments from the Police Fund for the Group and has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable's staff operates. The PCC has not set up a separate bank account for the Chief Constable, which reflects the fact that all income is paid to the PCC. The PCC has not made arrangements for the carry forward of balances or for the Chief Constable to hold cash backed reserves.

Therefore, the Chief Constable fulfils his statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is set by the PCC. The Chief Constable ultimately has a statutory responsibility for maintaining the Queen's peace and to do this has direction and control over the force's police officers, police community support officers (PCSOs) and police staff. It is recognised that in exercising day-to-day direction and control the Chief Constable will undertake activities, incur expenditure and generate income to allow the police force to operate effectively. It is appropriate that a distinction is made between the financial impact of this day-to-day direction and control of the force and the overarching strategic control exercised by the PCC.

Therefore it is felt that the expenditure and income associated with day-to-day direction and control and the PCC's funding to support the Chief Constable is best shown in the Chief Constable's Accounts, with the main sources of funding (i.e. central government grants and Council Tax) and the majority of balances being shown in the PCC's Accounts.

In particular, it should be noted that it has been decided to recognise transactions in the Chief Constable's Comprehensive Income and Expenditure Statement (CIES) in respect of operational police officer and staff costs, and associated operational incomes, and transfer liabilities to the Chief Constable's Balance Sheet for employment and post-employment benefits in accordance with International Accounting Standard 19 (IAS19).

The rationale behind transferring the liability for employment benefits is that IAS19 states that the employment liabilities should follow employment costs. Because employment costs are shown in the Chief Constable's CIES, on the grounds that the Chief Constable is exercising day-to-day direction and control over police officers and police staff, it follows that the employment liabilities are therefore shown in the Chief Constable's Balance Sheet.

There were no new CIPFA code 2013-2014 requirements that materially affected the Statement of Accounts.

The Main Accounting Statements

The accounts are set out in accordance with the Accounting Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which defines proper accounting practices for local authorities.

The accounts also reflect the following frameworks and regulations:

- The Police Reform and Social Responsibility Act 2011 (the Act)
- Financial Regulations for the PCC and CC
- The scheme of governance (setting out delegations/designations) from the PCC to the Chief Constable.

The Accounts of the Chief Constable for Suffolk for 2013-2014, which will be the basis for the Audit Opinion, are set out as follows:

- **Explanatory Forward**
This provides an overview of the accounting arrangements 2013-2014.
- **Audit Opinion**
The statutory opinion for the Statement of Accounts.
- **Statement of Responsibilities**
This includes the financial responsibilities of the CC and the Chief Finance Officer (CFO) to the CC.

The Accounting Statements consist of:

- **Movement in Reserves Statement**
This shows the movement in the year on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus (or deficit) on the provision of services' line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement.
- **The Comprehensive Income and Expenditure Statement**
This statement recognises the financial resources belonging to the PCC consumed at the request of the CC in exercising day to day direction and control of the police force for the financial year, as opposed to the overall cost of policing as shown in the PCC and Group Accounts. The CC's Comprehensive Income and Expenditure Statement has been prepared using the principles set out in the Code of the Cost of Services level and using headings from CIPFA Service Reporting Code of Practice (SerCOP), which describes the areas of policing undertaken during 2013-2014.
- **The Balance Sheet**
This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the CC.
- **The Cash Flow Statement**
This shows the changes in cash and cash equivalents during the reporting period. The statement shows how the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. However, during 2013-2014 all cash is held by the PCC for Suffolk so the cash flow statement for the CC shows the net deficit on the provision of services as non-cash movements.
- **Notes to the Accounts (including Statement of Accounting Policies)**
The notes that support the core financial statements and the policies adopted in compiling the Accounts. The accounting policies explain the main principles used in producing the figures in the accounts. Many of the accounting policies are specified by the Code and this ensures that the accounts across the country are prepared on a consistent and comparable basis.

Looking Forward

The economic position for the public sector, including the police, is a challenging one, with austerity measures forecast to reduce government funding to the sector until 2019. The Comprehensive Spending Review (CSR) issued in December 2010 (covering the period 2011/12-2014/15) levied significant savings on the police, 20% in real terms, which was then further compounded, in June 2013, by the Spending Round 2013 (SR2013). This review established the broad parameters for 2015/16. There will be a further reduction of nearly 5% in Police grant funding, offset against predicted real growth in Council tax income. This, however, will be affected by the approach taken to future Freeze Grants and Referendum limits.

Given the above information and other assumptions, for instance on inflation and precept setting, the approved Medium Term Financial Plan (MTFP) covering the four financial years 2014/15-2017/18 shows a £16.4m deficit by 2017/18. The Constabulary has developed mitigation plans that bridge the budget gap up to the end of 2015/16, and is now working with the PCC to develop sustainable plans and models of operational policing to bridge the £16.4m gap by 2017/18 and beyond. These plans include continuing to work with collaborative partners including Norfolk Constabulary and other forces in the eastern region, as well as local partners such as other blue light services and local authorities in Suffolk.

Phillip Clayton

CC CFO

Movement in Reserves Statement for the Chief Constable for Suffolk

Year Ended 31 March 2013 Restated	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2012	-	-	-	-	-	(803,828)	(803,828)
Surplus or (deficit) on provision of services (accounting basis)	(35,517)	-	-	-	(35,517)	-	(35,517)
Other comprehensive income and expenditure	-	-	-	-	-	(106,023)	(106,023)
Total comprehensive income and expenditure	(35,517)	-	-	-	(35,517)	(106,023)	(141,541)
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	48,205	-	-	-	48,205	(48,205)	-
Movement on the Compensated Absences Account	292	-	-	-	292	(292)	-
Contribution to the Police Pension Fund	(12,980)	-	-	-	(12,980)	12,980	-
Adjustments between accounting basis and funding basis under regulations	35,517	-	-	-	35,517	(35,517)	-
Net increase / decrease before transfers to Earmarked Reserves	0	-	-	-	0	(141,541)	(141,541)
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	0	-	-	-	0	(141,541)	(141,541)
Balance at 31 March 2013	0	-	-	-	0	(945,369)	(945,369)

Movement in Reserves Statement for the Chief Constable for Suffolk

Year Ended 31 March 2014	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2013	0	-	-	-	0	(945,369)	(945,369)
Surplus or (deficit) on provision of services (accounting basis)	(43,822)	-	-	-	(43,822)	-	(43,822)
Other comprehensive income and expenditure	-	-	-	-	-	(69,393)	(69,393)
Total comprehensive income and expenditure	(43,822)	-	-	-	(43,822)	(69,393)	(113,215)
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	56,209	-	-	-	56,209	(56,209)	-
Movement on the Compensated Absences Account	(97)	-	-	-	(97)	97	-
Contribution to the Police Pension Fund	(12,290)	-	-	-	(12,290)	12,290	-
Adjustments between accounting basis and funding basis under regulations	43,822	-	-	-	43,822	(43,822)	-
Net increase / decrease before transfers to Earmarked Reserves	0	-	-	-	0	(113,216)	(113,215)
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	0	-	-	-	0	(113,216)	(113,215)
Balance at 31 March 2014	0	-	-	-	0	(1,058,585)	(1,058,584)

Comprehensive Income and Expenditure Statement
for the Chief Constable for Suffolk
for the year ended 31 March 2014

Restated Gross Expenditure 2012/13 £000	Restated Income 2012/13 £000	Restated Net Expenditure 2012/13 £000		Note	Gross Expenditure 2013/14 £000	Income 2013/14 £000	Net Expenditure 2013/14 £000
Division of Service:							
52,064	(4,311)	47,753	Local Policing		56,632	(1,312)	55,320
10,724	(92)	10,632	Dealing with the Public		11,165	(102)	11,063
12,891	(1,557)	11,333	Criminal Justice Arrangements		13,957	(1,881)	12,076
5,074	(367)	4,707	Road Policing		5,109	(356)	4,753
6,941	(1,098)	5,843	Specialist Operations		6,229	(624)	5,605
6,781	(279)	6,502	Intelligence		6,688	(619)	6,069
25,602	(1,246)	24,356	Investigations		26,536	(1,076)	25,460
3,253	(49)	3,204	Investigative Support		3,524	(27)	3,497
2,588	(1,626)	962	National Policing		2,683	(1,380)	1,303
230	-	230	Non-distributed costs		109	-	109
-	-	-	Corporate and democratic core		-	-	-
126,148	(10,625)	115,522	Net Cost of Police Services before group funding		132,632	(7,378)	125,254
-	(117,760)	(117,760)	Intra-group funding			(123,922)	(123,922)
126,148	(128,385)	(2,238)			132,632	(131,300)	1,332
Other Operating Expenditure:							
-	-	-	Loss/(profit) on disposal of fixed assets		-	-	-
Financing and Investment Income and Expenditure:							
-	-	-	Interest payable and similar charges		-	-	-
37,755	-	37,755	Pensions interest cost and expected return on pensions assets	19	42,490	-	42,490
-	-	-	Interest and investment income		-	-	-
37,755	-	37,755			42,490	-	42,490
Taxation and Non-specific Grant Income:							
-	-	-	Home Office contribution to police pensions		-	-	-
-	-	-	Revenue support grant		-	-	-
-	-	-	General grants		-	-	-
-	-	-	Capital grants and contributions		-	-	-
-	-	-	Non-domestic rate redistribution		-	-	-
-	-	-	Precepts		-	-	-
-	-	-			-	-	-
		35,517	Deficit/(Surplus) on the Provision of Services				43,822
Other Comprehensive Income and Expenditure:							
		-	(Surplus) / deficit on the revaluation of assets				-
		106,023	Remeasurements of the net defined benefit liability (asset)	19			69,393
		106,023					69,393
		141,541	Total Comprehensive Income and Expenditure				113,215

Balance Sheet for the Chief Constable for Suffolk as at 31 March 2014

31 March 2013 £000 Restated	Notes	31 March 2014 £000
-	Non-Current Assets	-
-	Long Term Debtors	-
<u>-</u>	Total Long term Assets	<u>-</u>
-	Current Assets	-
<u>-</u>	TOTAL ASSETS	<u>-</u>
1,815	Short-term creditors and accruals	1,718
<u>1,815</u>	Current Liabilities	<u>1,718</u>
943,554	Liability Related to Defined Benefits	1,056,867
<u>943,554</u>	Long Term Liabilities	<u>1,056,867</u>
<u>945,369</u>	TOTAL LIABILITIES	<u>1,058,585</u>
<u>(945,369)</u>	NET ASSETS / (LIABILITIES)	<u>(1,058,585)</u>
-	Usable reserves	-
<u>(945,369)</u>	Unusable reserves	<u>(1,058,585)</u>
<u>(945,369)</u>	TOTAL RESERVES	<u>(1,058,585)</u>

The unaudited accounts were issued on 30 June 2014 and the audited accounts, as amended following audit, were authorised for issue on 23 September 2014:

.....
P Clayton FCCA (CFO CC) **Date**

Cash-flow Statement for the Chief Constable for Suffolk for the year ended 31 March 2014

2012/13 £000 Restated		Note	2013/14 £000
(35,517)	Net Surplus/(deficit) on the provision of services	Page 10	(43,822)
35,517	Adjustment for non cash or cash equivalent movements		43,822
-	Adjustment for items included in net deficit on the provision of services that are investing or financing activities:		-
-	Capital grants and contributions		-
-	Net cash flows from operating activities		-
-	Investing activities		-
-	Financing activities		-
-	Net increase or (decrease) in cash and cash equivalents		-
-	Cash and cash equivalents at the beginning of the reporting period		-
-	Cash and cash equivalents at the end of the reporting period		-

Notes to the Financial Statements

for the Chief Constable of Suffolk

1. Accounting Policies

(a) General principles

The Statement of Accounts summarises the Chief Constable's (CC) transactions for the 2013/14 financial year and its position at the year-end 31 March 2014. The CC is required to prepare an annual Statement of Accounts by the Accounts and Audit regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (COP) and the 2013/14 Service Reporting Code of Practice for Local Authorities (SerCOP), supported by International Financial Reporting Standards (IFRS).

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.

(b) Cost recognition and Intra-Group adjustment

The PCC pays for all expenditure including salaries of police officers, police community support officers and police staff. There is no transfer of real cash between the PCC and Chief Constable and the latter does not have a bank account into which monies can be received or paid from. Operational costs and incomes are recognised in the Chief Constable's Accounts to reflect the PCC's resources consumed in the direction and control of day-to-day policing at the request of the Chief Constable. The Chief Constable also recognises the employment and post-employment costs and liabilities in his Accounts. To fund these costs, the Chief Constable's Accounts show the funding guarantee provided by the Commissioner to the Chief Constable as income, although no real cash changes hands. This treatment forms the basis of the intra-group adjustment between the Accounts of the Commissioner and Chief Constable.

(c) Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the CC to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

(d) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply in the financial period in which cash payments are paid or received.

(e) Prior Period Adjustments, changes in accounting policies and estimates and errors

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

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

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

(f) Employee benefits

Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement, time off in lieu and flexi time earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave or similar balances into the following period.

Post employment benefits

Officers and employees are members of three defined benefit schemes: The Local Government Pensions Scheme (LGPS), administered by Suffolk County Council; The Police Pension Scheme and the New Police Pension Scheme. Both the police schemes are unfunded.

The liabilities attributable to the CC of all three schemes are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.5%, this is based on the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The rates used are based on the gross redemption yields over 15 years from the scheme valuation date.

The assets of the LGPS attributable to the CC are included in the balance sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

The change in the net pensions liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employee or officer worked. The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are disclosed on a straight-line basis over the period in which the increase in benefit vests.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure Line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- Expected return on assets – the annual investment return on the fund assets attributable to the CC, based on an average of the expected long-term return. It is credited to the Financing and Investment Income and Expenditure line in the CIES.
- Gains/losses on settlements and curtailments – the results of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees. They are debited or credited to the Surplus/Deficit on the Provision of Services in the CIES as part of Non Distributed Costs. Losses arising on a settlement or curtailment are measured at the date on which the employer becomes committed to the transaction. In respect of gains arising, the date is when all parties are committed.
- Actuarial gains and losses – changes in the net pensions liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. They are debited to the pension reserve.
- Contributions paid to the pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS there are appropriations to and from the Pensions Reserve to move the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such

amounts payable but unpaid at the year-end. 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.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the CC to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the CC is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the 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 pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(g) Events after the reporting period

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

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However 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.

(h) Foreign currency

No provision is made for the impact of variations in exchange rates on liabilities stated in the balance sheet. Any transactions which are denominated in foreign currency are translated into sterling at the spot rate at the time that the payment is made

(i) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the CC when there is reasonable assurance that:

- The Group will comply with the conditions attached to the payments, and
- The grants or contributions will be received

Amounts recognised as due to the CC are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement (MIRS). Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

(j) Jointly controlled operations and jointly controlled assets

Jointly controlled operations are activities undertaken by the Chief Constable in conjunction with other parties that involve the use of the assets and the resources of the parties rather than the establishment of a separate entity. The CC recognises the expenses that it incurs and debits and credits the CIES with this expenditure and the share of income it earns from the activity or operation.

(k) Overheads and support services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013-2014 (SerCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

(l) Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the CC is deemed to control the services the amounts payable each year to the PFI operators for the fair value of the services received during the year and the lifecycle replacement costs are debited to the relevant service in the CC's Comprehensive Income and Expenditure Statement for the PFI contracts in relation to the Police Investigations Centres (PIC).

(m) Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the CC. These reserves are explained in the relevant policies. The CC cannot hold usable reserves.

(n) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Prior Period Adjustment, Changes in Accounting Policies and Estimates and Errors

For 2012-2013 the presentation of the accounts was based on a principal and agent accounting arrangement with the Police and Crime Commissioner (PCC) being the principal and the Chief Constable the agent. This was due essentially to the judgement that the PCC had high level control of policing through his Police and Crime Plan objectives. This meant that a full set of statements and notes, and all transactions and balances of the PCC group were represented in the PCC accounts and the primary statements of the Chief Constable did not contain any transactions or underlying accounting entries, and limited notes were produced.

Following greater clarity and a better understanding of arrangements and governance between the PCC and the Chief Constable, as well as bulletins issued by CIPFA and the Audit Commission that enhanced the prevailing guidance, the presentation of the accounts is different this year from last year. The PCC and Chief Constable are both considered principals and therefore both corporations sole should have a full set of statements.

This has resulted in a change of accounting policy and therefore requires a prior period adjustment being made to the 2012-2013 figures to re-present the above position. The following tables explain the material differences between the amounts presented in the 2012-13 financial statements and the equivalent amounts presented in the 2013-14 financial statements.

Balance Sheet

The following tables restate the CC balance sheet;

Accumulated Absences Account

Accumulated absences refers to the benefits that employees receive as part of their contract of employment, entitlement which is built up as they provide services. The transfer from the Group/PCC to the CC has resulted in the following changes being made to the 2012/13 financial statements.

Opening 2012/13 Balance Sheet	2012/13	Adjustment to	Restated
	CC Statement of	CC Statement of	Opening Balance
	Accounts	Accounts	of CC Accounts
	£000	£000	£000
Short Term Creditors and accruals	-	(1,523)	(1,523)
Unusable Reserves - Accumulated Absences Account	-	1,523	1,523

Closing 2012/13 Balance Sheet	2012/13	Adjustment to	Restated
	CC Statement of	CC Statement of	Opening Balance
	Accounts	Accounts	of CC Accounts
	£000	£000	£000
Short Term Creditors and accruals	-	(1,815)	(1,815)
Unusable Reserves - Accumulated Absences Account	-	1,815	1,815

Pension Reserve

The long term pension reserve has been apportioned between the PCC and CC's staff. The transfer from the Group/PCC to the CC has resulted in the following changes being made to the 2012/13 financial statements.

Opening 2012/13 Balance Sheet	2012/13	Adjustment to	Restated
	CC Statement of	CC Statement of	Opening Balance
	Accounts	Accounts	of CC Accounts
	£000	£000	£000
Liability Related to Defined Benefits	-	(802,305)	(802,305)
Unusable Reserves - Pension Reserve	-	802,305	802,305

Closing 2012/13 Balance Sheet	2012/13	Adjustment to	Restated
	CC Statement of	CC Statement of	Opening Balance
	Accounts	Accounts	of CC Accounts
	£000	£000	£000
Liability Related to Defined Benefits	-	(943,554)	(943,554)
Unusable Reserves - Pension Reserve	-	943,554	943,554

Comprehensive Income and Expenditure Statement

All operational income and expenditure which includes the salaries of police officers, PCSOs and staff is now shown within the CC Comprehensive Income and Expenditure Statement. The movements in respect of this income and expenditure, accumulated absences and pension liability are shown in the table below.

2012/13 Comprehensive Income and Expenditure Statement					
	2012/13 Published Accounts	2012/13 IAS 19	2012/13 Accumulated Absences	2012/13 I&E Other	2012/13 Restated CC Statement of Accounts
	£000	£000	£000	£000	£000
Local Policing	-	11,532	161	36,060	47,753
Dealing with the Public	-	1,762	-	8,870	10,632
Criminal Justice Arrangements	-	1,784	-	9,549	11,333
Road Policing	-	1,010	15	3,682	4,707
Specialist Operations	-	1,167	17	4,659	5,843
Intelligence	-	1,379	11	5,112	6,502
Investigations	-	6,049	80	18,227	24,356
Investigative Support	-	376	2	2,826	3,204
National Policing	-	579	6	377	962
Non-distributed costs	-	230	-	0	230
Corporate and democratic core	-	-	-	0	0
Net Cost of Police Services before group funding	-	25,868	292	89,362	115,522
Intra-group funding	-	(25,868)	(292)	(91,600)	(117,760)
Net Cost of Police Services	-	-	-	(2,238)	(2,238)
Financing and Investment Income and Expenditure:					
Interest payable and similar charges	-	-	-	-	-
Pensions interest cost and expected return on pensions assets	-	37,755	-	-	37,755
Interest and investment income	-	-	-	-	-
	-	37,755	-	-	37,755
Deficit/(Surplus) on the Provision of Services	-	37,755	-	(2,238)	35,517
Other Comprehensive Income and Expenditure:					
Remeasurements of the net defined benefit liability (asset)	-	106,023	-	-	106,023
	-	106,023	-	-	106,023
Total Comprehensive Income and Expenditure	-	143,778	-	(2,238)	141,541

Movement in Reserves Statement

The balance as at 31 March 2013 on the restated table on page 8 is that which was transferred from the Group/PCC to the CC. Refer also to the balance sheet tables on page 17 above.

Cash Flow

The movements on the cash flow statement on page 12 are those which have been restated following the restatement of the CIES (see page 18 above).

3. Accounting standards that have been issued but have not yet been adopted

In 2014-2015 adoption of the amendments to the following may be required to be reported;

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of Interests in Other entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associated and Joint Ventures

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are.

- The budget is set by the PCC and provides the Chief Constable with the authority to incur expenditure. There are still uncertainties about the future funding beyond 2014-2015 in regard of what the PCC will receive from the government and limitations around the precept. The PCC and Chief Constable are working together to mitigate the impact of the funding gap emerging over the period of the Medium Term Financial Plan, the impact of which will be realised in the budget set by the PCC.
- The allocation of transactions and balances between the PCC and the Chief Constable, that has been set out in the foreword to these accounts, is a judgement as a result of greater clarity and a better understanding of arrangements and governance between the PCC and the Chief Constable, as well as bulletins issued by CIPFA and the Audit Commission that enhanced the prevailing guidance.
- Costs of pension arrangements require estimates assessed by independent qualified actuary's regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS19 reporting are the responsibility of the Group as advised by the actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.
- In respect of the LGPS police staff pension costs, a pro rata apportionment has been applied to the PCC's staff and CC's staff. A sensitivity analysis has been undertaken which shows that this pro rata split is materially accurate.
- Suffolk and Norfolk have a significant number of assets including those under Private Finance Initiatives (PFI) arrangements. The PCC has the responsibility, control and risk in terms of the provision of those assets. Consequently, a critical judgement has been made to show any connected grant funding (e.g. for PFI), and the capital and financing costs of the provision of those assets in the PCC accounts. As the Chief Constable utilises the assets on a day-to-day basis, the officers and staff of the CC have responsibility for the use of the consumables, heating and lighting and so forth. Consequently, these costs are shown in the CC accounts including the service charges element of the PFI.

- When the accounts were prepared for 2012/13 Chief Constables did not have the same statutory ability as local authorities to override specific accounting treatments so that these would not adversely affect the taxpayer. The recent Police Reform and Social Responsibility Act 2011(transitional provision) Order 2013 modified the existing statute to allow Chief Constables to be treated as if they were a local authority and therefore have these override powers that are presented in the MIRS. Also, as explained in the Explanatory Foreword and accounting policies, a prior period adjustment is required as a result of greater clarity of guidance around the accounting for PCCs and CCs in order to recognise transactions in the CC accounts. In order to make the information more comparable and meaningful for the readers of the accounts the critical judgement is to show the 2012/13 prior period adjustment as though the CC had the statutory override powers at that point.

5. Intra-group Funding Arrangements Between the PCC and Chief Constable

The background and principles that underpin the accounting arrangements and create the need for an intra-group adjustment have been set out in the foreword to the Accounts.

The PCC receives all funding on behalf of the Group; at no time, under the current arrangements, does the Chief Constable hold any cash or reserves. However, it is felt that to accurately represent the substance of the financial impact of the day-to-day control exercised by the Chief Constable over policing it is necessary to capture the costs associated with this activity in the Chief Constable's CIES. A consequence of this is that the employment liabilities associated with police officers and police staff is also contained in the Chief Constable's CIES and the accumulative balances are held on the Chief Constable's Balance Sheet. All other assets and liabilities are held on the PCC's Balance Sheet.

Whilst no actual cash changes hands the PCC has undertaken to fund the resources consumed by the Chief Constable. The PCC effectively makes all payments from the Police Fund. To reflect this position in the Accounts funding from the PCC offsets cost of service expenditure contained in the Chief Constable's CIES. This intra-group adjustment is mirrored in the PCC's CIES. The financial impact associated with the costs of the employment liabilities is carried on the balance sheet in accordance with the Code and add to the carrying value of the Pensions Liability and the Accumulated Absences Liability.

6. Service Expenditure Analysis

The principal functions included within the Net Cost of Service line in the Group's financial statements relate to the day to day costs of administering and supporting the PCC's office as well as working directly with local communities and the public. The Net Cost of Service line also includes the financial resources of the Group under the direction and control of the Chief Constable through operational policing, and is included in the CIES as follows:

Local policing

Neighbourhood policing
Incident (response) management
Specialist Community liaison
Local command team and support overheads

Dealing with the public

Dealing with the public command team and support overheads
Local call centres/front desk
Central communications unit
Contact management units

Road policing

Roads Policing command team and support overheads
Traffic units
Traffic wardens/PCSOs - Traffic
Vehicle recovery
Casualty reduction partnership

Criminal justice arrangements

Criminal Justice Arrangements command team and support overheads
Custody
Criminal justice
Police National Computer (PNC)
Criminal Records Bureau (CRB)
Coroner assistance
Fixed penalty scheme (central ticket office)
Property officer/stores

Specialist investigation

Crime support command team and support overheads
Major investigation unit
Economic crime (including regional asset recovery team)
Specialist investigation
Serious and organised crime unit
Public protection

Specialist operations

Central operations command team and support overheads
Air operations
Dogs section
Level 1 advanced public order
Firearms unit
Civil contingencies

Intelligence

Central intelligence command team and support overheads
Intelligence/threat assessments
Intelligence gathering

Investigative support

Investigative support command team and support overheads
Scenes of crime officers
External forensic costs
Fingerprint/Internal forensic costs
Photographic image recovery
Other forensic services

National policing

Secondments (out of force)
Counter-terrorism/Special Branch
ACPO projects/initiatives

Please note that business support function costs are absorbed into the above operational functions.

Corporate and Democratic Core costs relate to the democratic representation, management, administration and governance functions of the PCC's office, it also includes officer time spent on advising the PCC and public consultation.

Non Distributed costs are costs that cannot be allocated to current operational functions. Examples are: impairments of non-operational property such as police houses and past service pension costs.

7. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by cost of policing on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Group on the basis of budget reports analysed across Service Departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and not charged to service departments.

The income and expenditure of the CC, summarised by the principal Service Departments recorded in the budget reports for the year, is as follows:

	County Policing Command	Protective Services	Custody & Criminal Justice	Human Resources & Training	Finance & Resources	Other Services	Total Chief Constable	Not reported to management	Amount not included in CIES	Total CC
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Reported to Cabinet in 2013/14										
Fees charges and other income	(337)	(853)	(1,160)	(24)	(554)	(1,251)	(4,179)	-	-	(4,179)
Government grants	-	(898)	-	-	-	-	(898)	-	-	(898)
Total Income	(337)	(1,751)	(1,160)	(24)	(554)	(1,251)	(5,077)	-	-	(5,077)
Employee expenses	51,629	21,070	9,546	3,495	6,430	5,868	98,038	30,448	(16,558)	111,928
Other service expenses	2,139	2,314	2,021	631	10,196	1,212	18,513	447	(692)	18,268
Depreciation and impairments	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure	53,768	23,384	11,567	4,126	16,626	7,080	116,551	30,895	(17,250)	130,196
Net Operating Expenditure	53,431	21,633	10,407	4,102	16,072	5,829	111,474	30,895	(17,250)	125,119
Reported to Cabinet in 2012/13										
Fees charges and other income	(319)	(1,885)	(838)	(23)	(462)	(1,308)	(4,835)	-	-	(4,835)
Government grants	(58)	(1,161)	-	-	-	(3,081)	(4,300)	-	-	(4,300)
Total Income	(377)	(3,046)	(838)	(23)	(462)	(4,389)	(9,135)	-	-	(9,135)
Employee expenses	49,476	22,115	9,478	3,996	6,521	5,519	97,105	26,161	(16,159)	107,107
Other service expenses	2,093	3,521	2,515	474	8,713	2,557	19,873	661	(2,983)	17,551
Depreciation and impairments	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure	51,569	25,636	11,993	4,470	15,234	8,076	116,978	26,822	(19,142)	124,658
Net Operating Expenditure	51,192	22,590	11,155	4,447	14,772	3,687	107,843	26,822	(19,142)	115,523

8. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of the Statement of Accounts requires the CC to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for expenditure and income. However, the nature of estimation means that actual outcomes could differ from estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are shown within the relevant section of the accounts as follows;

- LGPS and police pension actuarial assumptions

9. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 30 June 2014. Events taking place after this date are not reflected in the financial statements or notes. There are no events before this date which require the figures in the financial statements to be adjusted.

10. Usable Reserves

Movements in the CC's usable reserves are detailed in the Movement in Reserves Statement on pages 8 and 9.

11. Unusable Reserves

Movements in the CC's unusable reserves are detailed in the tables below:

Year Ended 31 March 2014	Pension Reserves £000	Reval- -uation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Deferred Capital Receipts £000	Compens' Absences Account £000	Total Unusable Reserves £000
Balance at 1 April 2013	(943,554)	-	-	-	-	(1,815)	(945,369)
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(69,393)	-	-	-	-	-	(69,393)
Total comprehensive income and expenditure	(69,393)	-	-	-	-	-	(69,393)
Amortisation of intangible assets	-	-	-	-	-	-	-
Depreciation on property, plant and equipment	-	-	-	-	-	-	-
Revaluation losses on property, plant and equipment	-	-	-	-	-	-	-
Capital grants and contributions credited to the CIES	-	-	-	-	-	-	-
Application of capital grants from unapplied account	-	-	-	-	-	-	-
Net gain or loss on the sale of non-current assets	-	-	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-	-
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(56,209)	-	-	-	-	-	(56,209)
Movement on the collection fund adjustment account	-	-	-	-	-	-	-
Capital expenditure charged to the General Fund Balance	-	-	-	-	-	-	-
Statutory provision for the repayment of debt	-	-	-	-	-	-	-
Contribution to the Police Pension Fund	12,290	-	-	-	-	-	12,290
Movement on the Compensated Absences Account	-	-	-	-	-	97	97
Use of capital receipts to fund asset purchases	-	-	-	-	-	-	-
Adjustments between accounting basis and funding basis under regulations	(43,919)	-	-	-	-	97	(43,822)
Net increase / decrease before transfers to Earmarked Reserves	(113,313)	-	-	-	-	97	(113,216)
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	(113,313)	-	-	-	-	97	(113,216)
Balance at 31 March 2014	(1,056,866)	0	0	0	-	(1,718)	(1,058,585)

Year Ended 31 March 2013	Pension Reserves £000	Revaluation Reserve £000	Capital Adj' Account £000	Collection Fund Adj' Account £000	Deferred Capital Receipts £000	Compens' Absences Account £000	Total Unusable Reserves £000
Balance at 1 April 2012	(802,305)	-	-	-	-	(1,523)	(803,828)
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(106,023)	0	0	0	0	0	(106,023)
Total comprehensive income and expenditure	(106,023)	-	-	-	-	-	(106,023)
Amortisation of intangible assets	-	-	-	-	-	-	-
Depreciation on property, plant and equipment	-	-	-	-	-	-	-
Revaluation losses on property, plant and equipment	-	-	-	-	-	-	-
Capital grants and contributions credited to the CIES	-	-	-	-	-	-	-
Application of capital grants from unapplied account	-	-	-	-	-	-	-
Net gain or loss on the sale of non-current assets	-	-	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-	-
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(48,205)	-	-	-	-	-	(48,205)
Movement on the collection fund adjustment account	-	-	-	-	-	-	-
Capital expenditure charged to the General Fund Balance	-	-	-	-	-	-	-
Statutory provision for the repayment of debt	-	-	-	-	-	-	-
Contribution to the Police Pension Fund	12,980	-	-	-	-	-	12,980
Movement on the Compensated Absences Account	-	-	-	-	-	(292)	(292)
Use of capital receipts to fund asset purchases	-	-	-	-	-	-	-
Adjustments between accounting basis and funding basis under regulations	(35,225)	-	-	-	-	(292)	(35,517)
Net increase / decrease before transfers to Earmarked Reserves	(141,249)	-	-	-	-	(292)	(141,541)
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	(141,249)	-	-	-	-	(292)	(141,541)
Balance at 31 March 2013	(943,554)	0	0	0	-	(1,815)	(945,369)

12. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2012/13			2013/14	
£000	£000		£000	£000
		Adjustment for non cash or cash equivalent items within deficit on provision of services:		
-		Depreciation and impairments		-
-		Profit and loss on disposal of fixed assets		-
35,225		Movements on pension liability		43,919
-		Other		-
<u>35,225</u>				<u>43,919</u>
	292	Increase/(decrease) in revenue creditors	(97)	
	-	decrease/(increase) in revenue debtors	-	
	-	decrease/(increase) in stocks	-	
	-	Increase/(decrease) in revenue provisions	-	
	-	Increase/(decrease) in grants received in advance	-	
	<u>292</u>			<u>(97)</u>
<u>35,517</u>				<u>43,822</u>
		The cash flows for operating activities include:		
-		Interest paid and similar charges		-
-		Interest received		-

13. Officers' Remuneration

The numbers of employees and police officers whose remuneration exceeded £50k in 2013/14 were as follows:

Remuneration	Chief Constable	
	2013/14	2012/13
£50,000 - £54,999	52	52
£55,000 - £59,999	37	38
£60,000 - £64,999	9	12
£65,000 - £69,999	8	9
£70,000 - £74,999	3	1
£75,000 - £79,999	3	3
£80,000 - £84,999	1	1
£85,000 - £89,999	2	4
£90,000 - £94,999	1	2
£95,000 - £99,999	-	-
£100,000 - £104,999	-	1
£105,000 - £109,999	-	-
£110,000 - £114,999	1	1
£115,000 - £119,999	-	-
£120,000 - £124,999	-	1
£125,000 - £129,999	1	1
£140,000 - £144,999	1	-
£145,000 - £149,999	-	1

"Remuneration" is defined, by regulation, as "all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash."

In addition to the above an amendment to the Accounts and Audit Regulations in 2009 requires a detailed disclosure of employees' remuneration for relevant senior police officers, certain statutory and non-statutory chief officers and other persons with a responsibility for management of the PCC. The officers listed below are included in the above banding disclosure note.

The remuneration paid to senior officers of the CC are shown in the following table:

	Salaries	Employers			Expenses	Total
	Fees and Allowances	Bonuses	Pension Contributions	Benefits in Kind		
	£000	£000	£000	£000	£000	£000
2013/14						
Position held						
Chief Constable	141	-	32	50	-	223
Deputy Chief Constable	126	-	7	5	-	138
Assistant Chief Constable (retired - 2 Jan 2014)	70	-	15	4	-	89
Temporary Assistant Chief Constable (appointed - 2 Dec 2013)	95	-	19	1	-	115
Assistant Chief Officer	112	-	22	2	-	136
2012/13						
Position held						
Chief Constable (retired - 18 Feb 2013)	130	-	13	4	-	147
Chief Constable (appointed - 4 Mar 2013)	11	-	2	-	0	13
Temporary Chief Constable *	145	-	32	2	-	179
Temporary Deputy Chief Constable	123	-	26	4	-	153
Assistant Chief Officer	111	-	22	4	-	137

* As at 31 March 2013 the Deputy Chief Constable was seconded to Cleveland Police as the Temporary Chief Constable. The amounts disclosed in 2012/13 are the total amounts paid to the post holder in the year. Suffolk Police recovered costs from Cleveland Police until the post-holder left Suffolk Police on 5 April 2013.

In addition to the posts identified above, two officers from Norfolk acted as Assistant Chief Constables in joint Norfolk/Suffolk posts; a contribution of £64k was paid to Norfolk Police in respect of one of these officers. Another officer was seconded from Essex Police then later recruited to Suffolk to act as an Assistant Chief Constable, £12k was paid to Essex Police in respect of this officer.

The Regulations also require disclosure of compensation for loss of employment and other payments to relevant police officers. No amounts were paid to the above officers in respect of these categories.

14. External Audit Costs

The following costs were made in 2013-14 by the external auditors Ernst & Young to carry out the audits on the Statement of Accounts for the CC:

2012/13 £000		2013/14 £000
	External audit services under the code of Audit Practice in accordance with Section 5 of the Audit Commission Act:	
20	The Chief Constable for Suffolk	20
<u>20</u>		<u>20</u>
-	Rebate for internal efficiencies	-
<u>20</u>		<u>20</u>
<u>20</u>		<u>20</u>

15. Grant Income

The CC credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

	Amount receivable for 13/14 £000	Amount receivable for 12/13 £000
Credited to Services		
Police incentivisation	117	286
Police community support officers	-	3,054
Counter terrorism	563	673
Basic command unit	-	-
PFI grant	-	-
Other specific grants	218	202
	<u>898</u>	<u>4,215</u>
	<u>898</u>	<u>4,215</u>

The reduction in the amount receivable in 2013/14 is due to the removal of the specific grant for Police Community Support Officers which became part of the main Police Grant shown in the PCC's accounts.

16. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the CC. It is responsible for providing the statutory framework, within which the CC operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the CC has with other parties. Grants received from government departments are set out in the subjective analysis on pages viii and ix.

Officers

The CC wrote to all Chief Officers requesting details of any related party transactions. There are no disclosures.

Other Public Bodies

These include Suffolk County Council and the seven District Councils. Material transactions with these organisations are included elsewhere in the accounts.

17. Private Finance Initiatives

Police Investigations Centres (PIC)

During the financial years 2010-2011 to 2040-2041 the Suffolk and Norfolk PCCs are committed to making payments under a contract with a consortium for the use of the 6 PICs. The actual level of payments will be dependent on availability of the site and provision and delivery of services within. The contract is for 30 years. At the end of this term the properties revert to the 2 Groups.

Suffolk and Norfolk PCCs have agreed to pay for these services on an agreed percentage in accordance with the total number of cells within the 6 properties located in the 2 Counties - this being Norfolk 58.2% and Suffolk 41.8%. The payment recognised in the CC accounts is for the services element which during 2013-2014 was £0.842m million (£0.543m in 2012-2013).

The PCC makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2014 (which exclude any availability/performance deductions), are shown in the following table:

	Revenue Services £000
Payable in 2014/15	902
Payable within two to five years	4,971
Payable within six to ten years	6,723
Payable within eleven to fifteen years	9,178
Payable within sixteen to twenty years	9,937
Payable within twenty one to twenty five years	9,884
Payable within twenty six to thirty years	5,861
	<hr/>
	47,456
	<hr/>

18. Termination Benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band including Special Payments	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages		Total Value of Exit Packages	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
							£000	£000
£0 - £20,000	6	10	-	1	6	11	77	82
£20,001 - £40,000	1	-	-	1	1	1	33	22
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
	<u>7</u>	<u>10</u>	<u>-</u>	<u>2</u>	<u>7</u>	<u>12</u>	<u>110</u>	<u>104</u>

19. Defined Benefit Pension Schemes

Participation in pension schemes

Pension and other benefits are available to all PCC and Constabulary personnel under the requirements of statutory regulations. Three defined benefit pension schemes are operated:

a) The Local Government Pension Scheme (LGPS) for PCC and Constabulary support staff, administered by Suffolk County Council - this is a funded defined benefit scheme, meaning that the office holders and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets.

A new LGPS was introduced from April 2008 by the Department of Communities and Local Government. The new scheme continues to provide benefits based on final salary, the accrual rate changed from 1/80th to 1/60th, employee contributions rates are tiered between 5.5% and 7.5% of salary and protections for eligible employees retiring between 60 and 65 in the existing scheme are retained.

All employees moved across to the new scheme in April 2008, but the accrued benefits in the existing scheme are fully protected.

b) The Police Pension Scheme (PPS) for Police Officers who joined before April 2006. The Employee contributions are 12.25%-12.50% of salary and maximum benefits are achieved after 30 years' service. Contribution rates are dependent on salary.

c) The New Police Pension Scheme (NPPS) for Police Officers who either joined from April 2006 or transferred from the PPS. The employee contributions are 10.1% - 10.75% of salary and maximum benefits are achieved after 35 years' service. Contribution rates are dependent on salary.

Both the PPS and the NPPS are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet pension liabilities. There is a Home Office requirement to charge the CIES with an employer's contribution of 24.2% of pensionable pay, the CIES also meets the costs of injury awards and the capital value of ill-health benefits. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department.

The PCC is also required to maintain a Police Pension Fund Account. Employer and employee contributions are credited to the account together with the capital value of ill-health retirements and transfer values received. Pensions and other benefits (except Injury awards) and transfer values paid are charged to this account. If the account is in deficit at 31 March in any year, the Home Office pays a top-up grant to cover it. If there is a surplus on the account, then that has to be paid to the Home Office.

The PCC has agreed a policy for calculating the budget provisions necessary to cover the costs chargeable to the CIES and the level of the Ill health and Injury Reserve which provides protection costs above the provision in the budget.

Transactions relating to post-employment benefits

The cost of retirement benefits are recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of benefits is reversed out of the General Fund in the MIRS.

The note below contains details of the CC's operation of the Local Government Pension Scheme (administered by Suffolk County Council) and the Police Pension Schemes in providing police staff and police officers with retirement benefits. In addition, the CC has arrangements for the payment of discretionary benefits to certain retired employees outside of the provisions of the schemes. The following transactions have been made in the CIES and the General Fund via the MIRS during the year:

	LGPS		Police Schemes	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	5,384	4,244	25,053	21,398
Past service Costs (gain)/loss from settlement	43	162	65	64
Financing and investment income and expenditure				
Net Interest Expense	1,310	975	41,180	37,522
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Service	6,738	5,382	66,298	58,984
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	(9)	(8,603)	-	-
- Actuarial gains/losses arising from changes in demographic assumptions	3,484	-	22,140	-
- Actuarial gains/losses arising from changes in financial assumptions	3,363	16,596	38,478	95,505
- Other	2,111	(121)	(174)	2,646
Total post employment benefit charged to the CIES	15,687	13,254	126,742	157,135
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	(15,687)	(13,254)	(126,742)	(157,135)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	5,015	4,837		
Retirement benefits payable to pensioners			23,833	24,302
Net charge to the General Fund	5,015	4,837	23,833	24,302

Assets and liabilities in relation to retirement benefits

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
Present value of liabilities	(154,398)	(135,488)	(1,017,636)	(914,727)
Fair value of plan assets	115,168	106,661	-	-
Total Net liabilities	(39,230)	(28,827)	(1,017,636)	(914,727)

Reconciliation of present value of the scheme liabilities

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Opening Balance at 1 April	135,488	111,406	914,727	781,895
Current service cost	5,384	4,244	25,053	21,398
Interest cost	6,192	5,390	41,180	37,522
Contributions by scheme participants	1,498	1,485	5,664	5,160
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	3,484		22,140	
- Actuarial gains/losses arising from changes in financial assumptions	3,363	16,596	38,478	95,505
- Other	2,111	(121)	(174)	2,646
Past service costs			65	63
Losses/(gains) on curtailment	43	144	-	-
Liabilities assumed on entity combinations				
Benefits Paid	(3,166)	(2,829)	(29,497)	(29,462)
Liabilities extinguished on settlements		(827)		
Closing Balance at 31 March	154,398	135,488	1,017,636	914,727

Reconciliation of fair value of the scheme assets

	Funded Assets		Unfunded Assets	
	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening fair value of scheme assets	106,661	90,996	-	-
Interest Income	4,882	4,415	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	9	8,603	-	-
- Other	269	-	-	-
The effect of changes in foreign exchange rates				
Contributions from employer	5,015	4,837	23,833	24,302
Contributions from employees into the scheme	1,498	1,485	5,664	5,160
Benefits paid	(3,166)	(2,829)	(29,497)	(29,462)
Other	-	(846)	-	-
Closing fair value of Scheme Assets	115,168	106,661	-	-

Total of Assets and Liabilities of the schemes

	Local Government		Police	
	Pension Scheme		Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Opening Balance at 1 April	(28,827)	(20,410)	(914,727)	(781,895)
Current service cost	(5,384)	(4,244)	(25,053)	(21,398)
Interest cost	(1,310)	(975)	(41,180)	(37,522)
Return on plan assets (excluding the amount included in the net interest expense)	9	8,603	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	(3,484)	-	(22,140)	-
- Actuarial gains/losses arising from changes in financial assumptions	(3,363)	(16,596)	(38,478)	(95,505)
- Other	(1,842)	121	174	(2,646)
Past service costs	(43)	(144)	(65)	(63)
Contributions from Employers	5,015	4,837	23,833	24,302
Effect of Settlements	-	(19)	-	-
Closing Balance at 31 March	(39,230)	(28,827)	(1,017,636)	(914,727)

The Police Pension Schemes have no assets to cover its liabilities. The CC's share of the assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories:

	Fair Value of Scheme Assets	
	31 March	31 March
	2014	2013
	£000	£000
Cash and Cash Equivalents	784	1,164
Equity Instruments - industry type:		
- Consumer	9,999	8,875
- Manufacturing	6,088	5,658
- Energy and utilities	4,527	4,515
- Financial Institutions	6,810	5,904
- Health and Care	4,305	3,617
- Information Technology	2,332	2,115
- Other	2,362	1,777
Sub total Equity	<u>36,423</u>	<u>32,461</u>
Bonds - by Sector		
- Corporate	15,799	15,048
- Government	2,281	2,222
- Other	4,582	4,524
Sub total Bonds	<u>22,662</u>	<u>21,794</u>
Property - by type		
- UK Property	11,568	9,404
Sub total Property	<u>11,568</u>	<u>9,404</u>
Private equity - all:	3,975	4,400
Other Investment funds:		
- Equities	24,500	23,240
- Hedge Funds	4,199	4,006
- Infrastructure	1,847	998
- Other	9,210	6,972
Sub total Other Investment Funds	<u>39,756</u>	<u>35,215</u>
Derivatives:	0	2,222
Total Assets	<u><u>115,168</u></u>	<u><u>106,661</u></u>

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Within the Police Schemes, the age profile of the active membership is not rising significantly, which means that the current service cost in future years will not rise significantly as a result of using the projected unit method.

Both the Police Schemes and the County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The actuary has confirmed that for police staff, there is no reason to believe that the age profile is rising significantly. The main assumptions used in their calculations are shown below.

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	2013/14	2012/13
Mortality assumptions:				
Longevity at 65 (LGPS) and 60 (PPS) for current pensioners				
Men	22.4	21.4	29.3	28.1
Women	24.4	23.3	31.5	31.0
Longevity at 65 (LGPS) and 60 (PPS) for future pensioners				
Men	24.3	23.7	30.9	29.7
Women	26.9	25.7	33.0	32.5
Rate of inflation (CPI - LGPS and RPI - PPS)	1.6%	2.8%	3.7%	3.6%
Rate of increases in salaries	4.6%	5.1%	3.9%	3.8%
Rate of increase in pensions	2.8%	2.8%	2.9%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%	4.3%	4.5%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions of longevity, for example, assume that the life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the 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 analysis below did not change from those used in the previous period.

	Local Government Pension Scheme		Police Pension Schemes	
	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000	Approximate Increase to Employers Liability %	Approximate Monetary Amount £000
Decrease in Real Discount Rate (0.5% LGPS) (0.1% PPS)	12.0%	18,313	2.0%	19,914
1 year increase in member life expectancy	3.0%	4,634	3.0%	30,529
0.5% increase in the Salary Increase Rate	5.0%	7,491	2.0%	17,743
0.5% increase in the Pension Increase Rate	7.0%	10,421	8.0%	84,426

20. Creditors

The balance of Creditors is made up of the following:

	2013/14 £000	2012/13 £000
Short term creditors:		
Other entities and individuals	1,718	1,815
Balance at 31 March	1,718	1,815

21. Jointly Controlled Operations and Jointly Controlled Assets

Norfolk and Suffolk Constabularies have implemented and are developing ways in which both forces can work together to improve performance and to make financial savings. Currently the forces are focusing on Protective Services, Justice Services and Business Support. At 31 March 2014 significant progress towards fully collaborated units had been made, with some units working as joint departments, with operational cost sharing, while other units currently only share common management costs. Although both forces control their own financial arrangements in respect of these units, an agreement was drawn up to enable certain costs to be shared on an agreed ratio. The PCC regards these units as Jointly Controlled Operations. The agreed shared costs of fully collaborated units that arose during the year was as follows:

	Business Support £000	Justice Services £000	Protective Services £000	Total £000
2013/14				
Suffolk PCC	15,675	7,648	15,466	38,788
Norfolk PCC	20,359	9,933	20,088	50,380
Total shared running costs	36,033	17,581	35,554	89,168
2012/13				
Suffolk PCC	5,365	6,671	8,899	20,935
Norfolk PCC	6,968	8,664	11,559	27,191
Total shared running costs	12,333	15,335	20,458	48,126

West Yorkshire Police is the lead force for the National Police Air Service (NPAS). During 2012-13 all owned airframes (including the one owned by the former Suffolk Police Authority) transferred to the ownership of the Commissioner for West Yorkshire while leased airframes remained in the ownership of the lessor but the lease costs transferred.

Forces retained ownership of all freehold airbases, but some leases for airbases were novated to the Commissioner for West Yorkshire.

Police staff engaged in provision of the service were employed by the Commissioner and police officers were seconded to West Yorkshire Police. Expenditure relating to NPAS incurred by forces will be charged to West

Yorkshire, and West Yorkshire will charge forces for the service. The Home Office provide capital grant to cover the capital investment required.

The service is governed by a section 22A collaboration agreement and is under the control of a Strategic Board made up of Commissioners and Chief Constables from each region. The Board determines the budget and the charging policy, and monitors performance.

During the year £804k was payable to West Yorkshire PCC in respect of the NPAS service provided.

At 31 March 2014 West Yorkshire PCC owed Suffolk PCC £1.74m in respect of the Suffolk airframe. The balance is due to be paid in annual instalments up until 2024/25.

On 1 April 2010, police forces within the Eastern Region entered into a collaborative agreement called the Eastern Region Specialist Operations Unit (ERSOU), Hertfordshire act as the lead PCC. This agreement has been classified as a Jointly Controlled Operation. Suffolk PCC's share of the Unit's running costs are included in the CIES. The agreement currently covers five distinct units, four of which Suffolk collaborate on; ERSOU, which covers 5 forces; The Northern Region Investigation Team (NRIT), which covers three forces, The Regional Asset Recovery Team (RART) and The Regional Intelligence Unit (RIU) which covers all six regional forces. The net expenditure incurred by each force is as follows:

	Total 2013/14 £000	Total 2012/13 £000
Operating costs	7,923	7,329
Specific Home Office grant	(2,208)	(1,524)
Other income	(30)	(22)
Net expenditure	5,685	5,783
Contributions from forces:		
Bedfordshire	(1,055)	(1,082)
Cambridgeshire	(964)	(1,001)
Essex	(254)	(251)
Hertfordshire	(1,506)	(1,504)
Norfolk	(1,100)	(1,100)
Suffolk	(841)	(846)
Deficit/ (Surplus) for the year	(35)	(1)
Deficit/ (Surplus) b/fwd	(3)	(74)
Opening adjustment	(263)	72
Applied to training accounts	-	-
Deficit/ (Surplus) c/fwd	(301)	(3)

GLOSSARY OF TERMS

BUDGET

The statement of the CC's policy expressed in financial terms usually for the current or forthcoming financial year. The Revenue Budget covers running expenses (see Revenue Expenditure) of the Constabulary

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the professional body responsible for accountants working in the public service. The Institute provides financial and statistical information on local government and public finance matters. CIPFA is a privately funded body with charitable status.

FINANCIAL REGULATIONS

A written code of procedures intended to provide a framework for proper financial management.

FINANCIAL YEAR

The period covered by a set of financial accounts - the financial year commences 1 April and finishes 31 March the following year.

FINANCIAL REPORTING STANDARDS (FRS)

These standards are developed by the Accounting Standards Board and regulate the preparation and presentation of financial statements. Any material departures from these standards should be disclosed in notes to the accounts.

GLOSSARY

Explanation of terms used

GOVERNMENT GRANTS

Grants paid by the Government for a particular initiative.

INCOME

Amounts due to an organisation that have been or are expected to be received.

OUTTURN

The actual amount spent in the financial year.

RESERVES

Monies set aside by the PCC for Suffolk for a specific purpose in one financial year and carried forward to meet expenditure in future years. General Fund is available to meet future revenue and capital expenditure.

REVENUE EXPENDITURE AND INCOME

Day to day expenses and charges for goods and services, mainly salaries and wages and general running expenses.