THE POLICE AND CRIME COMMISSIONER FOR SUFFOLK

GROUP AND PCC STATEMENT OF ACCOUNTS

31 March 2015

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Statement of Accounts

for the year ended 31 March 2015

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INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR SUFFOLK

Opinion on the Police and Crime Commissioner for Suffolk financial statements

We have audited the financial statements of the Police and Crime Commissioner for Suffolk for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The financial statements comprise the Police and Crime Commissioner for Suffolk and Group Movement in Reserves Statement, the Police and Crime Commissioner for Suffolk and Group Comprehensive Income and Expenditure Statement, the Police and Crime Commissioner for Suffolk and Group Balance Sheet, the Police and Crime Commissioner for Suffolk and Group Cash Flow Statement and the related notes 1 to 40, and the Police and Crime Commissioner 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 2014/15.

This report is made solely to the Police and Crime Commissioner for 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 Police and Crime Commissioner for 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 2014/15, 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 Police and Crime Commissioner for Suffolk and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2014/15 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 Police and Crime Commissioner for Suffolk as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 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 2014/15.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2014/15 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 comply 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 Police and Crime Commissioner 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 Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Police and Crime Commissioner and the auditor

The Police and Crime Commissioner 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 Police and Crime Commissioner 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 in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner 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 Police and Crime Commissioner'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 2014, as to whether the Police and Crime Commissioner 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 Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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 Police and Crime Commissioner 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 2014, we are satisfied that, in all significant respects, *the Police and Crime Commissioner for Suffolk* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for 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 2015

Statement of Responsibilities for the Statement of Accounts

The Police and Crime Commissioner for Suffolk (PCC for Suffolk) Responsibilities

The PCC for Suffolk must:

- arrange for the proper administration of the PCC Suffolk's financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer (CFO PCC).
- manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.
- To ensure that there is an adequate Annual Governance Statement

I approve the following Statement of Accounts:

T Passmore
Police and Crime Commissioner for Suffolk **September 2015**

The Chief Financial Officer of the PCC for Suffolk Responsibilities

The CFO PCC is responsible for preparing the Statement of Accounts for the PCC 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 PCC 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 PCC 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 Chief Financial Officer of the PCC for Suffolk

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 PCC for Suffolk at 31 March 2015, and its income and expenditure for the year to that date.

C Bland CPFA **September 2015**

Chair of Audit Committee

These accounts were reviewed by the Audit Committee on behalf of the PCC on 25 September 2015.

D Rowe **September 2015**

Explanatory Foreword

This section highlights some of the more important issues that were reported in the accounts and comments on any issues that have had a major impact on the PCC's finances.

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 with a newly elected Police and Crime Commissioner (PCC) for Suffolk who was established as a corporation sole with responsibility for ensuring an efficient and effective force. At the same time the Chief Constable (CC) of Suffolk Constabulary was also established as a separate corporation sole, with responsibility for operational policing of Suffolk.

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 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 CC. The “Stage 2” transfer is designed to allow PCCs and CCs the freedom to agree local 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 The Chief Constable of Suffolk Constabulary.

Transfer “Stage 2” impacts upon corporate governance by the PCC and CC and a number of the governance mechanisms have been amended 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 to Suffolk Constabulary and together they form the PCC for Suffolk Group for accounting purposes.

The Revenue Budget and Capital Programme for 2014-2015 were approved by the PCC in February 2014. Tim Passmore was elected as the Suffolk Police and Crime Commissioner (PCC) and is responsible for managing the Revenue Budget and Capital Programme for 2014-2015. 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 and Annual Report setting out progress against strategic priorities in the Police and Crime Plan

The PCC is held to account by the Police and Crime Panel, which scrutinises the actions and decisions of the Commissioner. Formal public 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 2014-2015 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 2015.

The foreword provided an overview of the new accounting arrangements and outlines the financial performance during 2014-2015.

The Statement of Accounts for the PCC Group and the PCC for the 2014-2015 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, and explanation of the use of accounting terms is provided at the end of this document.

Impact on the Financial Statements of the PCC and CC

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 Scheme of Governance and Consent sets out the roles and responsibilities of the PCC and 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 Chief Constable 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 showing in the accounts of the PCC and Group.

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 CC's staff operates. The PCC has not set up a separate bank account for the CC, 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 CC to hold cash backed reserves.

Therefore, the CC fulfils his statutory responsibilities for delivering an efficient and effective police force within an annual budget, which is determined by the PCC. The CC 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 CC 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 CC is best shown in the CC's Accounts, with the main sources of funding (i.e. central government grants and Council Tax) and the vast 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 CC's Comprehensive Income and Expenditure Statement (CIES) in respect of operational policing officer and staff costs, and associated operational incomes, and transfer liabilities to the CC'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 CC's CIES, on the grounds that the CC 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 CC's Balance Sheet.

There were no new CIPFA code 2014-15 requirements that materially affected the Statement of Accounts.

Explanation of financial statements

The 2014-15 statement of accounts for the Police and Crime Commissioner for Suffolk and the PCC Group are set out on the following pages. The purpose of individual primary statements is explained below:

- **The Movement in Reserves Statement (MIRS)** shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or (Deficit) on the Provision of

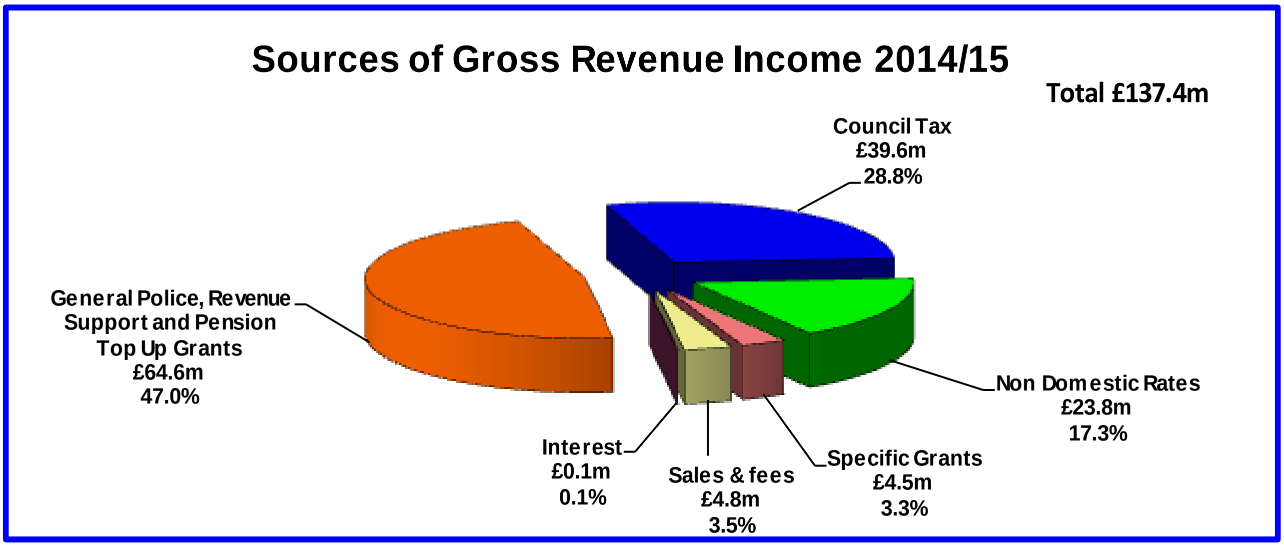
Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These differ from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

- **The Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. Adjustments made between the accounting and funding bases are shown in the Movement in Reserves Statement.
- **The Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- **The Cash Flow Statement** shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

Please note that occasionally £1k differences occur between the primary statements and the notes to the accounts, this is due to unavoidable rounding discrepancies. The notes to the accounts are headed "Group" and "PCC" as appropriate. If only one table is included within a note, this relates to both the Group and the PCC.

Sources of Funding

The majority of police funding comes from the Government in the form of general and specific grants together with a share of business rate income from the national pool. The remainder comes from Council tax and fees and charges. The financing burden on local Council taxpayers, as a percentage over funding, has steadily increased as Government grants are reduced; however council tax was frozen in 2014-2015. The chart below shows the sources of revenue funding in 2014-2015:



Revenue Budget

The budget requirement for Suffolk Police expressed in terms of cost per head of population is one of the lowest within all 43 police forces in England and Wales. In January 2014, the PCC approved a net revenue budget for 2014-2015 of £113.098m. The council tax for a Band D property for 2014-2015 was £166.77 (unchanged from 2013-2014) following a decision by the PCC to take the council tax freeze grant.

Savings plans

The Comprehensive Spending Review (CSR) Settlement in 2010 included the announcement of a 20% reduction in real terms, to be phased in by 2014-2015. The ambitious savings plan continued into 2014-2015, where savings of £2.323m were identified, and actual savings achieved were £2.139m. The shortfall of £0.184m was primarily due to some savings being rescheduled for 2015-2016. The impact of the Home Office Settlement for 2014-2015 is a 5.1% cash reduction and a resulting savings requirement of £5.369m. The PCC and CC are jointly committed to providing the best possible policing service across Suffolk whilst at the same time reducing costs.

Capital Budget

The Capital programme for 2014-2015 was initially set at £3.503m. Delays in 2013-2014 schemes resulted in a carry-forward of £3.223m, and additional capital grants approved during the year increased the total programme to £6.915m. Actual expenditure against this total was £5.108m. The variance was due to the re-phasing of several local, regional and national schemes, the major ones being mobile data, project Athena (to include new crime, intelligence, case and custody systems), estates downsizing and electronic access control rationalisation.

The capital programme was financed by government grants and contributions (£1.9m), revenue contributions (£0.6m – including de-minimis and un-capitalised expenditure of £0.6m), the Change Reserve (£0.7m) and capital receipts (£1.9m).

Revenue Expenditure Compared to Budget.

For Budgeting purposes the Revenue Budget is compiled and controlled as set out in the following table:

	Budget £000	Final outturn £000	Variance £000
Constabulary	111,791	111,539	252
Office of the PCC	1,729	1,458	271
Capital Financing	396	697	(301)
Net total contributions to / (from) earmarked reserves	(766)	(544)	(222)
Total Net Expenditure	113,150	113,150	-
Grants and non-domestic rates income	74,185	74,185	-
Precept income (before collection fund balance adjustment)	38,965	38,965	-
Transfer from/(to) general reserves	**(0)**	**(0)**	**-**

The main variances within the constabulary budget were as follows:

- Surplus in Income of £961k, primarily due to additional Mutual Aid income in relation to NATO and seconded officers and income in relation to Safecam.
- Under-spend of £0.148m due to the reduction of officer numbers throughout the year necessary to meet the reduced budget for 2015-2016.
- Over-spends in Police Overtime of £0.488m, due to additional expenditure being incurred in relation to Mutual Aid, Operation Cannington, together with operations undertaken within Serious Crime.

- Under-spend of £0.127m in Police pensions relating to lower than budgeted employer contributions due to the reducing number of officers throughout the year.
- Under-spend in Staff Pay of £0.311m due to the number of vacancies held, primarily within Justice Services and Protective Services (Crime), which currently have savings reviews in progress.
- Over-spend of £0.216m within indirect staff costs, including costs of £0.307m relating to redundancy payments to be funded by the Change Reserve.
- Under-spend of £0.226m within premises costs in relation to lower expenditure on estates and facilities costs than budgeted, due to reduced expenditure following a review of shared costs with partners.
- Over-spend of £0.158m within transport costs, which relates to accident repair expenditure and increased insurance premiums as a result of the general hardening of the insurance market and insurers withdrawing from the police market, particularly in relation to motor insurance.
- Over-spend of £0.614m within Supplies and Services which relation to increased costs due to Force Medical Examiners as a result of increased usage, higher than budgeted costs on Clothing and Insurance, together with a bed debt provision.

The Total Net Expenditure in the above table is different to Net Cost of Police Services reported in the CIES (shown on page 14), which is prescribed by the Code of Practice. The difference is primarily made up of accounting adjustments required by the Code. The reconciliation between the two amounts is shown in the table below.

2013/14 £000		2014/15 £000
114,875	**Total Net Expenditure per Outturn Report**	113,150
(1,286)	Revenue funding of capital	(677)
(614)	Minimum Revenue Provision (MRP)	(638)
6,072	Depreciation, amortisation and impairments	9,794
57	Proceeds from the sale of fixed assets not taken to the Capital Receipts Reserve	84
30,656	IAS 19 pension service costs (accounting basis)	32,091
(16,660)	Pension contributions (funding basis)	(16,934)
(97)	Movement on employee benefits accrual	(103)
199	Transfers to earmarked reserves	1,287
147	Interest received	141
(3,103)	Interest payable	(3,052)
130,246	**Net Cost of Police Services**	**135,143**

Long Term Liabilities

Pension Liabilities

The PCC operates two separate pension schemes for Police Officers and one scheme for Police staff. Although benefits from these schemes will not be payable until an officer or staff member retires, the PCC has a future commitment to make these payments and under International Accounting Standard 19 (IAS19), the PCC is required to account for this future commitment based on the full cost at the time of retirement. The future net pension liabilities of the PCC as calculated by an independent actuary are set out in the following table:

Year-end	***Total***	***Officers***	***Staff***
31 March 2015	£1,272m	£1,214m	£58m
31 March 2014	£1,058m	£1,018m	£40m

These liabilities result in the Balance Sheet showing net overall liabilities of £1,231m at 31 March 2015, however, the financial position of the PCC remains sound as these liabilities will be spread over many years.

PFI Liabilities

At the year end the Suffolk PCC share of the PFI liability associated with Police Investigation Centres amounted to £24.4m. The full cost of the annual unitary charge is included within the PCC's balanced budget. The Suffolk PCC share of an annual grant received from the Home Office supporting the annual unitary charge amounts to £2.7m per annum.

Financial Needs and Resources

As at 31 March 2015, the PCC has usable reserves of £16.1m which are available to support revenue and capital spending. These include earmarked reserves of £11.1m (against which there are significant commitments), and a general reserve of £5.0m. These reserves are not fully supported by cash balances, primarily due to capital expenditure in some prior years being financed from cash.

Treasury Management

Treasury Management includes borrowing, investment, interest rate exposures, cash balances, cash-flow forecasting and banking relationships. The PCC has agreed a Treasury Management Strategy which complies with CIPFA guidance**.** During 2014-2015, the PCC continued to invest available cash balances in accordance with cash-flow forecasts, ensuring that prescribed policies with regard to security and liquidity were observed. The average level of investments for 2014-2015 was £23.3m and the interest received against the budget of £0.100m was £0.141m. The overall return of 0.60% exceeded the benchmark of the Local Government 7 day rate average of 0.25% by 0.35%.

Looking Forward

The economic position for the public sector, including the police, remains a challenging one, with austerity measures forecast to continue to reduce government funding to the sector. The Comprehensive Spending Review (CSR) issued in December 2010 (covering the period 2011-12 to 2014-15) levied significant grant reductions on the police (20% in real terms), which was then further compounded in June 2013, by the Spending Review 2013 (SR2013). This review established the broad parameters for 2015-2016 and was then clarified in the settlement from the Home Office as part of the 2015-2016 budget. As a result, there was a reduction of 5.1% in Police grant funding in 2015-2016.

Given the above information and other financial assumptions, for example on inflation and precept setting, the Medium Term Financial Plan (MTFP) covering the five financial years 2015-2016 to 2019-2020 was approved by the PCC. It shows a gross recurring deficit of £20.5m by 2019-2020, which reduces to £10.4m following inclusion of the approved savings plans of £10.1m over the MTFP period.

The Constabulary continues to work with the PCC to develop sustainable plans and models of operational policing that will contribute to bridge the remaining budget gap. This has resulted in the consideration and development of plans which will generate further recurring savings of £5.0m over the MTFP period, thus reducing the remaining savings to be achieved from £10.4m to £5.4m.

Opportunities to deliver additional savings through continued 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, will continue.

Following the recent General Election, the majority Conservative Government has indicated that it will look to accelerate the austerity measures in the early years of this parliament, in order to run a budget surplus by 2018-2019. This will result in further reductions in government grant funding to the police over and above what has already been planned for. During this period it is also likely that there will be a review of the approach taken to future freeze grants, referendum limits, and the national police funding formula.

The MTFP approved in February 2015 will be updated periodically to reflect the financial implications arising from, for example, the emergency budget on 8 July 2015 and the Spending Review in autumn 2015, and will form the basis for discussion on the steps necessary to maintain financial stability.

Chris Bland CPFA
CFO PCC

Movement in Reserves Statement for the PCC for Suffolk Group

Year Ended 31 March 2014	Note	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		**8,203**	**9,533**	**-**	**51**	**17,788**	**(909,324)**	**(891,536)**
Surplus or (deficit) on provision of services (accounting basis)		(46,113)	-	-	-	**(46,113)**	**-**	**(46,113)**
Other comprehensive income and expenditure	**19**	-	-	-	-		**(69,510)**	**(69,510)**
Total comprehensive income and expenditure		**(46,113)**	**-**	**-**	**-**	**(46,113)**	**(69,510)**	**(115,623)**
Amortisation of intangible assets	**15**	356	-	-	-	**356**	**(356)**	-
Depreciation on property, plant and equipment	**15**	4,453	-	-	-	**4,453**	**(4,453)**	-
Revaluation losses on property, plant and equipment	**15**	1,263				**1,263**	**(1,263)**	-
Capital grants and contributions credited to the CIES	**10**	(1,427)	-	-	-	**(1,427)**	**1,427**	-
Application of capital grants from unapplied account		-	-	-	-	**-**	**-**	-
Net gain or loss on the sale of non-current assets	**16**	(666)	-	1,370	-	**703**	**(703)**	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	**16**	-	-	632	-	**632**	**(632)**	-
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	**18**	56,513	-	-	-	**56,513**	**(56,513)**	-
Movement on the collection fund adjustment account	**13**	(327)	-	-	-	**(327)**	**327**	-
Capital expenditure charged to the General Fund Balance	**16**	(1,286)	-	-	-	**(1,286)**	**1,286**	-
Statutory provision for the repayment of debt		(614)	-	-	-	**(614)**	**614**	-
Contribution to the Police Pension Fund	**10 & 19**	(12,290)	-	-	-	**(12,290)**	**12,290**	-
Movement on the Compensated Absences Account	**25**	(97)	-	-	-	**(97)**	**97**	-
Use of capital receipts to fund asset purchases	**16**	-	-	(2,001)	-	**(2,001)**	**2,001**	-
Adjustments between accounting basis and funding basis under regulations		**45,876**	**-**	**-**	**-**	**45,876**	**(45,876)**	**-**
Net increase / decrease before transfers to Earmarked Reserves		**(236)**	**-**	**-**	**-**	**(236)**	**(115,386)**	**(115,623)**
Transfers to / from earmarked reserves		(2,967)	2,967	-	-	-	-	-
Increase / decrease in year		**(3,203)**	**2,967**	**-**	**-**	**(236)**	**(115,386)**	**(115,623)**
Balance at 31 March 2014		**5,000**	**12,500**	**-**	**51**	**17,550**	**(1,024,710)**	**(1,007,159)**

Movement in Reserves Statement for the PCC for Suffolk Group

Year Ended 31 March 2015	Note	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 2014		**5,000**	**12,500**	**-**	**51**	**17,550**	**(1,024,710)**	**(1,007,159)**
Surplus or (deficit) on provision of services (accounting basis)		(56,163)	-	-	-	**(56,163)**	**-**	**(56,163)**
Other comprehensive income and expenditure	**19**	-	-	-	-	**-**	**(167,880)**	**(167,880)**
Total comprehensive income and expenditure		**(56,163)**	**-**	**-**	**-**	**(56,163)**	**(167,880)**	**(224,043)**
Amortisation of intangible assets	**15**	452	-	-	-	**452**	**(452)**	**-**
Depreciation on property, plant and equipment	**15**	4,176	-	-	-	**4,176**	**(4,176)**	**-**
Revaluation losses on property, plant and equipment	**15**	5,167				**5,167**	**(5,167)**	**-**
Capital grants and contributions credited to the CIES	**10**	(1,878)	-	-	11	**(1,868)**	**1,868**	**-**
Application of capital grants from unapplied account		-	-	-	(38)	**(38)**	**38**	**-**
Net gain or loss on the sale of non-current assets	**16**	2,581	-	1,919	-	**4,501**	**(4,501)**	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	**16**	-	-	-	-	**-**	**-**	**-**
Difference between IAS 19 pension costs and those								**-**
calculated in accordance with statutory requirements	**18**	60,637	-	-	-	**60,637**	**(60,637)**	**-**
Movement on the collection fund adjustment account	**13**	(649)	-	-	-	**(649)**	**649**	**-**
Capital expenditure charged to the General Fund Balance	**16**	(677)	-	-	-	**(677)**	**677**	**-**
Statutory provision for the repayment of debt		(638)	-	-	-	**(638)**	**638**	**-**
Contribution to the Police Pension Fund	**10 & 19**	(14,192)	-	-	-	**(14,192)**	**14,192**	**-**
Movement on the Compensated Absences Account	**25**	(103)	-	-	-	**(103)**	**103**	**-**
Use of capital receipts to fund asset purchases	**16**	-	-	(1,919)	-	**(1,919)**	**1,919**	**-**
Adjustments between accounting basis and funding basis under regulations		**54,876**	**-**	**-**	**(27)**	**54,848**	**(54,848)**	**-**
Net increase / decrease before transfers to Earmarked Reserves		**(1,287)**	**-**	**-**	**(27)**	**(1,315)**	**(222,728)**	**(224,043)**
Transfers to / from earmarked reserves		1,287	(1,287)	-	-	**-**	**-**	**-**
Increase / decrease in year		**(0)**	**(1,287)**	**-**	**(27)**	**(1,315)**	**(222,728)**	**(224,043)**
Balance at 31 March 2015		**5,000**	**11,212**	**-**	**24**	**16,236**	**(1,247,437)**	**(1,231,201)**

Movement in Reserves Statement for the PCC for Suffolk

Year Ended 31 March 2014	Note	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		**8,203**	**9,533**	**-**	**51**	**17,788**	**36,045**	**53,833**
Surplus or (deficit) on provision of services (accounting basis)		(2,290)	-	-	-	**(2,290)**	**-**	**(2,290)**
Other comprehensive income and expenditure	**19**	-	-	-	-		**(117)**	**(117)**
Total comprehensive income and expenditure		**(2,290)**	**-**	**-**	**-**	**(2,290)**	**(117)**	**(2,406)**
Amortisation of intangible assets	**15**	356	-	-	-	**356**	**(356)**	**-**
Depreciation on property, plant and equipment	**15**	4,453	-	-	-	**4,453**	**(4,453)**	**-**
Revaluation losses on property, plant and equipment	**15**	1,263	-	-	-	**1,263**	**(1,263)**	**-**
Capital grants and contributions credited to the CIES	**10**	(1,427)	-	-	-	**(1,427)**	**1,427**	**-**
Application of capital grants from unapplied account		-	-	-	-	**-**	**-**	**-**
Net gain or loss on the sale of non-current assets	**16**	(666)	-	1,370	-	**703**	**(703)**	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	**16**	-	-	632	-	**632**	**(632)**	**-**
Difference between IAS 19 pension costs and those		-	-	-	-	**-**	**-**	**-**
calculated in accordance with statutory requirements	**18**	304	-	-	-	**304**	**(304)**	**-**
Movement on the collection fund adjustment account	**13**	(327)	-	-	-	**(327)**	**327**	**-**
Capital expenditure charged to the General Fund Balance	**16**	(1,286)	-	-	-	**(1,286)**	**1,286**	**-**
Statutory provision for the repayment of debt		(614)	-	-	-	**(614)**	**614**	**-**
Contribution to the Police Pension Fund	**10 & 19**	-	-	-	-	**-**	**-**	**-**
Movement on the Compensated Absences Account	**25**	-	-	-	-	**-**	**-**	**-**
Use of capital receipts to fund asset purchases	**16**	-	-	(2,001)	-	**(2,001)**	**2,001**	**-**
Adjustments between accounting basis and funding basis under regulations		**2,054**	**-**	**-**	**-**	**2,054**	**(2,054)**	**-**
Net increase / decrease before transfers to Earmarked Reserves		**(236)**	**-**	**-**	**-**	**(236)**	**(2,171)**	**(2,406)**
Transfers to / from earmarked reserves		(2,967)	2,967	-	-	**-**	**-**	**-**
Increase / decrease in year		**(3,202)**	**2,967**	**-**	**-**	**(236)**	**(2,171)**	**(2,406)**
Balance at 31 March 2014		**5,000**	**12,500**	**-**	**51**	**17,550**	**33,875**	**51,426**

Movement in Reserves Statement for the PCC for Suffolk

Year Ended 31 March 2015	Note	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 2014		**5,000**	**12,500**	**-**	**51**	**17,550**	33,875	51,426
Surplus or (deficit) on provision of services (accounting basis)		(9,863)	-	-	-	**(9,863)**	-	**(9,863)**
Other comprehensive income and expenditure	**19**	-	-	-	-	-	**1,328**	**1,328**
Total comprehensive income and expenditure		**(9,863)**	**-**	**-**	**-**	**(9,863)**	**1,328**	**(8,535)**
Amortisation of intangible assets	**15**	452	-	-	-	**452**	**(452)**	-
Depreciation on property, plant and equipment	**15**	4,176	-	-	-	**4,176**	**(4,176)**	-
Revaluation losses on property, plant and equipment	**15**	5,167	-	-	-	**5,167**	**(5,167)**	-
Capital grants and contributions credited to the CIES	**10**	(1,878)	-	-	11	**(1,868)**	**1,868**	-
Application of capital grants from unapplied account		-	-	-	(38)	**(38)**	**38**	-
Net gain or loss on the sale of non-current assets	**16**	2,581	-	1,919	-	**4,501**	**(4,501)**	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	**16**	-	-	-	-	-	-	-
Difference between IAS 19 pension costs and those		-	-	-	-	-		-
calculated in accordance with statutory requirements	**18**	34	-	-	-	**34**	**(34)**	**0**
Movement on the collection fund adjustment account	**13**	(649)	-	-	-	**(649)**	**649**	-
Capital expenditure charged to the General Fund Balance	**16**	(677)	-	-	-	**(677)**	**677**	-
Statutory provision for the repayment of debt		(638)	-	-	-	**(638)**	**638**	-
Contribution to the Police Pension Fund	**10 & 19**	-	-	-	-	-	-	-
Movement on the Compensated Absences Account	**25**	8	-	-	-	**8**	**(8)**	-
Use of capital receipts to fund asset purchases	**16**	-	-	(1,919)	-	**(1,919)**	**1,919**	-
Adjustments between accounting basis and funding basis under regulations		**8,575**	**-**	**-**	**(27)**	**8,548**	**(8,548)**	**0**
Net increase / decrease before transfers to Earmarked Reserves		**(1,288)**	**-**	**-**	**(27)**	**(1,315)**	**(7,220)**	**(8,535)**
Transfers to / from earmarked reserves		1,287	(1,287)	-	-	-	-	-
Increase / decrease in year		**(0)**	**(1,287)**	**-**	**(27)**	**(1,315)**	**(7,220)**	**(8,535)**
Balance at 31 March 2015		**5,000**	**11,212**	**-**	**24**	**16,237**	**26,656**	**42,892**

Comprehensive Income and Expenditure Statement

for the PCC for Suffolk Group

for the year ended 31 March 2015

Gross Expenditure 2013/14 £000	Income 2013/14 £000	Net Expenditure 2013/14 £000		Note	Gross Expenditure 2014/15 £000	Income 2014/15 £000	Net Expenditure 2014/15 £000
			Division of Service:				
59,812	(2,097)	57,716	Local Policing		61,924	(2,080)	59,844
11,731	(111)	11,620	Dealing with the Public		11,883	(139)	11,744
14,545	(4,624)	9,920	Criminal Justice Arrangements		14,920	(4,878)	10,042
5,886	(358)	5,529	Road Policing		6,286	(569)	5,717
6,582	(627)	5,955	Specialist Operations		6,477	(848)	5,629
6,976	(623)	6,352	Intelligence		7,364	(631)	6,733
27,649	(1,093)	26,557	Investigations		30,315	(968)	29,347
3,864	(29)	3,835	Investigative Support		3,620	(99)	3,520
2,780	(1,382)	1,398	National Policing		2,988	(1,633)	1,355
109	-	109	Non-distributed costs		6	-	6
1,256	-	1,256	Corporate and democratic core		1,206	-	1,206
141,190	**(10,944)**	**130,246**	**Net Cost of Police Services**	**7**	**146,988**	**(11,845)**	**135,143**
			Other Operating Expenditure:				
-	**(723)**	**(723)**	Loss/(profit) on disposal of fixed assets		**2,498**	**-**	**2,498**
			Financing and Investment Income and Expenditure:				
3,103	-	3,103	Interest payable and similar charges	**35**	3,052	-	3,052
			Pensions interest cost and expected				
42,517	-	42,517	return on pensions assets	**19**	45,480	-	45,480
-	(147)	(147)	Interest and investment income	**35**	-	(141)	(141)
45,620	**(147)**	**45,473**			**48,532**	**(141)**	**48,391**
			Taxation and Non-specific Grant Income:				
-	(12,290)	(12,290)	Home Office contribution to police pensions	**10**	-	(14,192)	(14,192)
-	-	-	Revenue support grant	**10**	-	-	-
-	(51,601)	(51,601)	General grants	**10**	-	(50,413)	(50,413)
-	(1,427)	(1,427)	Capital grants and contributions	**10**	-	(1,878)	(1,878)
-	(24,935)	(24,935)	Non-domestic rate redistribution		-	(23,772)	(23,772)
-	(38,630)	(38,630)	Precepts	**13**		(39,614)	(39,614)
-	**(128,883)**	**(128,883)**			**-**	**(129,869)**	**(129,869)**
		46,113	**Deficit/(Surplus) on the Provision of Services**				**56,163**
			Other Comprehensive Income and Expenditure:				
		209	(Surplus) / deficit on the revaluation of assets				(1,362)
		69,301	Remeasurements of the net defined benefit liability (asset)				169,242
		69,510					**167,880**
		115,623	**Total Comprehensive Income and Expenditure**				**224,043**

Comprehensive Income and Expenditure Statement

for the PCC for Suffolk

for the year ended 31 March 2015

Gross Expenditure 2013/14 £000	Income 2013/14 £000	Net Expenditure 2013/14 £000		Note	Gross Expenditure 2014/15 £000	Income 2014/15 £000	Net Expenditure 2014/15 £000
			Division of Service:				
3,180	(785)	2,395	Local Policing		4,202	(774)	3,427
566	(9)	557	Dealing with the Public		1,522	(9)	1,513
588	(2,743)	(2,156)	Criminal Justice Arrangements		872	(2,744)	(1,873)
778	(2)	776	Road Policing		1,005	(2)	1,003
353	(3)	350	Specialist Operations		333	(3)	330
288	(4)	284	Intelligence		698	(4)	694
1,113	(16)	1,097	Investigations		1,987	(18)	1,969
340	(2)	338	Investigative Support		204	(2)	202
97	(1)	95	National Policing		136	(1)	135
-	-	-	Non-distributed costs		-	-	-
1,256	-	1,256	Corporate and democratic core		1,206	-	1,206
8,558	**(3,566)**	**4,992**	**Net Cost of Police Services before group funding**	**7**	**12,165**	**(3,558)**	**8,607**
123,922	-	123,922	Intra-group funding		125,690	-	125,690
132,480	**(3,566)**	**128,914**	**Net Cost of Policing Services**		**137,855**	**(3,558)**	**134,297**
			Other Operating Expenditure:				
-	**(723)**	**(723)**	Loss/(profit) on disposal of fixed assets		**2,498**	**-**	**2,498**
			Financing and Investment Income and Expenditure:				
3,103	-	3,103	Interest payable and similar charges	**35**	3,052	-	3,052
			Pensions interest cost and expected				
27	-	27	return on pensions assets	**19**	26	-	26
-	(147)	(147)	Interest and investment income	**35**	-	(141)	(141)
3,130	**(147)**	**2,983**			**3,078**	**(141)**	**2,937**
			Taxation and Non-specific Grant Income:				
-	(12,290)	(12,290)	Home Office contribution to police pensions	**10**	-	(14,192)	(14,192)
-	-	-	Revenue support grant	**10**	-	-	-
-	(51,601)	(51,601)	General grants	**10**	-	(50,413)	(50,413)
-	(1,427)	(1,427)	Capital grants and contributions	**10**	-	(1,878)	(1,878)
-	(24,935)	(24,935)	Non-domestic rate redistribution		-	(23,772)	(23,772)
-	(38,630)	(38,630)	Precepts	**13**	-	(39,614)	(39,614)
-	**(128,883)**	**(128,883)**			**-**	**(129,869)**	**(129,869)**
		2,291	**Deficit/(Surplus) on the Provision of Services**				**9,863**
			Other Comprehensive Income and Expenditure:				
		209	(Surplus) / deficit on the revaluation of assets				(1,362)
		(92)	Remeasurements of the net defined benefit liability (asset)	**19**			34
		117					**(1,328)**
		2,407	**Total Comprehensive Income and Expenditure**				**8,535**

Balance Sheet for the PCC for Suffolk Group

as at 31 March 2015

31 March 2014 £000		Notes	31 March 2015 £000
65,499	Property, plant and equipment	15	58,907
3,111	Intangible assets	15	2,149
68,610	**Non-Current Assets**		61,057
1,309	**Long Term Debtors**	22	1,309
69,918	**Total Long term Assets**		62,366
232	Inventories	21	261
6,449	Short term debtors and prepayments	22	7,902
16,937	Cash and cash equivalents	23	6,247
2,005	Short term investments	20	8,019
1,613	Assets held for sale	24	734
27,236	**Current Assets**		23,162
97,154	**TOTAL ASSETS**		**85,527**
11,088	Short-term creditors and accruals	25	8,506
11,088	**Current Liabilities**		8,506
1,057,739	Other long term liabilities	19	1,273,426
871	Provisions	27	912
9,342	Long term borrowing	35	9,077
24,625	PFI Liabilities	18	24,369
228	Finance leases	28	160
421	Grants receipts in advance	10	278
1,093,225	**Long Term Liabilities**		1,308,222
1,104,313	**TOTAL LIABILITIES**		**1,316,729**
(1,007,159)	**NET ASSETS / (LIABILITIES)**		**(1,231,201)**
17,551	Usable reserves	Page 10/11	16,237
(1,024,710)	Unusable reserves	31	(1,247,438)
(1,007,159)	**TOTAL RESERVES**		**(1,231,201)**

The unaudited accounts were issued on 30 June 2015 and the audited accounts, as amended following audit, were authorised for issue on 25 September 2015.

C Bland CPFA (CFO PCC) **September 2015**

Balance Sheet for the PCC for Suffolk

as at 31 March 2015

31 March 2014 £000		Notes	31 March 2015 £000
65,499	Property, plant and equipment	**15**	58,907
3,111	Intangible assets	**15**	2,149
68,610	**Non-Current Assets**		61,057
1,309	**Long Term Debtors**	**22**	1,309
69,918	**Total Long term Assets**		62,366
232	Inventories	**21**	261
6,449	Short term debtors and prepayments	**22**	7,902
16,937	Cash and cash equivalents	**23**	6,247
2,005	Short term investments	**20**	8,019
1,613	Assets held for sale	**24**	734
27,236	**Current Assets**		23,162
97,154	**TOTAL ASSETS**		**85,527**
9,371	Short-term creditors and accruals	**25**	6,899
9,371	**Current Liabilities**		6,899
871	Other long term liabilities	**19**	940
871	Provisions	**27**	912
9,342	Long term borrowing	**35**	9,077
24,625	PFI Liabilities	**18**	24,369
228	Finance leases	**28**	160
421	Grants receipts in advance	**10**	278
36,356	**Long Term Liabilities**		35,737
45,727	**TOTAL LIABILITIES**		**42,635**
51,427	**NET ASSETS / (LIABILITIES)**		**42,892**
17,551	Usable reserves	**Page 12/13**	16,237
33,875	Unusable reserves	**31**	26,655
51,427	**TOTAL RESERVES**		**42,892**

The unaudited accounts were issued on 30 June 2015 and the audited accounts, as amended following audit, were authorised for issue on 25 September 2015.

C Bland CPFA (CFO PCC) **September 2015**

Cash-flow Statement for the PCC for Suffolk Group

for the year ended 31 March 2015

2013/14 £000		Note	2014/15 £000
(46,113)	**Net Surplus/(deficit) on the provision of services**	**Page 14**	**(56,163)**
53,600	Adjustment for non cash or cash equivalent movements	**34**	53,749
	Adjustment for items included in net deficit on the provision		
-	of services that are investing or financing activities:		-
(1,427)	Capital grants and contributions		(1,878)
6,060	**Net cash flows from operating activities**		(4,292)
(1,418)	Investing activities	**33**	(5,825)
(545)	Financing activities	**33**	(583)
4,097	**Net increase or (decrease) in cash and cash equivalents**	**32**	**(10,701)**
12,839	Cash and cash equivalents at the beginning of the reporting period	**23**	16,937
16,937	**Cash and cash equivalents at the end of the reporting period**	**23**	**6,236**

Cash-flow Statement for the PCC for Suffolk

for the year ended 31 March 2015

2013/14 £000		Note	2014/15 £000
(2,291)	**Net Surplus/(deficit) on the provision of services**	**Page 15**	**(9,863)**
9,777	Adjustment for non cash or cash equivalent movements	**34**	7,450
	Adjustment for items included in net deficit on the provision		
-	of services that are investing or financing activities:		-
(1,427)	Capital grants and contributions		(1,878)
6,059	**Net cash flows from operating activities**		(4,291)
(1,418)	Investing activities	**33**	(5,825)
(545)	Financing activities	**33**	(583)
4,097	**Net increase or (decrease) in cash and cash equivalents**	**32**	**(10,700)**
12,839	Cash and cash equivalents at the beginning of the reporting period	**23**	16,937
16,936	**Cash and cash equivalents at the end of the reporting period**	**23**	**6,237**

Notes to the Financial Statements for the PCC for Suffolk and the PCC for Suffolk Group

1. Accounting Policies

(a) General principles

The Statement of Accounts summarises the Group's transactions for the 2014/15 financial year and its position at the year-end 31 March 2015. The Group 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 2014/15 (COP) and the 2014/15 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 a 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 in the financial period in which cash payments are paid or received.

(e) Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the PCC's cash management.

(f) Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals a de-minimis level of £100 is set for year-end accruals.

(g) Charges to the CIES (Comprehensive Income and Expenditure Statement) for Non-Current Assets

The CIES is debited, where appropriate, with the depreciation, amortisation and impairment of Non-Current Assets held during the year, but council tax is not raised to include these charges. Instead an annual provision known as the "Minimum Revenue Provision (MRP)" is made from the revenue budget to contribute to the cost of any unfunded capital expenditure, which is represented by the "Capital Financing Requirement". Guidance issued under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009, enables authorities to calculate an amount of MRP, which they consider to be prudent. For capital expenditure incurred from 2008/09, the PCC has approved calculating the MRP using the Option 3 method, which results in equal instalments of MRP being charged over the related assets' useful life.

Depreciation, amortisation and impairment losses are reversed from the General Fund and charged to the Capital Adjustment Account via the MIRS (Movement in Reserves Statement). MRP is charged to the General Fund along with any Revenue Funding of Capital and credited to the Capital Adjustment Account via the MIRS.

(h) 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.

(i) 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 Group 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 3.2%, 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 Group 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 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 Group, 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.

<u>Termination Benefits</u>

Termination benefits are amounts payable as a result of a decision by the Group 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 Group 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.

(j) 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.

(k) Financial instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the amount that discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets can be classified into two types:
(i) Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
(ii) Available for sale assets – assets that have a quoted market price and/or do not have a fixed or determinable payment

The PCC does not hold any financial assets available for sale.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the PCC has made, this means that the amount presented in the Balance Sheet is the outstanding principal and receivable (plus accrued interest). Interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the CIES.

(l) 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

(m) 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 Group 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 Group 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.

(n) Heritage Assets

Heritage assets owned by the Group are not material and are therefore not disclosed as a separate class on the Balance Sheet. Further information on Heritage Assets are disclosed in Note 39 to the Financial Statements.

(o) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. Research expenditure is not capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the PCC's services.

Finite intangible assets are measured at cost and are amortised on a straight line basis over their useful life and charged appropriately to the relevant service line in the CIES. As amortisation, impairments and disposal gains are not permitted to have an impact on the General Fund balance, such amounts are reversed in the MIRS and posted to the Capital Adjustment Account (CAA) or for sales proceeds, the Capital Receipts Reserve.

(p) Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. Supplies from inventories are charged to the relevant service line in the CIES using an average cost formula.

(q) Investment policy

The PCC has an investment and cash management policy for 2014/15, which was approved in February 2014. The main provisions are:

- to invest only in the money markets or in direct bank accounts and only to approved institutions, which are, the Bank of England, specific UK banks and their wholly owned UK subsidiaries, local authorities and building societies which achieve a P1 rating from Moody's.
- A minimum of £1m is held on an instant access basis to meet any unexpected needs.

(r) Jointly controlled operations and jointly controlled assets

Jointly controlled operations are activities undertaken by the PCC or 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 Group recognises on its Balance Sheet the assets it controls and the liabilities and expenses that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity or operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other parties, with the assets being used to obtain benefits for all parties. The arrangement does not involve the establishment of a separate entity. The Group accounts for its share of the jointly controlled assets, the liabilities, income and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the arrangement.

(s) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Group as Lessee</u>

Finance Leases
Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the PCC are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the PCC at the end of the lease period).

The PCC is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a rent-free period at the commencement of the lease).

<u>The Group as Lessor</u>

The Group currently is not party to any contract in which it acts as lessor.

(t) Overheads and support services

The costs of overheads and support services are charged to service lines that benefit from the supply or service in accordance with the costing principles of (SeRCOP). Costs are attributed to service lines either directly or using an appropriate cost driver with the exception of:

Corporate and Democratic Core – costs relating to the PCC's status as a multi-functional, democratic organisation.

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in (SeRCOP) and accounted for as separate headings in the CIES, as part of Net Expenditure on Continuing Services.

(u) 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 Group is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs – charged to the unitary payment when they are incurred in future years.

(v) Police pension fund account

The format of the Police Pension Fund Account is prescribed by the Home Office. The Account is not a Pension Fund within the context of IAS 19 or accounting conventions, but is simply a record of the transactions between the PCC and the Home Office. The Fund Statement is prepared on an accruals basis.

(w) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

<u>Recognition</u>

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. All expenditure on the acquisition, creation or enhancement and disposal of non-current assets is capitalised subject to a de-minimis threshold of £5,000, except for expenditure on computers, PC screens, printers, photocopiers, radios, firearms and furniture items costing over £500, which will always be capitalised.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Group does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for in the following way:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for in the following way:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset

The Code of Practice requires that where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, where the remaining asset life is significantly different for identifiable components, unless it can be proved that the impact on the Group's Statement of Accounts is not material. The Group has assessed the cumulative impact of component accounting. As a result the Group applies component accounting prospectively to assets that have a valuation in excess of £2m unless there is clear evidence that this would lead to a material misstatement in the Group's Financial Statements.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation or amortisation is charged in both the year of acquisition and disposal of an asset on a pro rata basis. Depreciation or amortisation is charged once an asset is in service and consuming economic benefit.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the PCC's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

(x) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Group settles the obligation.

The insurance claims provision is maintained to meet the liabilities for claims received but for which the timing and/or the amount of the liability is uncertain. The Group self-insures part of the third party, motor and employer's liability risks. External insurers provide cover for large individual claims and to cap the total claims which have to be met from the provision in any insurance year. Charges are made to revenue to cover the external premiums and the estimated liabilities which will not be met by external insurers. Liability claims may be received several years after the event and can take many years to settle.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the PCC a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the PCC.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(y) Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. 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 non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC – these reserves are explained in the following paragraphs:

Revaluation Reserve

This Reserve records the accumulated gains on fixed assets arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred, only because the asset has been revalued. The balance on this Reserve for Assets disposed is written out to the Capital Adjustment Account. The overall balance on this reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

Capital Adjustment Account

This Account accumulates (on the debit side) the write-down of the historical costs of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The balance on this Account represents timing differences between the amount of the historical cost of the fixed assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

(z) 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. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Financial Statements have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom for 2014/15 (COP), the COP is based on International Financial Reporting Standards (IFRSs).

In 2015-2016 adoption of the amendments to the following may be required to be reported;

- IFRS 13 Fair Value Measurement
- IFRIC 21 Levies
- Annual Improvements to IFRC's (2011 to 2013 Cycle). The issues included are:
    - IFRS 1 Meaning of effective IFRS's
    - IFRS 3 Scope exceptions for Joint Ventures
    - IFRS 13 Scope of paragraph 52 (portfolio exceptions)
    - IAS 40 Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. It is not expected that the adoption of these standards will have a material effect on the financial statements.

3. 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 2015/2016 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.

- The PCC has taken over the obligations arising from a PFI contract entered into by the former Police Authority. The 30 year PFI contract was for the provision of newly built Police Investigation Centres, title to the assets will be retained by the PCCs of both Norfolk and Suffolk on completion of the contract. Associated assets have been capitalised and treated “on Balance Sheet” as required by IFRS.

- 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.

- Costs of pension arrangements require estimates assessed by independent qualified actuaries 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, separate actuarial valuations have been carried out in 2014-15 and are reflected in the financial statements.

- Establishing the valuation of operational and residential properties. Depreciation is a calculation based on asset value and expected useful life of the assets. If the useful life of an asset is reduced then the depreciation charge to CIES will increase. The PCC monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year.

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

Pensions liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the PCC with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £49.2m.

Exit Packages

Provisions for exit packages are based on information available at the time of the production of the accounts, there may be occasions where employees are subsequently redeployed resulting in the provision being overstated.

5. Intra-group Funding Arrangement 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

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

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

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

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

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

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

	County Policing Command	Protective Services	Custody & Criminal Justice	Human Resources & Training	Finance & Resources	Other Services	Total Chief Constable	PCC's Office	Not reported to Management	Amount not included in CIES	Total Group
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Reported to Chief Officers in 2014/15											
Fees charges and other income	(243)	(1,054)	(1,448)	(39)	(433)	(1,468)	**(4,685)**	**(2)**	-	-	**(4,688)**
Government grants	-	(1,008)	-	-	-	-	**(1,008)**	**(3,556)**	-	-	**(4,563)**
Total Income	**(243)**	**(2,062)**	**(1,448)**	**(39)**	**(433)**	**(1,468)**	**(5,693)**	**(3,558)**	-	-	**(9,251)**
Employee expenses	52,815	21,123	9,444	3,389	4,589	6,498	**97,858**	**1,112**	31,988	(16,934)	**114,024**
Other service expenses	2,768	2,616	2,497	805	9,525	1,122	**19,334**	**1,266**	611	(636)	**20,576**
Depreciation and impairments	-	-	-	-	-	-	-	**9,794**		-	**9,794**
Total Operating Expenditure	**55,583**	**23,739**	**11,941**	**4,194**	**14,114**	**7,620**	**117,192**	**12,172**	**32,599**	**(17,569)**	**144,394**
Net Operating Expenditure	**55,340**	**21,677**	**10,493**	**4,155**	**13,681**	**6,153**	**111,499**	**8,614**	**32,599**	**(17,569)**	**135,143**
Reported to Chief Officers in 2013/14											
Fees charges and other income	(337)	(853)	(1,160)	(24)	(554)	(1,251)	**(4,179)**	**(83)**	-	-	**(4,262)**
Government grants	-	(898)	-	-	-	-	**(898)**	**(3,483)**	-	-	**(4,381)**
Total Income	**(337)**	**(1,751)**	**(1,160)**	**(24)**	**(554)**	**(1,251)**	**(5,077)**	**(3,566)**	-	-	**(8,643)**
Employee expenses	51,629	21,070	9,546	3,495	6,430	5,868	**98,038**	**1,082**	30,559	(16,660)	**113,019**
Other service expenses	2,139	2,314	2,021	631	10,196	1,212	**18,513**	**1,531**	447	(692)	**19,799**
Depreciation and impairments	-	-	-	-	-	-	-	**6,071**	-	-	**6,071**
Total Operating Expenditure	**53,768**	**23,384**	**11,567**	**4,126**	**16,626**	**7,080**	**116,551**	**8,684**	**31,006**	**(17,352)**	**138,889**
Net Operating Expenditure	**53,431**	**21,633**	**10,407**	**4,102**	**16,072**	**5,829**	**111,474**	**5,118**	**31,006**	**(17,352)**	**130,246**

The analysis of income and expenditure in the CIES is specified by Service Reporting Code of Practice. However, decisions about resource allocation were taken by Cabinet (chief officers and heads of department) on the basis of budget reports analysed across directorates and are prepared on a different basis. For example retirement benefits are shown in the budget reports based on employer contributions whereas in the CIES pension costs are based on current service costs of benefits accrued during the year. The income and expenditure of the principal directorates recorded in the budget reports are shown in the table above.

8. Significant Agency Arrangements

Contributions are made towards the cost of bodies which provide services at national level, some or all of which are used by the Suffolk Constabulary on an agency basis. The major services are as follows:

2013/14 £000		2014/15 £000
520	Police National Computer	685
520	**Total cost of significant agency contributions**	**685**

Secondments to the Home Office and other agencies such as the Regional Intelligence Cell and the Immigration Service, generated the following income.

2013/14 £000		2014/15 £000
786	Home Office and other agencies	988
786	**Total agency income**	**988**

9. Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a mechanism to set aside revenue funds for the redemption of debt. The Local Authorities (Capital Finance and Accounting) Regulations 2008 are issued under Section 21 of the Local Government Act 2003 and now allow authorities a variety of options in calculating their MRP. The options chosen were that MRP calculated using Option 2 be used for capital expenditure up to and including 31 March 2008, and Option 3 for all capital expenditure thereafter using the equal instalment method. Option 3 results in MRP charged in equal annual instalments over the assets remaining useful life. Accounting for PFIs and Finance Leases require that on balance sheet assets are also funded through MRP, the amount charged is equivalent to the capital element of the liability repaid during the year. The total amount charged to MRP in 2014/15 was £638k (2013/14 - £614k).

10. Government Grants

The Group credited the following grants and contributions to the CIES during the year:

	Amount receivable for 14/15 £000	Amount receivable for 13/14 £000
Credited to Taxation and Non Specific Grant Income		
General police grant	43,627	45,264
Council Tax support Grant	4,891	4,875
Council tax freeze grant	1,895	1,461
Home Office contribution to police pensions	14,192	12,290
Capital grants and contributions	1,878	1,427
	66,483	**65,318**
Credited to Services		
Police incentivisation	87	117
Counter terrorism	613	563
PFI grant	2,734	2,734
Other specific grants	1,044	967
	4,478	**4,381**

The PCC credited the following grants and contributions to the CIES during the year:

	Amount receivable for 14/15 £000	Amount receivable for 13/14 £000
Credited to Taxation and Non Specific Grant Income		
Revenue support grant	-	-
General police grant	43,627	45,264
Council Tax support Grant	4,891	4,875
Council tax freeze grant	1,895	1,461
Home Office contribution to police pensions	14,192	12,290
Capital grants and contributions	1,878	1,427
	66,483	**65,318**
Credited to Services		
Police incentivisation	-	-
Counter terrorism	-	-
PFI grant	2,734	2,734
Other specific grants	736	749
	3,470	**3,483**

The PCC has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if not met. The balances at the year-end are as follows:

	31 March 2015 £000	31 March 2014 £000
Capital Grants Receipts in Advance		
Mobile data grant	278	421
Fixed camera replacement	-	-
Other minor grants and contributions	-	-
	278	**421**

11. Employees' Remuneration

The numbers of employees and police officers whose remuneration exceeded £50k in 2014/15 were as follows:

	GROUP		OPCC	
	2014/15	2013/14	2014/15	2013/14
Remuneration				
£50,000 - £54,999	54	52	-	-
£55,000 - £59,999	38	37	-	-
£60,000 - £64,999	11	9	-	-
£65,000 - £69,999	6	9	1	1
£70,000 - £74,999	6	4	1	1
£75,000 - £79,999	2	4	1	1
£80,000 - £84,999	-	1	-	-
£85,000 - £89,999	5	2	-	-
£90,000 - £94,999	-	1	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	1	1	1	1
£105,000 - £109,999	1	-	-	-
£110,000 - £114,999	-	1	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	1	1	-	-
£140,000 - £144,999	-	1	-	-
£170,000 - £175,999	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.

	Salaries Fees and Allowances £000	Bonuses £000	Employers Pension Contributions £000	Benefits in Kind £000	Expenses £000	Total £000
2014/15						
Position held						
Chief Constable	143	-	33	5	28	209
Temporary Chief Constable (appointed - 24 Feb 2015)	11	-	3	-	-	14
Deputy Chief Constable (Retired - 26 Jul 2014)	47	-	-	1	-	48
Deputy Chief Constable (appointed - 19 Jul 2014 to 24 Feb 2015)	76	-	16	2	-	94
Assistant Chief Constable (Vacant)	-	-	-	-	-	-
Temporary Assistant Chief Constable	105	-	19	3	-	127
Assistant Chief Officer (Retired - 31 Jan 2015)	125	-	20	4	-	149
Assistant Chief Officer - Resources (appointed - 19 Jan 2015 to 31 Mar 2015)	19	-	-	-	-	19
Police and Crime Commissioner	70	-	15	-	-	85
Chief Executive (PCC)	104	-	23	-	-	127
Deputy Chief Executive (PCC)	78	-	17	-	-	95
CFO (PCC) - 0.8 FTE	65	-	14	-	-	79
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)	33	-	7	1	-	41
Assistant Chief Officer	112	-	22	2	-	136
Police and Crime Commissioner	70	-	15	-	-	85
Chief Executive (PCC)	104	-	22	-	-	126
Deputy Chief Executive (PCC)	78	-	16	-	-	94
CFO (PCC) - 0.8 FTE	65	-	13	-	-	78

In addition to the posts identified above, officers from Norfolk acted as Assistant Chief Constable in joint Norfolk/Suffolk posts; a contribution of £65.7k was paid to Norfolk Police in respect of one of these officers.

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.

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	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15 £000	2013/14 £000
£0 - £20,000	15	6	-	-	15	6	121	77
£20,001 - £40,000	3	1	-	-	3	1	88	33
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
	18	7	-	-	18	7	209	110

12. Related Parties Transactions

The PCC is required to disclose material transactions with bodies or individuals that have the potential to control or influence the PCC or to be controlled or influenced by the PCC. The total of transactions with related parties, where these are material and not disclosed elsewhere in the statement of accounts, are set out below:

During 2014/15 there were no material related party transactions involving, officers of the PCC or senior officers of the Constabulary, other than those included under employees' remuneration set out in Note 11 of these financial statements.

Central government has effective control over the general operations of the PCC, it is responsible for providing the statutory framework within which the PCC operates, provides the majority of its funding and prescribes the terms of many of the transactions that the PCC has with other parties. Income from central government is set out in Note 10 of these financial statements.

13. Council Tax

The Suffolk district and borough councils are required to collect the amount of council tax determined by the PCC for policing the county. In 2014/15 the precept, including the estimated 2013/14 collection fund surplus/(deficit) was paid to the PCC during the year and amounted to £38.9m distributed as shown below. The Code of Practice now requires that Council Tax income included in the CIES for the year, should be prepared on an accruals basis. The cash received from the billing authorities is therefore adjusted for the PCC's share of the outturn opening and closing balances on the Collection Fund. These adjustments are however then taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS to ensure that only the regulatory amount is credited to the General Fund. The figures credited to the CIES are broken down as follows:

2013/14 £000		Received from Billing Authority £000	Outturn surplus/(deficit) on Collection Fund at 31.3.14 £000	31.3.15 £000	Total 2014/15 £000
5,166	Babergh District Council	5,240	91	121	5,270
2,665	Forest Heath District Council	2,735	(36)	60	2,831
5,950	Ipswich Borough Council	5,977	208	245	6,014
5,707	Mid Suffolk District Council	5,860	177	86	5,769
5,723	St Edmundsbury Borough Council	5,728	(100)	145	5,972
7,737	Suffolk Coastal District Council	7,707	83	291	7,915
5,684	Waveney District Council	5,719	(5)	120	5,843
38,630		**38,965**	**419**	**1,067**	**39,614**

The Code of Practice also requires the PCC to account for its share of net council tax arrears and prepayments within the Balance Sheet. This is offset within the Balance Sheet by an associated balance that reflects the difference between the net attributable share of cash received by the billing authorities from council tax debtors/creditors and the amounts paid to the PCC. The amounts owed to/from billing authorities in respect of council tax at the year-end were as follows:

Balance at 31.3.14 £000		Collection Fund £000	Net Arrears £000	Prepayments £000	Balance at 31.3.15 £000
11	Babergh District Council	(121)	126	(25)	(21)
100	Forest Heath District Council	(60)	123	(53)	10
97	Ipswich Borough Council	(245)	297	(56)	(4)
(22)	Mid Suffolk District Council	(86)	159	(34)	40
132	St Edmundsbury Borough Council	(145)	107	(80)	(117)
(118)	Suffolk Coastal District Council	(291)	154	(168)	(304)
88	Waveney District Council	(120)	240	(152)	(31)
289		**(1,067)**	**1,206**	**(566)**	**(428)**

14. External Audit Fees

The Group fees payable in respect of external audit services were as follows:-

2013/14 £000		2014/15 £000
	External audit services under the code of Audit Practice in accordance with Section 5 of the Audit Commission Act:	
42	The PCC for Suffolk	44
20	The Chief Constable of Suffolk	24
62		68
-	Rebate for internal efficiencies	-
62		**68**

The PCC fees payable in respect of external audit services are identified separately in the above table.

The 2014-2015 audit fees include an amount of £5k, split between the PCC and CC, in respect of 2013-2014 which has not been provided for but had been an approved increase to the original scale fees.

No audit fees have been payable for non-audit work.

15. Non-Current Assets

Movements in 2014-15	Land and buildings £000	Vehicles plant and equipment £000	Assets under con-struction £000	Land awaiting development £000	Total £000
Property, Plant & Equipment					
Historic cost or revaluation					
Balance at 1.4.14	61,647	33,729	-	-	95,376
Reclassifications	-	-	758	-	758
Restatements	(794)	-	-	-	(794)
Additions	115	2,330	1,804	-	4,249
Derecognition - disposals	(4,063)	(9,902)	-	-	(13,965)
Derecognition - other	-	-	-	-	-
Net revaluation gains/losses recognised in the CIES	(4,956)	-	-	-	(4,956)
Net revaluation gains/losses recognised in the Revaluation reserve	(1,362)	-	-	-	(1,362)
Balance at 31.3.15	**50,588**	**26,157**	**2,562**	**-**	**79,307**
Depreciation and impairments					
Balance at 1.4.14	5,717	24,159	-	-	29,876
Reclassifications		-			-
Restatements	-	-	-	-	-
Restatements	(794)	-	-	-	(794)
Revaluations	(2,513)	-	-	-	(2,513)
Derecognition - disposals	(634)	(9,713)	-	-	(10,347)
Derecognition - other					
Depreciation for the year	1,727	2,449	-	-	4,176
Balance at 31.3.15	**3,503**	**16,895**	**-**	**-**	**20,398**
Net book value at 31.3.14	55,930	9,569	-	-	65,499
Net book value at 31.3.15	**47,084**	**9,262**	**2,562**	**-**	**58,908**

	Software Licences £000
Purchased intangible assets	
Historic cost or revaluation	
Balance at 1.4.14	4,478
Reclassifications	(758)
Restatements	-
Additions	248
Derecognition - disposals	(582)
Balance at 31.3.15	**3,386**
Amortisation	
Balance at 1.4.14	1,367
Amortisation for the year	452
Derecognition - disposals	(582)
Balance at 31.3.15	**1,237**
Net book value at 31.3.14	3,111
Net book value at 31.3.15	**2,149**

Movements in 2013-14	Land and buildings £000	Vehicles plant and equipment £000	Assets under con-struction £000	Land awaiting development £000	Total £000
Property, Plant & Equipment					
Historic cost or revaluation					
Balance at 1.4.13	61,788	31,779	516	-	94,083
Restatements	413	(40)	(588)	-	(215)
Additions	918	2,698	72	-	3,689
Derecognition - disposals	-	(708)	-	-	(708)
Derecognition - other	-	-	-	-	-
Net revaluation gains/losses recognised in the CIES	(1,263)	-	-	-	(1,263)
Net revaluation gains/losses recognised in the Revaluation reserve	(209)	-	-	-	(209)
Balance at 31.3.14	**61,647**	**33,729**		**-**	**95,376**
Depreciation and impairments					
Balance at 1.4.13	3,712	22,245	-	-	25,957
Restatements	14	-	-	-	14
Derecognition - disposals	-	(547)	-	-	(547)
Derecognition - other					
Depreciation for the year	1,991	2,461	-	-	4,453
Balance at 31.3.14	**5,717**	**24,159**	**-**	**-**	**29,876**
Net book value at 31.3.13	58,076	9,534	516	-	68,126
Net book value at 31.3.14	**55,930**	**9,569**	**-**	**-**	**65,499**

	Software Licences £000
Purchased intangible assets	
Historic cost or revaluation	
Balance at 1.4.13	3,122
Restatements	292
Additions	1,063
Derecognition - disposals	-
Balance at 31.3.14	**4,478**
Amortisation	
Balance at 1.4.13	1,011
Amortisation for the year	356
Derecognition - disposals	-
Balance at 31.3.14	**1,367**
Net book value at 31.3.13	2,112
Net book value at 31.3.14	**3,111**

On 1 October 2012 the Suffolk helicopter was integrated into the National Police Air Service. It has been accounted for as a disposal, however it is being paid for over a fifteen year period.

Assets under construction are assets that are not yet operationally complete, the balance relates to expenditure on major IT projects.

Included in land and buildings is land at Bury St Edmunds on which a Police Investigation Centre (PIC) has been built. Although the PCC has legal title to the land, it only owns 70% of the beneficial interest in the land, the remaining 30% is owned by Norfolk PCC, who are co-occupiers of the centre. Therefore only 70% of the current value of the land is included in the table above, amounting to £1.12m. The PCC also paid 50% of the cost of land purchased by Norfolk PCC at Great Yarmouth, the current value of this land in the balance sheet amounts to £330k net of impairment.

The depreciation and amortisation policy is set out on page 28. Assets have been depreciated on a straight-line basis over their economic useful lives.

16. Financing of Capital Expenditure

Capital financing is accounted for on an accruals basis. The sources of capital finance in 2014/15 are set out below.

2013/14 £000		2014/15 £000
37,780	Opening capital financing requirement	37,166
	Capital investment	
1,063	Intangible fixed assets	248
3,616	Operational assets	2,445
72	Non operational assets	1,804
	Sources of finance	
(2,038)	Capital receipts	(1,916)
(1,427)	Government grants and other contributions	(1,878)
(1,900)	Revenue provision including MRP	(1,316)
37,166	**Closing capital financing requirement**	**36,553**
	Explanation of movements in year	
(614)	Increase/(decrease) in underlying need to borrow	(613)
(614)	**Increase/(decrease) in capital financing requirement**	**(613)**

17. Fixed Asset Valuation

Land and Buildings

The freehold and leasehold properties of the PCC's property portfolio are individually valued as part of a rolling 5 year programme. The valuations, which are carried out by the PCC's professional advisors, Carter Jonas who are property consultants, are in accordance with their appraisal and valuation manual. Their valuer is a qualified member of the Royal Institute of Chartered Surveyors (RICS).

In order to calculate buildings depreciation the valuers have provided separate valuations for the land and building elements of each property valuation. The valuers also provide an estimate of the remaining economic useful life of the assets. They are also asked to carry out an impairment assessment of the remaining properties on which no formal valuation was carried out in the year.

Plant and machinery which are part of the building or property (for example, central heating systems) have been included in valuations. This is in accordance with appendices to Practice Statements of the RICS appraisal valuation manual. Moveable plant, machinery, fixtures and fittings, which do not form part of the building, have been excluded from the valuations of land and buildings.

Non specialised operational properties were valued on the basis of existing use value (EUV). Specialised operational properties should also be valued on an EUV basis, or where this could not be assessed because there was no market for the subject asset, they were valued according to the depreciated replacement cost.

Vehicles, Plant and Equipment and Software Licences
Vehicles, plant and equipment and software licences are valued at depreciated historic cost as a proxy for depreciated replacement cost. The breakdown of current value by valuation basis at the year-end is as follows:

	Other Land and buildings £000	Vehicles plant and equipment £000	Assets under con--struction £000	Land awaiting development £000	Total £000
Carried at historical cost	2,594	9,262	2,562	-	14,418
Valued at fair value at:					
3 October 2014	11,925				11,925
31 March 2014	810				810
1 October 2013	6,504				6,504
1 October 2012	3,662				3,662
31 March 2012	18,365	-	-	-	18,365
31 March 2011	2,716	-	-	-	2,716
1 April 2010	507	-	-	-	507
Balance at 31.3.15	**47,084**	**9,262**	**2,562**		**58,908**

18. Private Finance Initiative (PFI)

On 23 February 2010 Norfolk and Suffolk Police Authorities signed a 30 year PFI contract to construct and operate six Police Investigation Centres (PICs) within the two counties. Three of the PICs are shared, two between Norfolk and Suffolk and one between Norfolk and Cambridgeshire. In addition Norfolk operates a further two sites and Suffolk a further one. The land percentage splits on the Norfolk and Suffolk shared sites and the associated land values are disclosed in Note 15.

Norfolk and Suffolk PCCs are committed to making payments under the contract for the financial years 2010/11 to 2040/41. The actual payment split between the two counties will depend on site allocation and associated service delivery. The first PIC became operational on 28 February 2011 at Aylsham, Norfolk. The remaining PICs became operational in 2011/12.

Under the contract the PCC shares in the benefits and obligations arising from the contractual assets on a pre-determined percentage based on the number of cells assigned to each force. A summary of the sites, their initial contract capital values and the respective PCC interest in each site is shown in the table below:

Sites and opening dates	Norfolk Cells	Suffolk Cells	Capital Contract Value £000	Historic Cost in Suffolk 31.3.15 £000	Historic Cost in Suffolk 31.3.14 £000
Aylsham - 28.2.11	8	-	6,967	-	-
Wymondham - 4.4.11	30	-	11,398	-	-
Kings Lynn - 25.4.11	24	-	10,749	-	-
Ipswich - 6.6.11	-	30	12,012	12,012	12,012
Bury St Edmunds - 4.7.11	8	16	10,621	7,081	7,081
Gt Yarmouth - 7.11.11	15	15	12,680	6,340	6,340
	85	**61**	**64,427**	**25,433**	**25,433**

The PCC makes an agreed payment each year, which can be reduced if the contractor fails to meet availability and performance standards in any one year but which is otherwise fixed, however 31.5% of the charge is increased annually by inflation (RPIX). Suffolk's share of the estimated payments remaining to be made under the PFI contract at 31 March 2015 (excluding availability/performance deductions) are as follows:

	Revenue Services £000	Capital Payments £000	Interest £000	Contingent Rent £000	Total £000
Payable in 2015/16	1,055	278	2,096	358	3,787
Payable within two to five years	5,259	1,371	8,125	756	15,511
Payable within six to ten years	6,841	2,490	9,380	1,563	20,274
Payable within eleven to fifteen years	9,222	3,762	8,108	286	21,377
Payable within sixteen to twenty years	10,662	5,683	6,187	93	22,626
Payable within twenty one to twenty five years	9,710	8,586	3,284	2,459	24,038
Payable within twenty six to thirty years	3,804	2,200	174	(1,185)	4,993
	46,553	**24,369**	**37,353**	**4,330**	**112,606**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and the interest payable whilst the capital remains to be reimbursed.

The capital liability on the Suffolk PCC Balance Sheet at the year end up is made up as follows:

	2014/15 £000	2013/14 £000
Balance outstanding at the beginning of the year	24,625	24,860
Capital repayments during the year	(256)	(235)
Capital expenditure incurred in the year	-	-
Other movements	-	-
Balance outstanding at year end	**24,369**	**24,625**

The net book value of the assets capitalised as part of the PFI contract is made up as follows:

	2014/15 £000	2013/14 £000
Net book value at the beginning of the year	17,314	17,796
Original capital cost	-	-
Impairments during the year	-	-
Depreciation during the year	(482)	(482)
Net book value at the end of the year	**16,833**	**17,314**

19. Retirement Benefits

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 police 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 14.25%-15.05% 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 11.00% - 12.75% 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. This can be found on Page 79. 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 Group'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 Group 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:

Group:

	LGPS		Police Schemes	
	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	5,344	5,494	26,741	25,053
Past service Costs	6	-	-	65
(gain)/loss from settlement	-	44		
Financing and investment income and expenditure				
Net Interest Expense	1,729	1,337	43,751	41,180
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Service	**7,079**	**6,875**	**70,491**	**66,298**
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	(12,553)	(9)	7	-
- Actuarial gains/losses arising from changes in demographic assumptions	-	3,555	-	22,140
- Actuarial gains/losses arising from changes in financial assumptions	30,939	3,431	152,081	38,478
- Other	(1,009)	1,880	(223)	(174)
Total post employment benefit charged to the CIES	**24,456**	**15,732**	**222,356**	**126,742**
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	**(24,456)**	**(15,732)**	**(222,356)**	**(126,742)**
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	5,563	5,117		
Retirement benefits payable to pensioners			25,561	23,833
Net charge to the General Fund	**5,563**	**5,117**	**25,561**	**23,833**

PCC:

	LGPS 2014/15 £000	LGPS 2013/14 £000	Police Schemes 2014/15 £000	Police Schemes 2013/14 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	123	110	-	-
Past service Costs			-	-
(gain)/loss from settlement	-	1		
Financing and investment income and expenditure				
Net Interest Expense	26	27	-	-
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Service	**149**	**137**	**-**	**-**
Other post employment benefit charged to the CIES				
Return on plan assets (excluding the amount included in the net interest expense)	(173)	(0)	-	-
- Actuarial gains/losses arising from changes in demographic assumptions	-	71	-	-
- Actuarial gains/losses arising from changes in financial assumptions	488	68	-	-
- Other	(281)	(231)	-	-
Total post employment benefit charged to the CIES	**183**	**45**	**-**	**-**
Movement in Reserves Statement (MIRS):				
Reversal of net charges made to the CIES for post employment benefits in accordance with the Code	**(183)**	**(45)**	**-**	**-**
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	115	102		
Retirement benefits payable to pensioners			-	-
Net charge to the General Fund	**115**	**102**	**-**	**-**

Assets and liabilities in relation to retirement benefits

Group:

	Local Government Pension Scheme 2014/15	Local Government Pension Scheme 2013/14	Police Pension Schemes 2014/15	Police Pension Schemes 2013/14
Present value of liabilities	(197,634)	(157,616)	(1,214,431)	(1,017,636)
Fair value of plan assets	138,638	117,513	-	-
Total Net liabilities	**(58,996)**	**(40,103)**	**(1,214,431)**	**(1,017,636)**

PCC:

	Local Government Pension Scheme 2014/15 £000	Local Government Pension Scheme 2013/14 £000	Police Pension Schemes 2014/15	Police Pension Schemes 2013/14
Present value of liabilities	(3,079)	(3,218)	-	-
Fair value of plan assets	2,138	2,345	-	-
Total Net liabilities	**(941)**	**(873)**	**-**	**-**

Reconciliation of present value of the scheme liabilities

Group:

	Local Government Pension Scheme 2014/15 £000	Local Government Pension Scheme 2013/14 £000	Police Pension Schemes 2014/15 £000	Police Pension Schemes 2013/14 £000
Opening Balance at 1 April	157,616	138,595	1,017,636	914,727
Current service cost	5,344	5,494	26,741	25,053
Interest cost	6,841	6,318	43,751	41,180
Contributions by scheme participants	1,505	1,529	5,622	5,664
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	3,555	-	22,140
- Actuarial gains/losses arising from changes in financial assumptions	30,939	3,431	152,081	38,478
- Other	(1,009)	1,880	(223)	(174)
Past service costs	6	-	-	65
Losses/(gains) on curtailment	-	44	-	-
Liabilities assumed on entity combinations				
Benefits Paid	(3,608)	(3,230)	(31,175)	(29,497)
Liabilities extinguished on settlements				
Closing Balance at 31 March	**197,634**	**157,616**	**1,214,431**	**1,017,636**

PCC:

	Local Government Pension Scheme		Police Pension Schemes	
	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000
Opening Balance at 1 April	3,218	3,107	-	-
Current service cost	123	110	-	-
Interest cost	103	126	-	-
Contributions by scheme participants	30	31	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	71	-	-
- Actuarial gains/losses arising from changes in financial assumptions	488	68	-	-
- Other	(883)	(231)	-	-
Past service costs	-	-	-	-
Losses/(gains) on curtailment	-	1	-	-
Liabilities assumed on entity combinations				
Benefits Paid	-	(64)	-	-
Liabilities extinguished on settlements	-	-	-	-
Closing Balance at 31 March	**3,079**	**3,218**	**-**	**-**

Reconciliation of fair value of the scheme assets

Group:

	Funded Assets Local Government Pension Scheme		Unfunded Assets Police Pension Schemes	
	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000
Opening fair value of scheme assets	117,513	109,107	-	-
Interest Income	5,112	4,981	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	12,553	9	(7)	-
Other	-	-	-	-
The effect of changes in foreign exchange rates				
Contributions from employer	5,563	5,117	25,561	23,833
Contributions from employees into the scheme	1,505	1,529	5,622	5,664
Benefits paid	(3,608)	(3,230)	(31,175)	(29,497)
Other	-	-	-	-
Closing fair value of Scheme Assets	**138,638**	**117,513**	**-**	**-**

PCC:

	Funded Assets Local Government Pension Scheme		Unfunded Assets Police Pension Schemes	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Opening fair value of scheme assets	2,345	2,446	-	-
Interest Income	77	99	-	-
Remeasurement gain/(loss):				
- the return on plan assets, excluding the amount included in the net interest expense	173	0	-	-
Other	(602)	(269)	-	-
The effect of changes in foreign exchange rates				
Contributions from employer	115	102	-	-
Contributions from employees into the scheme	30	31	-	-
Benefits paid	-	(64)	-	-
Other	-	-	-	-
Closing fair value of Scheme Assets	**2,138**	**2,345**	**-**	**-**

Total of Assets and Liabilities of the schemes

Group:

	Local Government Pension Scheme		Police Pension Schemes	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Opening Balance at 1 April	(40,103)	(29,488)	(1,017,636)	(914,727)
Current service cost	(5,344)	(5,494)	(26,741)	(25,053)
Interest cost	(1,729)	(1,337)	(43,751)	(41,180)
Return on plan assets (excluding the amount included in the net interest expense)	12,553	9	(7)	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	(3,555)	-	(22,140)
- Actuarial gains/losses arising from changes in financial assumptions	(30,939)	(3,431)	(152,081)	(38,478)
- Other	1,009	(1,880)	223	174
Past service costs	(6)	(44)	-	(65)
Contributions from Employers	5,563	5,117	25,561	23,833
Effect of Settlements	-	-	-	-
Closing Balance at 31 March	**(58,996)**	**(40,103)**	**(1,214,431)**	**(1,017,636)**

PCC:

	Local Government Pension Scheme		Police Pension Schemes	
	2014/15	**2013/14**	**2014/15**	**2013/14**
	£000	**£000**	**£000**	**£000**
Opening Balance at 1 April	(873)	(661)	-	-
Current service cost	(123)	(110)	-	-
Interest cost	(26)	(27)	-	-
Return on plan assets (excluding the amount included in the net interest expense)	173	0	-	-
Remeasurement (gains) and Losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	-	(71)	-	-
- Actuarial gains/losses arising from changes in financial assumptions	(488)	(68)	-	-
- Other	281	(38)	-	-
Past service costs	-	(1)	-	-
Contributions from Employers	115	102	-	-
Effect of Settlements	-	-	-	-
Closing Balance at 31 March	**(941)**	**(873)**	**-**	**-**

The total net pension liabilities of £1,273m represent the long run commitments in respect of retirement benefits and results in the balance sheet showing net overall liabilities of £1,231.3m (page 16). However, the financial position of the PCC remains sound as the liabilities will be spread over many years as follows:

- the net liability on the local government scheme will be covered by contributions over the remaining working life of employees, as assessed by the scheme actuary.
-
- the net costs of police pensions which are the responsibility of the PCC will be covered by provision in the revenue budget and any costs above that level will be funded by the Home Office, under the change which came into effect from April 2006.

Actuarial losses on scheme assets represent the difference between the actual and expected return on assets, actuarial gains on scheme liabilities arise from more favourable financial assumptions.

The actual return on plan assets on the LGPS amounted to £5.1m in 2014/15. (2013/14 – £5.0m)

Estimated employer's contributions for 2015/16 amount to £6.8m on the LGPS.

The payments expected to be made from the Police schemes to members or their dependents including, normal and ill health retirement pensions and lump sums and death benefits, net of expected employee contributions for 2014/15 amount to £25.6m.

The County Council is required to have a funding strategy for elimination of deficits, under regulations effective from 1 April 2005. The strategy allows deficits to be cleared over periods up to 20 years.

The Police Pension Schemes have no assets to cover its liabilities. The Group'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 2015 £000	31 March 2014 Restated £000
Cash and Cash Equivalents	**1,625**	**800**
Equity Instruments - industry type:		
- Consumer	10,383	10,203
- Manufacturing	4,776	6,212
- Energy and utilities	2,328	4,619
- Financial Institutions	6,000	6,949
- Health and Care	4,341	4,393
- Information Technology	2,492	2,379
- Other	1,404	2,410
Sub total Equity	**31,723**	**37,165**
Bonds - by Sector		
- Corporate	20,093	16,121
- Government	2,954	2,327
- Other	6,045	4,675
Sub total Bonds	**29,091**	**23,123**
Property - by type		
- UK Property	13,321	11,804
Sub total Property	**13,321**	**11,804**
Private equity - all:	**4,222**	**4,056**
Other Investment funds:		
- Equities	38,681	24,998
- Hedge Funds	5,348	4,285
- Infrastructure	3,119	1,884
- Other	11,504	9,398
Sub total Other Investment Funds	**58,652**	**40,565**
Derivatives:	**3**	**0**
- Foreign Exchange		
Sub total Derivatives	**0**	**0**
Total Assets	**138,635**	**117,513**

The PCC'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 2015	**31 March 2014 Restated**
	£000	**£000**
Cash and Cash Equivalents	**25**	**16**
Equity Instruments - industry type:		
- Consumer	160	204
- Manufacturing	74	124
- Energy and utilities	36	92
- Financial Institutions	93	139
- Health and Care	67	88
- Information Technology	38	47
- Other	22	48
Sub total Equity	**489**	**742**
Bonds - by Sector		
- Corporate	310	322
- Government	46	46
- Other	93	93
Sub total Bonds	**449**	**461**
Property - by type		
- UK Property	205	236
Sub total Property	**205**	**236**
Private equity - all:	**65**	**81**
Other Investment funds:		
- Equities	597	499
- Hedge Funds	83	86
- Infrastructure	48	38
- Other	177	188
Sub total Other Investment Funds	**905**	**809**
Derivatives:		
- Foreign Exchange	0	0
Sub total Derivatives	**0**	**0**
Total Assets	**2,138**	**2,345**

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 2014/15	Local Government Pension Scheme 2013/14	Police Pension Schemes 2014/15	Police Pension Schemes 2013/14
Mortality assumptions:				
Longevity at 65 (LGPS) and 60 (PPS) for current pensioners				
Men	22.4	22.4	29.5	29.3
Women	24.4	24.4	31.7	31.5
Longevity at 65 (LGPS) and 60 (PPS) for future pensioners				
Men	24.3	24.3	31.1	30.9
Women	26.9	26.9	33.2	33.0
Rate of inflation (CPI - LGPS and RPI - PPS)	0.0%	1.6%	3.3%	3.7%
Rate of increases in salaries	4.3%	4.6%	3.4%	3.9%
Rate of increase in pensions	2.4%	2.8%	2.4%	2.9%
Rate for discounting scheme liabilities	3.2%	4.3%	3.2%	4.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed 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.

Group:

	Local Government Pension Scheme Approximate Increase to Employers Liability %	Local Government Pension Scheme Approximate Monetary Amount £000	Police Pension Schemes Approximate Increase to Employers Liability %	Police Pension Schemes Approximate Monetary Amount £000
Decrease in Real Discount Rate (0.5% LGPS) (0.1% PPS)	12.0%	24,599	2.0%	24,629
1 year increase in member life expectancy	3.0%	5,929	3.0%	36,436
0.5% increase in the Salary Increase Rate	5.0%	10,283	2.0%	23,754
0.5% increase in the Pension Increase Rate	7.0%	13,572	8.0%	102,913

PCC:

	Local Government Pension Scheme Approximate Increase to Employers Liability %	Local Government Pension Scheme Approximate Monetary Amount £000	Police Pension Schemes Approximate Increase to Employers Liability %	Police Pension Schemes Approximate Monetary Amount £000
Decrease in Real Discount Rate (0.5% LGPS) (0.1% PPS)	12.0%	381	-	-
1 year increase in member life expectancy	3.0%	92	-	-
0.5% increase in the Salary Increase Rate	5.0%	166	-	-
0.5% increase in the Pension Increase Rate	7.0%	202	-	-

Impact on the Group's cashflow

The objectives of the LGPS scheme, as set out in the funding strategy statement, are to keep employer's contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The minimum employer contributions payable over the next two years for the PCC for Suffolk are 23% and 23.2% respectively. The last triennial valuation was dated 31 March 2013.

20. Short-Term Investments

Surplus cash is invested for periods of up to one year in accordance with the approved treasury management policy. At 31 March 2015 temporary lending was comprised:

	31 March 2015 £000	31 March 2014 £000
Money market and temporary cash deposits		
Banks	-	4,005
Building societies	4,020	4,001
Local Authorities	6,000	-
Total temporary lending	**10,020**	**8,006**
Represented by:		
Cash and cash equivalents	2,001	6,001
Short term investments	8,019	2,005

21. Inventories

	Consumable Stores	
	2014/15	2013/14
	£000	£000
General Stock		
Balance at 1 April	195	179
Purchases	167	270
Recognised as an expense during the year	(173)	(255)
	189	195
Fuel Stock	58	20
Other sundry stocks	15	17
Balance at 31 March	**261**	**232**

22. Debtors and Prepayments

	2014/15	2013/14
	£000	£000
Short term debtors:		
Central government bodies (includes pension top up grant)	2,749	1,844
Other local authorities	1,822	1,667
NHS Bodies	-	2
Other entities and individuals	1,547	1,715
Prepayments	1,784	1,221
Balance at 31 March	**7,902**	**6,449**
Long term debtors:		
Other local authorities	**1,309**	**1,309**

Long term debtors of £1.31m (2013/14 - £1.31m) relate to an amount due from West Yorkshire Police in respect of the airframe transferred to NPAS.

23. Cash and Cash Equivalents

	2014/15 £000	2013/14 £000
Imprest accounts	50	50
Bank current accounts	1,150	179
Instant access deposits with banks	3,046	10,707
Deposit with a maturtity date less than 3 months from acquisition	2,001	6,001
Balance at 31 March	**6,247**	**16,937**

24. Assets Held for Sale

	Current		Non-current	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Balance at 1 April	1,613	2,219	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	-	409	-	-
Assets declassifed as held for sale:				
Property, plant and equipment	-	(473)		
Assets sold	(880)	(542)		
Balance at 31 March	**734**	**1,613**	**-**	**-**

25. Creditors

Group:

	2014/15 £000	2013/14 £000
Short term creditors:		
Central government bodies	1,943	2,460
Other local authorities	1,282	2,477
NHS Bodies	7	34
Public corporations and trading funds	5	2
Other entities and individuals	5,268	6,115
Balance at 31 March	**8,506**	**11,088**

PCC:

	2014/15 £000	2013/14 £000
Short term creditors:		
Central government bodies	1,943	2,460
Other local authorities	1,282	2,477
NHS Bodies	7	34
Public corporations and trading funds	5	2
Other entities and individuals	3,660	4,397
Balance at 31 March	**6,899**	**9,371**

26. Contingent Liabilities

Termination Payments

In response to reductions in Government funding, the PCC is reducing the size of its workforce, particularly in support functions. Some new departmental structures have been introduced, but others will be introduced over the next few years and will probably result in some redundancy situations. There remains some uncertainty about the number of employees that will be affected and consequently it is not possible to estimate the cost of termination payments that will become payable.

MMI Ltd

The insurance company Municipal Mutual Insurance Limited ceased trading in 1992 and ceased to write new or renew policies. Potentially claims can still be received as the company continues to settle outstanding liabilities. A scheme of arrangement is in place, however there is a possibility that this arrangement will not meet the full liability of all claims, leaving a potential exposure to its customers. No claims have been made to date against Suffolk Constabulary.

A19 Group Claim

A group claim has been received in relation to regulation A19 of the Police Pensions Regulations 1987. Under this regulation, the Suffolk Police Authority, on advice, had interpreted that they were permitted to retire officers in the interests of efficiency and where these officers had the requisite period of service to attain a defined pension entitlement. A significant number of the 43 geographic forces in England and Wales adopted this interpretation after seeking legal opinion.

A number of officers from different forces successfully pursued complaints to the Employment Tribunal claiming they had been discriminated against because of their age. These cases were appealed to the Employment Appeals Tribunal.

On 8 July 2015 the Employment Appeal Tribunal upheld the appeal by the forces, thus overturning the employment tribunal decision. The Police Superintendents’ Association is currently seeking permission for the case to be taken to the Court of Appeal.

In light of the uncertainty surrounding future appeals, the group claim against Suffolk has been stayed pending the outcome of the appeals. Accordingly, at this juncture, the outcome of the Suffolk claims is uncertain. It will become clearer once the appeals, and further appeals, if any, involving officers from other forces have concluded.

Bear Scotland Ltd v Fulton and Others 2015

The Employment Appeal Tribunal (EAT) in the case of Bear Scotland Ltd v Fulton and Others 2015 delivered a judgement on the extent to which overtime pay should be included in the calculation of holiday pay. This case stemmed from a conflict between UK law and European Law.

The EAT found that non-guaranteed overtime (i.e. overtime, which is not guaranteed by the employer, but which the worker is obliged to work, if it is offered), should be included in the calculation of holiday pay. Back-dated claims can only be made if less than three months since the last incorrect payment of holiday pay.

The case of British Gas v Lock, which followed the Bear Scotland judgement, is being appealed and as a result all issued cases have been stayed pending the decision which is not anticipated will be available before the end of 2015.

The legal advice is that the certainty, timing and amount of potential claims relating to this issue is uncertain due to the pending appeal of British Gas v Lock. Therefore no provision can be made at this time.

Taxation
A number of tax related issues within the Police / Local Government Sector are progressing and being considered by forces and HMRC that could result in liabilities or assets arising. None of these are probable at this time in terms of timing or amounts and are therefore not provided for in these accounts, but will be kept under review.

Contractual Dispute
A significant contractual claim against the PCC Group is progressing through a legal process. The claim is being robustly defended and, therefore, may or may not result in a liability.

27. Provisions

The balance on the insurance claims provision represents the Group's estimated liability in respect of third party, employer's liability and public liability risks, which are not covered by external insurance, where a payment is certain to be made, but the timing and amount of the payment are uncertain. The liabilities covered are the subject of claims made on the Group and settlement is likely to be spread over several years.

The balance in the provision is re-assessed each year to take account of the latest estimate of claims and costs. Any excess in the provision is transferred to the revenue account, and any deficit would be made good by a transfer from revenue. The reserve is provided to meet any other uncertain claims that may arise. There are no amounts in respect of the liabilities covered by the insurance claims provision that are expected to be subject to reimbursement from third parties.

A provision has been made for exit packages to which the PCC is demonstrably committed to at 31 March 2015.

	Balance 1 April 2014 £000	Provision in year £000	Paid in year £000	Balance 31 March 2015 £000
Insurance claims	786	423	(392)	817
Exit packages	85	96	(85)	96
Total	**872**	**519**	**(477)**	**912**

28. Leases

All significant leases have been assessed to identify the lease category.

Operating Leases:

The principal operating lease commitments relate to property leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2015 £000	31 March 2014 £000
Not later than one year	135	151
later than one year but not later than five years	229	244
later than five years	62	111
	426	**506**

The amount charged to the service lines in respect of operating leases amount to:

	2014/15 £000	2013/14 £000
Minimum lease payments	297	346
Contingent rents	20	17
	317	**363**

Finance Leases

During the 2013 the PCC replaced the majority of its printers, photocopiers and fax machines with multi-functional devices. These were assessed as finance leases for accounting purposes. The repayment in the year of the finance lease capital liability is reflected by a Minimum Revenue Provision Charge to the General Fund. The lease agreements do not include contingent rent and liabilities fall due as follows:

	Capital Liabilities £000	Finance Cost £000	Contingent Rent £001	Total £000
Payable in 2015/16	76	15	-	90
Payable within two to five years	84	6	-	90
Minimum Lease Payments	**160**	**21**	-	**181**

The carrying value of assets held under finance leases are as follows:

	2014/15 £000	2013/14 £000
Vehicles, plant, furniture and equipment	160	228
Other land and buildings	-	-
Net book value at the end of the year	**160**	**228**

29. Usable Reserves

Movements in the Group's and the PCC's usable reserves are detailed in the Movement in Reserves Statements on pages 10 - 13.

30. Earmarked Reserves

The movements in earmarked reserves in 2014/15 are analysed as follows:

	Note	Balance 1 April 2014 £000	Received £000	Applied £000	Reallocated £000	Balance 31 March 2015 £000
Revenue reserves:						
Ill health/injury benefits reserve	**(a)**	652	-	(377)	-	275
Budget reserve	**(b)**	7,178	-	(61)	-	7,116
Partnership reserve	**(c)**	209	-	(15)	-	194
PCC reserve	**(d)**	238	182	-	-	420
Capital Financing Reserve	**(e)**	2,130	-	(461)	-	1,669
Safety Camera Reserve	**(f)**	-	404	-	-	404
Change Reserve	**(g)**	2,094	-	(1,049)	-	1,044
PCC Crime & Disorder reserve	**(h)**	-	89	-	-	89
Total		**12,500**	**676**	**(1,963)**	**-**	**11,213**

(a) Ill Health/Injury Benefits Reserve
This reserve exists to meet unexpected liabilities arising from injury and ill-health retirements.

(b) Budget Reserve
This reserve is used to pump-prime those initiatives which will produce cost reductions over the next three or four years.

(c) Partnership Reserve
The balance on this reserve represents funds received from partners for specific initiatives. The funds will be used in the new year.

(d) PCC Reserve
The uncommitted reserve is made up of prior years' underspends against the approved annual budget.

(e) Capital Financing Reserve – earmarked for capital expenditure

Any balance on this reserve is committed to financing part of the capital programme.

(f) Safety Camera Reserve
This reserve is made up of prior years' underspends against the Safety Camera approved annual budget and a provision made in respect of the Prosecutions team.

(g) Change Reserve
This reserve was established to meet the one-off costs of change to the Constabulary necessary to deliver the permanent savings required as a result of government funding reductions.

(h) PCC Crime and Disorder Reserve
This reserve is made up underspends against the Commissioning budget which have been earmarked to fund future initiatives.

31. Unusable Reserves

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

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensating absences earned but not taken in the year, e.g. annual leave entitlement. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to and from the account.

The Revaluation Reserve shows the net accumulated unrealised gains on fixed assets arising from increases in value, as a result of inflation or other factors. The reserve is debited to reflect: the revaluation element of the depreciation charge, revaluation losses or impairments against previous revaluation gains and when assets with accumulated revaluation gains are disposed of. Any balance remaining in the reserve, relating to an asset that has been disposed of, is removed from the reserve by way of a transfer to the capital adjustment account.

The Capital adjustment account accumulates the resources that have been set aside to finance capital expenditure. The consumption of the historical cost by way of depreciation, impairment and disposal is removed from the account throughout the assets useful life. The balance on this account therefore represents timing differences between financing and consumption of fixed assets.

Movements in unusable reserves are summarised in the Movement in Reserves Statement and are shown in detail below. The first two tables provide the position for the Group; the second two tables provide the position for the PCC.

Group Position Year Ended 31 March 2015	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 2014	**(1,057,739)**	**4,701**	**28,319**	**419**	**1,309**	**(1,718)**	**(1,024,709)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	**-**
Other comprehensive income and expenditure	(169,242)	1,362	-	-	-	-	**(167,880)**
Total comprehensive income and expenditure	**(169,242)**	**1,362**	**-**	**-**	**-**	**-**	**(167,880)**
Amortisation of intangible assets	-	-	(452)	-	-	-	**(452)**
Depreciation on property, plant and equipment	-	(157)	(4,019)	-	-	-	**(4,176)**
Revaluation losses on property, plant and equipment	-	-	(5,167)	-	-	-	**(5,167)**
Capital grants and contributions credited to the CIES	-	-	1,868	-	-	-	**1,868**
Application of capital grants from unapplied account	-	-	38	-	-	-	**38**
Net gain or loss on the sale of non-current assets	-	(1,978)	(2,523)	-	-	-	**(4,501)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-	**-**
Difference between IAS 19 pension costs and those	-	-	-	-	-	-	
calculated in accordance with statutory requirements	(60,637)	-	-	-	-	-	**(60,637)**
Movement on the collection fund adjustment account	-	-	-	649	-	-	**649**
Capital expenditure charged to the General Fund Balance	-	-	677	-	-	-	**677**
Statutory provision for the repayment of debt	-	-	638	-	-	-	**638**
Contribution to the Police Pension Fund	14,192	-	-	-	-	-	**14,192**
Movement on the Compensated Absences Account	-	-	-	-	-	103	**103**
Use of capital receipts to fund asset purchases	-	-	1,919	-	-	-	**1,919**
Adjustments between accounting basis and funding basis under regulations	**(46,446)**	**(2,135)**	**(7,019)**	**649**	**-**	**103**	**(54,848)**
Net increase / decrease before transfers to Earmarked Reserves	**(215,687)**	**(773)**	**(7,019)**	**649**	**-**	**103**	**(222,728)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	**-**
Increase / decrease in year	**(215,687)**	**(773)**	**(7,019)**	**649**	**-**	**103**	**(222,728)**
Balance at 31 March 2015	**(1,273,426)**	**3,928**	**21,300**	**1,067**	**1,309**	**(1,615)**	**(1,247,439)**

Group Position 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	**(944,217)**	**5,049**	**29,627**	**91**	**1,940**	**(1,815)**	**(909,325)**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(69,301)	(209)	-	-	-	-	**(69,510)**
Total comprehensive income and expenditure	**(69,301)**	**(209)**	-	-	-	-	**(69,510)**
Amortisation of intangible assets	-	-	(356)	-	-	-	**(356)**
Depreciation on property, plant and equipment	-	(106)	(4,346)	-	-	-	**(4,453)**
Revaluation losses on property, plant and equipment	-	-	(1,263)	-	-	-	**(1,263)**
Capital grants and contributions credited to the CIES	-	-	1,427	-	-	-	**1,427**
Application of capital grants from unapplied account	-	-	-	-	-	-	-
Net gain or loss on the sale of non-current assets	-	(33)	(671)	-	-	-	**(703)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	(632)	-	**(632)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(56,513)	-	-	-	-	-	**(56,513)**
Movement on the collection fund adjustment account	-	-	-	327	-	-	**327**
Capital expenditure charged to the General Fund Balance	-	-	1,286	-	-	-	**1,286**
Statutory provision for the repayment of debt	-	-	614	-	-	-	**614**
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	-	-	2,001	-	-	-	**2,001**
Adjustments between accounting basis and funding basis under regulations	**(44,223)**	**(139)**	**(1,307)**	**327**	**(632)**	**97**	**(45,876)**
Net increase / decrease before transfers to Earmarked Reserves	**(113,524)**	**(348)**	**(1,307)**	**327**	**(632)**	**97**	**(115,386)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**(113,524)**	**(348)**	**(1,307)**	**327**	**(632)**	**97**	**(115,386)**
Balance at 31 March 2014	**(1,057,739)**	**4,701**	**28,319**	**419**	**1,309**	**(1,718)**	**(1,024,709)**

PCC Position Year Ended 31 March 2015	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 2014	**(872)**	**4,701**	**28,319**	**419**	**1,309**	**-**	**33,873**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	(34)	1,362	-	-	-	-	**1,328**
Total comprehensive income and expenditure	**(34)**	**1,362**	**-**	**-**	**-**	**-**	**1,328**
Amortisation of intangible assets	-	-	(452)	-	-	-	**(452)**
Depreciation on property, plant and equipment	-	(157)	(4,019)	-	-	-	**(4,176)**
Revaluation losses on property, plant and equipment	-	-	(5,167)	-	-	-	**(5,167)**
Capital grants and contributions credited to the CIES	-	-	1,868	-	-	-	**1,868**
Application of capital grants from unapplied account	-	-	38	-	-	-	**38**
Net gain or loss on the sale of non-current assets	-	(1,978)	(2,523)	-	-	-	**(4,501)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-	-
Difference between IAS 19 pension costs and those	-	-	-	-	-	-	
calculated in accordance with statutory requirements	(34)	-	-	-	-	-	**(34)**
Movement on the collection fund adjustment account	-	-	-	649	-	-	**649**
Capital expenditure charged to the General Fund Balance	-	-	677	-	-	-	**677**
Statutory provision for the repayment of debt	-	-	638	-	-	-	**638**
Contribution to the Police Pension Fund	-	-	-	-	-	-	-
Movement on the Compensated Absences Account	-	-	-	-	-	(8)	**(8)**
Use of capital receipts to fund asset purchases	-	-	1,919	-	-	-	**1,919**
Adjustments between accounting basis and funding basis under regulations	**(34)**	**(2,135)**	**(7,019)**	**649**	**-**	**(8)**	**(8,548)**
Net increase / decrease before transfers to Earmarked Reserves	**(68)**	**(773)**	**(7,019)**	**649**	**-**	**(8)**	**(7,220)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**(68)**	**(773)**	**(7,019)**	**649**	**-**	**(8)**	**(7,220)**
Balance at 31 March 2015	**(940)**	**3,928**	**21,300**	**1,067**	**1,309**	**(8)**	**26,656**

PCC Position 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	**(661)**	**5,049**	**29,627**	**91**	**1,940**	**-**	**36,045**
Surplus or (deficit) on provision of services (accounting basis)	-	-	-	-	-	-	-
Other comprehensive income and expenditure	92	(209)	0	0	0	0	**(117)**
Total comprehensive income and expenditure	**92**	**(209)**	**-**	**-**	**-**	**-**	**(117)**
Amortisation of intangible assets	-	-	(356)	-	-	-	**(356)**
Depreciation on property, plant and equipment	-	(106)	(4,346)	-	-	-	**(4,453)**
Revaluation losses on property, plant and equipment	-	-	(1,263)	-	-	-	**(1,263)**
Capital grants and contributions credited to the CIES	-	-	1,427	-	-	-	**1,427**
Application of capital grants from unapplied account	-	-	-	-	-	-	**-**
Net gain or loss on the sale of non-current assets	-	(33)	(671)	-	-	-	**(703)**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	(632)	-	**(632)**
Difference between IAS 19 pension costs and those calculated in accordance with statutory requirements	(304)	-	-	-	-	-	**(304)**
Movement on the collection fund adjustment account	-	-	-	327	-	-	**327**
Capital expenditure charged to the General Fund Balance	-	-	1,286	-	-	-	**1,286**
Statutory provision for the repayment of debt	-	-	614	-	-	-	**614**
Contribution to the Police Pension Fund	-	-	-	-	-	-	**-**
Movement on the Compensated Absences Account	-	-	-	-	-	-	**-**
Use of capital receipts to fund asset purchases	-	-	2,001	-	-	-	**2,001**
Adjustments between accounting basis and funding basis under regulations	**(304)**	**(139)**	**(1,307)**	**327**	**(632)**	**-**	**(2,054)**
Net increase / decrease before transfers to Earmarked Reserves	**(211)**	**(348)**	**(1,307)**	**327**	**(632)**	**-**	**(2,171)**
Transfers to / from earmarked reserves	-	-	-	-	-	-	-
Increase / decrease in year	**(211)**	**(348)**	**(1,307)**	**327**	**(632)**	**-**	**(2,171)**
Balance at 31 March 2014	**(872)**	**4,701**	**28,319**	**419**	**1,309**	**-**	**33,873**

32. Movements in Cash

1 April 2013 £000	31 March 2014 £000		1 April 2014 £000	31 March 2015 £000
12,839	16,937	Cash and cash equivalents	16,937	6,247
12,839	16,937	Cash inflows	16,937	6,247
	4,097	**Increase / (decrease) in cash and cash equivalents**		**(10,690)**

33. Cash Flow Statement –Investing and Financing Activities

2013/14 £000		2014/15 £000
	Cash Flow Statement - Investing Activities	
5,091	Purchase of non current assets	3,549
	Other payments for investing activities	
19,000	Purchase of short-term or long term investments	20,000
(1,427)	Proceeds from the sale of non currents assets	(2,000)
(20,000)	Proceeds from short-term or long-term investments	(14,000)
(1,246)	Other receipts from investing activities	(1,724)
1,418	**Cash outflow**	**5,825**
	Cash Flow Statement - Financing Activities	
-	Cash receipts of short and long-term borrowing	-
-	Other receipts from financing activiities	-
296	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	323
249	Repayments of short and long-term borrowing	260
545	**Cash outflow**	**583**

34. Reconciliation of Revenue Cash Flow

Group:

2013/14 £000	2013/14 £000		2014/15 £000	2014/15 £000
		Adjustment for non cash or cash equivalent items within deficit on provision of services:		
6,072		Depreciation and impairments		9,794
(723)		Profit and loss on disposal of fixed assets		2,498
44,223		Movements on pension liability		46,446
-		Other		-
49,571				58,738
	1,766	Increase/(decrease) in revenue creditors	(3,535)	
	2,000	decrease/(increase) in revenue debtors	(1,466)	
	14	decrease/(increase) in stocks	(29)	
	249	Increase/(decrease) in revenue provisions	42	
	-	Increase/(decrease) in grants received in advance	-	
4,029				(4,988)
53,600				**53,749**
		The cash flows for operating activities include:		
3,108		Interest paid and similar charges		3,057
(149)		Interest received		(139)

PCC:

2013/14 £000	2013/14 £000		2014/15 £000	2014/15 £000
		Adjustment for non cash or cash equivalent items within deficit on provision of services:		
6,072		Depreciation and impairments		9,794
(723)		Profit and loss on disposal of fixed assets		2,498
304		Movements on pension liability		34
-		Other		-
5,652				12,326
	1,863	Increase/(decrease) in revenue creditors	(3,424)	
	2,000	decrease/(increase) in revenue debtors	(1,466)	
	14	decrease/(increase) in stocks	(29)	
	249	Increase/(decrease) in revenue provisions	42	
	-	Increase/(decrease) in grants received in advance	-	
4,126				(4,877)
9,777				**7,449**
		The cash flows for operating activities include:		
3,108		Interest paid and similar charges		3,057
(149)		Interest received		(139)

35. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

	Current		Long Term	
	31.3.15	31.3.14	31.3.15	31.3.14
	£000	£000	£000	£000
Investments				
Loans and receivables	10,020	8,006	-	-
	10,020	**8,006**	**-**	**-**
Debtors				
Balances per Balance Sheet	7,902	6,449	1,309	1,309
Balances relating to Council Tax	(1,683)	(1,385)	-	-
Prepayments	(1,784)	(1,221)	-	-
Loans and receivables	**4,434**	**3,844**	**1,309**	**1,309**
Borrowings				
Financial borrowings at amortised cost	-	-	9,077	9,342
Financial liabilities at fair value	-	-	-	-
	-	**-**	**9,077**	**9,342**
Other long term liabilities				
PFI and finance lease liabilities	-	-	24,529	24,853
	-	**-**	**24,529**	**24,853**
Creditors				
Balances per Balance Sheet	8,506	11,088	278	421
Balances relating to Council Tax	(616)	(966)	-	0
Balances relating to Compensated Absences	(1,615)	(1,718)		
Financial liabilities at amortised cost	6,275	8,405	278	421
Financial liabilities carried at contract amount	-	-	-	-
	6,275	**8,405**	**278**	**421**

The gains and losses recognised in the CIES are show in the table below:

	2014/15			2013/14		
	Financial Liabilities at amortised cost £000	Loans and receivables £000	Total £000	Financial Liabilities at amortised cost £000	Loans and receivables £000	Total £000
Expense						
Interest expense	2,547	-	2,547	2,586	-	2,586
Fee expense	-	-	-	-	-	0
Contingent rent on PFI	504	-	504	517	-	517
Total in Surplus or Deficit on the Provision of Services	3,052	-	3,052	3,103	-	3,103
Income						
Interest income	-	(141)	(141)	-	(147)	(147)
Total in Surplus or Deficit on the Provision of Services	**3,052**	**(141)**	**2,911**	**3,103**	**(147)**	**2,956**

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

- For PWLB loans, the cash flows are discounted using the premature repayment rates applicable at the year end for equivalent loans.
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values of financial instruments that differ from the carrying amount are summarised below:

	31 March 2015		31 March 2014	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial liabilities				
PWLB loan	9,077	11,775	9,342	10,793
	9,077	**11,775**	**9,342**	**10,793**

The fair value of the liabilities in 2014/15 is higher than the carrying amount because the rate payable for the PWLB loan is higher than the prevailing rate at the balance sheet date.

The PCC's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rates and stock market movements.

The PCC's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the PCC in the annual "Investment and Borrowing Strategy". The PCC provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC's customers. Deposits are not made with banks, financial institutions and other local authorities unless they are rated P1 by Moody's. The PCC has a policy not to lend any more than £5m to any individual financial institution or authority, however increases in temporary lending limits are occasionally authorised for specific banks or institutions.

The PCC's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all the PCC's deposits, but there was no evidence at 31 March 2015 that this was likely to crystallise. Deposit protection arrangements will also limit any losses that might arise.

The following analysis summarises the PCC's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectible debts over the past five financial years, adjusted to reflect current market conditions.

	Amount at 31.3.15 £000	Historical experience of default %	Adjusted for market conditions %	Estimated exposure to default £000
Customers	326	0.1%	0.1%	-
	326			**-**

No credit limits were exceeded during the reporting period and the PCC does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Of the £326k outstanding from customers £326k is past its due date for payment at the year-end, this is because the credit terms are set at immediate payment. The past due amount can be analysed by age as follows:

	Amount Due 31.3.15 £000	Amount Due 31.3.14 £000
Less than three months	161	731
Three to six months	25	4
Six months to one year	1	116
More than one year	140	99
	326	**949**

Liquidity risk
Cash flow is monitored daily to ensure that sufficient cash is available as needed. If unexpected movements happen the PCC has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). There is no significant risk that it will be unable to raise finance to meet it commitments. The PCC has one loan with the PWLB that was taken out for £10m in 2010/11, it is being paid off in half year instalments. The loan is due to mature in 2035/36. All trade and other payables are due to be paid in less than one year.

Market risk – interest risk
The PCC has no significant exposure to market risk from investments. Investments are normally by way of term deposits placed at a fixed rate for a fixed period, therefore there is a risk that the market rate can change, which would lead to an impact on the fair value of the investment. However investments are mostly placed for periods not exceeding three months, therefore the exposure to market risk is regarded as negligible.

A loan with the PWLB was taken out during May 2010 for £10m, the PCC has mitigated its exposure to market risk in regards to interest expense by fixing the interest rate payable for the duration of the loan. The risk is therefore shifted to the risk on the movement of fair value that would arise when prevailing rates differ from the contract rate payable. However borrowings are not carried at fair value, so nominal gains or losses on fixed rate borrowings do not impact on the CIES.

A 1% increase in interest rates would only have a material effect on the fair value of borrowings. It would reduce the liability by £733k. A 1% decrease would have a reversed impact and would increase the fair value of the borrowings by £834k. The increase in income receivable would be minimal.

Market risk – price risk
The PCC does not invest in equity shares and therefore has no exposure to price risk.

Market risk – exchange risk
The PCC has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

36. Collaborative Arrangements

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 2015 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
2014/15				
Suffolk PCC	16,555	8,970	14,858	40,383
Norfolk PCC	21,502	11,651	19,299	52,452
Total shared running costs	**38,057**	**20,621**	**34,157**	**92,835**
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**

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 2015 West Yorkshire PCC owed Suffolk PCC £1.31m 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), Bedfordshire act as the lead PCC. During 2014 additional units have being included within ERSOU. 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 ten distinct units, nine of which Suffolk collaborate on; ERSOU, Prisoner Intelligence Unit (PIU), Operational Security and the Technical Support Unit (TSU) which cover 5 forces; The Northern Region Investigation Team (NRIT), which covers three forces, The Regional Asset Recovery Team (RART), Protected Persons Unit (PPU), Cybercrime and The Regional Intelligence Unit (RIU) which cover all six regional forces. The net expenditure incurred by each force is as follows:

	Total 2014/15 £000	Total 2013/14 £000
Operating costs	11,672	7,923
Specific Home Office grant	(2,892)	(2,208)
Other income	-	(30)
Net expenditure	8,780	5,685
Contributions from forces:		
Bedfordshire	(544)	(1,055)
Cambridgeshire	(1,337)	(964)
Essex	(274)	(254)
Hertfordshire	(3,735)	(1,506)
Norfolk	(1,426)	(1,100)
Suffolk	(1,162)	(841)
Deficit/ (Surplus) for the year	301	(35)
Deficit/ (Surplus) b/fwd	(301)	(3)
Opening adjustment	85	(263)
Applied to training accounts	-	-
Deficit/ (Surplus) c/fwd	86	(301)

37. Post balance Sheet Events

Post balance sheet events have been considered for the period from the year-end to the date the accounts were authorised for issue on 25 September 2015.

Milne v GAD – Adjusting

In May 2015, the Pensions Ombudsman (Ombudsman) published their Final Determination in the case of Milne v Government Actuaries Department (GAD). This case centred on whether GAD had a proactive responsibility to review the commutation factors used in the calculation of the lump sum payments made to pensioners when they opt to take an increased amount of their pension benefit in that form.

The Ombudsman found in favour of the plaintiff, which meant that for all Police Pension Scheme 1987 cases where pension entitlements were drawn between 1 December 2001 and 1 December 2006 recalculation of lump sum payments should take place based upon revised commutation factors to be issued by GAD. Payment of any additional amounts identified as due should be made with simple interest calculations as well.

We are currently working through the revised calculations and expect to make the majority of payments by April 2016. The Home Office has agreed that they will provide full reimbursement of the payments made. There has therefore been no impact on the financial statements for 2014/15.

No adjusting events have occurred that require restatement of the Statement of Accounts.

38. Trust Funds

The balance sheet excludes the trust funds below which have been audited, as at 28 February 2015, under separate arrangements. The balance on these funds at 28 February 2015 amounted to £20k analysed as follows:

	Income £000	Expend--iture £000	Assets £000	Liabilities £000	Reserves £000
Year ended 28 February 2015					
Police Property Act Fund	9	2	11		11
Drug squad equipment fund	3	16	9		9

Police Property Act Fund. The Police (Disposal of Property) Regulations 1975 and the Police (Property) Regulations 1997 apply to property either in possession of the police following an order under section 43 of the Powers of Criminal Courts Act 1973 or in other circumstances where the owner has not been established. The regulations require that the property is disposed of by sale, destruction, donation or retaining for police purposes. Usually the property is sold at public auction and the proceeds paid into the Police Property Act Fund. The fund is used to make donations to charities or bodies of a broadly charitable nature. Most of the fund's resources are administered through the Safer Suffolk Foundation enabling a consistent evaluation of applications and monitoring of usage.

Drug Squad Equipment Fund. The Misuse of Drugs Act 1971 and the Powers of Criminal Courts Act 1973, empowered police authorities to keep drugs money seized from raids, once a formal forfeiture order was issued by the court. This money has been paid into the drug squad equipment fund. New regulations, (the Proceeds of Crime Act) have resulted in a reduction of income to this fund.

The PCC is the sole trustee of these funds.

39. Heritage Assets

FRS 30 requires Authorities to disclose Heritage Assets as a separate class of asset. The only assets that the PCC holds that meet the description as a Heritage Asset are local policing memorabilia displayed at Police Headquarters, details of which are kept in a separate inventory. The PCC does not hold cost or valuation information for these items and the cost of obtaining the information outweighs the benefits to the users of these financial statements. The displays are not significant, either physically or in monetary value (less than £50k), therefore the assets have not been included in the PCC Balance Sheet.

40. Capital Commitments

Significant commitments under capital contracts as at 31 March 2015 are analysed as follows:

2013/14 £000		2014/15 £000
3	STORM - a new command and control system	
868	Athena - a new crime management and case preparation system	
686	ERP System	
-	Body Armour	176
-	Workflow and Case Management System	73
-	ICCS Upgrade	889
1,558	**Total committed**	**1,138**

Police Pension Fund Accounting Statements

Fund Account

2013/14 £000	2013/14 £000		2014/15 £000	2014/15 £000
		Contributions receivable		
		Employer		
	10,444	Normal	10,230	
	253	Early retirements	307	
	-	Other - 30+ payments	-	
10,697				10,537
		Members		
	5,664	Normal	5,810	
5,664				5,810
		Transfers in		
	344	Individual transfers in from other schemes	144	
	-	Other	-	
344				144
		Benefits payable		
	(23,674)	Pensions	(24,865)	
	(4,539)	Commutations and lump sum retirement benefits	(5,059)	
	(400)	Lump sum death benefits	(418)	
	-	Other	-	
(28,612)				(30,342)
		Payments to and on account of leavers		
	(2)	Refunds on contributions	(3)	
	(380)	Individual transfers out to other schemes	(337)	
	-	Other	-	
(382)				(341)
(12,290)		**Net amount receivable for the year before contribution from the Police General Fund**		**(14,192)**
12,290		**Contribution from the Police General Fund**		**14,192**
-		**Net balance receivable for the year**		-

Net Assets and Liabilities

	2013/14 £000	2014/15 £000
Net current assets		
Net balance receivable from the Police General Fund	-	-
	-	-

Glossary of terms

For the purposes of the statement of accounts the following definitions have been adopted:

Accruals basis

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actual return on plan assets

The difference between the fair value of plan assets at the end of the period and the fair value at the beginning of the period, adjusted for contributions and payments of benefits.

Actuarial gains and losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or

b) the actuarial assumptions have changed.

Capital expenditure

Expenditure on the acquisition of a fixed asset; or expenditure which adds to – rather than merely maintains – the value of an existing fixed asset.

Capital Receipt

Income derived from the sale or disposal of a fixed asset.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Contingent liability

A contingent liability is either:

(a) a possible obligation arising from past events; it may be confirmed only if particular events happen in the future that are not wholly within the local authority's control; or

(b) a present obligation arising from past events, where economic transactions are unlikely to be involved or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and democratic core

The corporate and democratic core comprises all activities that local authorities undertake specifically because they are elected authorities. The costs of these activities are thus over and above those that would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined contribution scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Emoluments

All sums paid to or receivable by an employee; sums due as expenses allowances (as far as these are subject to UK income tax); and the money value of any other benefits received other than in cash. An employee's pension contributions are deducted from emoluments.

Fixed assets

Tangible and intangible assets that yield benefits to the PCC and the services it provides for more than one year.

Glossary

An explanation of terms used

Government grants

Part of the cost of service is paid for by central government from its own tax income. Specific grants are paid by the Home Office to the PCC towards both revenue and capital expenditure.

Group

The term Group refers to the Police and Crime Commissioner (PCC) for Suffolk and the Chief Constable (CC) for Suffolk.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Intangible fixed assets

Intangible assets are non-financial fixed assets that do not have physical substance, but are identifiable and are controlled by the PCC through custody or legal rights.

Net book value

The amount at which fixed assets are included in the balance sheet, meaning their historical cost or current value less the cumulative amounts allowed for depreciation.

Net current replacement cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, meaning the cost of its replacement or of the nearest equivalent asset, after adjusting the price to reflect the current condition of the existing asset.

Net realisable value

The open-market value of the asset in its existing use (or open-market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributed Costs

Relates to the apportionment of certain pension costs including ‘past service costs’ ‘settlements’ and ‘curtailments’.

Non-operational assets

Fixed assets held by the PCC but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operational assets

Fixed assets held and occupied, used or consumed by the PCC in the direct delivery of services for which it has a statutory or discretionary responsibility.

PCC

Reference to PCC within these Financial Statements relate to the entity of the Police and Crime Commissioner for Suffolk unless otherwise stated.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Precept

The proportion of the budget raised from council tax.

Provision

Amount set aside to provide for a liability which is likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

PWLB

The Public Works Loan Board **(PWLB)** is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Related parties

Two or more parties are related parties when at any time during the financial period:

(a) one party has direct or indirect control of the other party; or
(b) the parties are subject to common control from the same source; or
(c) one party has influence over the financial and operational policies of the other party so that the other party might not always feel free to pursue its own separate interests; or
(d) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When it will not be used until later, it is appropriate to carry forward the amount that will be used when the need arises.

Useful life

The period over which the PCC will derive benefits from the use of a fixed asset.

Vested Rights

In relation to a defined benefit scheme, these are:

a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
b) for deferred pensioners, their preserved benefits;
c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.