



Creating a safer  
**Cambridgeshire**

# The Chief Constable of Cambridgeshire Constabulary

## **STATEMENT OF ACCOUNTS 2017/18**

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## **PREFACE**

### **Introduction to the 2017/18 Statement of Accounts by Alec Wood, Chief Constable of Cambridgeshire Constabulary**

Over the past year the Policing landscape has continued to remain extremely challenging. Overall demand for our services and the complexity of issues we face, has increased. New and growing threats such as cyber, modern day slavery, human trafficking as well as terrorism, continue to challenge and require us to prioritise our resources effectively to keep people safe and protect the vulnerable.

Nationally, crime is on the increase (+15% year ending December 2017). This national increase has been reflected within Cambridgeshire with a 14% increase in recorded crime (8,132 reports) over the last year. Analysis shows that around half of this increase is due to improved crime recording, with the force improving compliance rates from 87.2% in the year ending March 2017 to 94.2% to March 2018. More accurate crime recording underlines Cambridgeshire Constabulary's commitment to transparency, legitimacy and public accountability.

The key values of the constabulary of respect, openness, integrity and trust drive everything we do. This has been acknowledged by Her Majesty's Inspectorate of Constabulary (HMIC) within the Police Effectiveness, Efficiency and Legitimacy (PEEL) Programme, where we achieved grading of Good for both Efficiency and Legitimacy.

In response to rising crime trends and to address the force's grading of 'Requires Improvement' for the Effectiveness element of the PEEL programme, the constabulary has undergone significant change over the past year to ensure that we continue to deliver the best possible service to the public. A full review of the way in which we deliver Local Policing has been ongoing over this period, with our new policing model going live in April 2018.

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

The next few years will continue to be financially challenging as the impact of austerity continues and future challenges such as the impact of Brexit, remain unclear. Cambridgeshire Constabulary continues to have a strong track record of effective financial management and has delivered over £23 million of cash savings since 2010/11.

As one of the fastest growing counties, Cambridgeshire anticipates an expected population growth of a further 25 percent by 2031. Through a process of continually challenging the efficiency and effectiveness of all areas of the Constabulary, we continue to remain one of the lowest cost forces in the country at 43p per person per day, against the national average of 55p. This has been achieved through increased collaboration with our Strategic Partners in Bedfordshire and Hertfordshire, developing new collaborations with the 7 Forces in our region and working with local partnerships and the Fire Service.

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

Alec Wood MA  
Chief Constable

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

## **THE NARRATIVE REPORT**

### **Message from the Director of Finance – Niki Howard**

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

The Policing landscape remains extremely challenging with crimes such as cyber, modern day slavery and human trafficking becoming ever more complex and the increasing demand around vulnerability and terrorist incidents. This sits against a backdrop of eight years of financial austerity. Within this difficult environment, financial and resource management is more critical than ever. I am therefore pleased to report that the Force continues to challenge the efficiency and effectiveness of all areas of the Force with increasing collaboration with our Strategic Partners Bedfordshire Police (Beds) and Hertfordshire Constabulary (Herts) and new collaboration with the 7 Forces in our region as well as working with local partnerships and the Fire Service. This continued focus on working together to deliver increased effectiveness and efficiency ensures resources are directed to priority areas.

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

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

## **1. EXPLANATION OF THE CHIEF'S ACCOUNTS**

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Cambridgeshire Constabulary policing area. The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his functions and those of persons under his direction and control. This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services. The Net Revenue Budget for 2017/18 was £130.9m, of which £126.3 million was under the Chief Constable's direct control.

## 2. AN INTRODUCTION TO CAMBRIDGESHIRE CONSTABULARY

Cambridgeshire Constabulary covers 1,309 square miles. The county has a varied geography from sparsely populated rural communities to market towns and the cities of Ely, Peterborough and Cambridge. Cambridgeshire has a population of 0.83m, a rise of 13 percent compared with 10 years ago. Cambridgeshire continues to be one of the fastest growing counties with an expected population growth of a further 25 percent by 2031.

Nationally, crime is on the increase (+15% year ending December 2017); this is in part down to increasingly effective implementation of crime recording standards. However, there are some genuine increases in crime in categories which are thought to be well recorded by the police, e.g., vehicle related theft and burglary .

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

Police forces in England and Wales are facing unprecedented challenges as financial pressures place increasing demand on the modern police service to do more with less. The Constabulary delivers a good service to the public despite being one of the lowest cost forces, 43p per person per day, against a national average of 55p. The workforce has reduced by 17% since 2010 and the imperative to increase efficiency whilst maintaining resilience has led to further development of the pioneering collaboration with Bedfordshire and Hertfordshire. This continues to be successful both driving savings and increased capacity in the protective services arena. This has meant that Cambridgeshire has not had to cut the front line in local policing to the same extent as the national trend and work with local partners and the Fire Service is leading to increased capacity to meet the increasing demand at the local needs level. During 2017/18 a full review of the way we deliver Local Policing to the public has been undertaken and this will go live in April 2018. Its purpose is to realign the police with the public, increase front-line numbers and to deliver savings of up to £3.1m

The constabulary is developing rapidly and prides itself on working to the key values of respect, openness, integrity and trust. The Force is an innovator and is proud to be at the heart of introducing new technologies and developing evidence based policing tactics. We are working with the national digital programmes to assist in the development of national and innovative ICT that will have the interaction with the public at the heart of its development.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) annual assessment of Police Effectiveness, Efficiency and Legitimacy (PEEL) was published in November 2017. Cambridgeshire Constabulary was assessed as GOOD for Efficiency, GOOD for Legitimacy and required improvement for Effectiveness.

For Efficiency the HMICFRS said *"Cambridgeshire Constabulary is judged to be good in the efficiency with which it keeps people safe and reduces crime. Our overall judgment this year is an improvement from last year. The force is judged to be good in its understanding of demand; its use of*

*resources to manage demand is assessed to be good; and its planning for future demand is also judged to be good."*

For Legitimacy the HMICFRS said *"The force is judged to be good at treating the people it serves with fairness and respect. It is judged to be good at ensuring its workforce behaves ethically and lawfully and good at treating its workforce with fairness and respect."*

For Effectiveness the HMICFRS said *"Cambridgeshire Constabulary requires improvement in its approach to keeping people safe and reducing crime. Its performance has deteriorated in some important areas, which is reflected in its overall judgment for effectiveness. However, the force had identified these areas prior to the inspection and it is implementing a new operating model in 2018. The force believes this will address the shortfalls identified. The force was inspected following a period of exceptional demand in summer 2017, which has since returned to normal levels."*

### **3. FINANCIAL PERFORMANCE**

#### **a. Economic climate**

Since 2010 Cambridgeshire Constabulary has faced significant financial challenges due to reductions in funding from central government along with cost pressures and continual changes in the demand for policing. This process is ongoing and while 2018/19 has seen a respite from cuts, austerity is expected to last until at least 2020. The recognition in the Government's 2015 Spending Review of the importance to the country of the police service was a welcome acknowledgement of what we have known for some time, that the Police cannot continue to cut overall resources whilst addressing the threat, harm and risk levels that we currently face. The Chancellor's statement *"now is not the time for further police cuts, now is the time to back our police and give them the tools to do the job"* reflects the Government's desire to respond to the rapidly changing world of crime and the current threat level. We are only at the beginning of a journey to understand what impact Brexit may have on the finances but it is likely to put further pressure on government finances in general and therefore potential to further impact Police finances. The world of private sector contracting is starting to look different with the collapse of Carillion and we have seen our motor insurance providers given notice that they no longer wish to be part of the police market. All of this makes for uncertain times when it comes to tendering new contracts.

#### **b. Financial Management**

The financial standing of Cambridgeshire Constabulary is very robust with sound financial management practices. Whilst Cambridgeshire Constabulary obtained a Requires Improvement rating for efficiency this was around the need to better understand future demand. The HMICFRS said:

*"Cambridgeshire Constabulary is good at using its resources to manage current demand. It has recently invested additional resources in areas of increasing demand, such as the public protection directorate, to increase its capacity to investigate serious sexual offences and safeguard vulnerable children and adults.*

*The force uses and allocates its resources well and is developing a new policing model to improve its flexibility and how it matches resources to demand. It has good investment plans and is working well with other organisations to manage demand for services. The force has a good understanding of the operational skills and capabilities of its current workforce and it is identifying future requirements and the resources that will be needed. Leaders are being trained for the future. However, there is an inconsistent approach to performance development reviews. The force is part of a strategic alliance*

*with Bedfordshire Police and Hertfordshire Constabulary, which should increase the opportunities to improve diversity and to identify and nurture talent.*

*The force has good plans for implementing the changes necessary to deal with an uncertain financial future. It has a prudent approach to savings and good investment plans. The chief constable and the police and crime commissioner work closely with Bedfordshire Police, Hertfordshire Constabulary and with local organisations to help improve efficiency."*

**c. Outturn 2017/18**

This was the seventh consecutive year of cuts to police funding and 2017/18 saw a cut of 1.28% to core grant. Funding for legacy council tax freeze grants was maintained at the same cash level as in previous years. The base number of properties for the calculation of the precept rose by 1.44% and the increase in precept was set at 1.97% for all households. In preparing the annual revenue budget inflation was applied to pay budgets and where contracts required it, applied to non-pay budgets. A vacancy factor was included for pay budget to take account of recruitment lag and £1.0m savings were identified in order to balance the budget. The budget savings were split across supplies and services, staffing reductions, mostly as a result of collaboration, and selling of estate. The budget resulted in a reduction of 3 police officer posts, and maintenance of PCSOs and police staff posts.

The following table provides a high level comparison between the approved budget for 2017/18 and actual expenditure for Cambridgeshire Constabulary operational budgets i.e. those under the direction and control of the Chief Constable.

<b>Chief Constable's Revenue Budget to end March 2017/18</b>			
<b>£'000</b>	<b>2017/18 Budget</b>	<b>2017/18 Spend</b>	<b>Variance</b>
Total Local Policing Expenditure	66,299	65,033	-1,266
Total Organisational Support Expenditure	13,456	17,767	4,311
Net Cost of Police Pensions	11,487	11,290	-197
BCH Collaboration	33,218	32,633	-585
ERP set up costs	0	172	172
Other Collaborations and Partnerships	4,317	4,351	34
Seconded Officers	0	-13	-13
RCCO		181	181
Carry Forwards	-1,092	-1,089	3
Income	-1,435	-2,194	-760
Transfer to reserves		-494	-494
CTC Underspend - to reserves		402	402
<b>Policing Budget Delegated to Chief Constable</b>	<b>126,251</b>	<b>128,040</b>	<b>1,788</b>

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

The Medium Term Financial Plan was approved by the PCC in January 2018.

There are a number of significant risks to the MTFP and these are clearly explained in the 2018/19 Medium Term Financial Report which can be downloaded from the PCC's website at <http://www.cambridgeshire-pcc.gov.uk/wp-content/uploads/2018/01/18-01-16-BCB-Agenda-Item-4.0-Appendix-1-MTFS-2018-19-to-2021-22.pdf>

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

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

**Cambridgeshire Office of the Police and Crime Commissioner  
Medium Term Financial Strategy**

	<b>Budget 2018/19 £'000</b>	<b>Forecast Budget 2019/20 £'000</b>	<b>Forecast Budget 2020/21 £'000</b>	<b>Forecast Budget 2021/22 £'000</b>
<b>Constabulary Expenditure</b>	<b>133,830</b>	<b>141,727</b>	<b>146,084</b>	<b>150,621</b>
<b>Total Income</b>	<b>(1,508)</b>	<b>(1,508)</b>	<b>(1,508)</b>	<b>(1,508)</b>
<b>Total Constabulary Budget</b>	<b>132,322</b>	<b>140,219</b>	<b>144,576</b>	<b>149,113</b>
<b>Office of the Police and Crime Commissioner</b>				
<b>OPCC Office Running Costs</b>				
Police Staff & Commissioner	904	925	963	1,004
Other Employee Expenses	1	1	1	1
Transport Costs	12	12	13	13
Supplies & Services	303	312	321	331
<b>Total OPCC Office Expenditure</b>	<b>1,220</b>	<b>1,250</b>	<b>1,299</b>	<b>1,349</b>
<b>Corporate Costs and Grants</b>				
Non-Operational Estate Held for Investment	64	0	0	0
Police National ICT Company Subscription	60	60	60	60
Community Safety / Crime Reduction Grants	1,276	1,276	1,276	1,276
MoJ Victims Grant	987	987	987	987
<b>Capital Financing Costs</b>				
Revenue Contribution to Capital	0	0	0	0
Interest	414	446	773	1,135
MRP	774	744	714	686
<b>Total Capital Financing Costs</b>	<b>1,188</b>	<b>1,190</b>	<b>1,487</b>	<b>1,821</b>
<b>NET BUDGET REQUIREMENT (NBR)</b>	<b>137,117</b>	<b>144,982</b>	<b>149,684</b>	<b>154,606</b>
Budget -Decrease / +Increase Year on Year				
<b>Financed by:</b>				
Formula Grant	78,411	78,411	78,411	79,195
Actual Grant Reductions	0.00%	0.00%	0.00%	1.00%
MoJ Victims Grant	987	987	987	987
Precept	55,619	60,098	62,519	65,103
Contribution to/-from Reserves	1,801	0	0	0
Collection Fund - Deficit / +Surplus	300	0	0	0
<b>TOTAL FINANCING</b>	<b>137,117</b>	<b>139,496</b>	<b>141,917</b>	<b>145,285</b>
<b>BUDGET GAP</b>	<b>0</b>	<b>(5,486)</b>	<b>(7,767)</b>	<b>(9,321)</b>
	<b>0</b>	<b>(5,486)</b>	<b>(2,280)</b>	<b>(1,554)</b>
Band D Council Tax £	£198.72	£210.72	£214.91	£219.19
<b>KEY ASSUMPTIONS INCLUDED IN THE FORECASTS ABOVE</b>				
Council Tax base increases				
Actual	1.71%			
Forecast		1.90%	2.00%	2.10%
<b>Council Tax</b>	<b>6.41%</b>	<b>6.04%</b>	<b>1.99%</b>	<b>1.99%</b>
Tax base	279,882	285,199	290,903	297,012
Grant increase / Decrease (-)	0.00%	0.00%	0.00%	1.00%
Police officer pay rise (w.e.f 01/09)	2.00%	2.00%	2.00%	2.00%
Police staff pay rise	2.00%	2.00%	2.00%	2.00%
Increment increase	0.50%	0.50%	0.50%	0.50%
Staff Pension Increase	0.00%	0.00%	2.00%	2.00%
General Inflation	3.00%	3.00%	3.00%	3.00%
Energy Inflation	4.00%	4.00%	4.00%	4.00%

### e. Capital

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

The following table shows the net capital position for 2017/18 compared to the approved capital programme.

	B/Fwd from previous years	Original 2017/18 Capital Programme	Previously Authorised Programme Amendments	Revised 2017/18 Capital Budget	Outturn 2017/18	%
All figures £'000						
<b>Capital Payments:-</b>						
Land & Buildings	590	555	1,295	<b>2,440</b>	1,629	66.8%
IT & Communications	209	1,571	(215)	<b>1,565</b>	977	62.4%
Fleet	378	1,889	-	<b>2,267</b>	1,854	81.8%
Collaboration	427	692	466	<b>1,585</b>	1,242	78.3%
Schemes approved subject to further business case	-	3,594	-	<b>3,594</b>	-	0.0%
<b>TOTAL</b>	<b>1,604</b>	<b>8,301</b>	<b>1,546</b>	<b>11,451</b>	<b>5,702</b>	<b>49.8%</b>

	B/Fwd from previous years	Original 2016/17 Capital Programme	Previously Authorised Programme Amendments	Revised 2017/18 Capital Budget	Total Spend	Applied	Transfer to Capital Carry Forward Reserve
All figures £'000							
<b>Capital Financing:-</b>							
Capital Grants	-	506	165	671	649	483	166
Capital Grants (Athena)	-	-	155	155	98	98	8
ESMCP Grant (RCCO)	-	263	-	263	119	119	-
Budget Assistance Reserve	-	3,881	(2,035)	1,846	1,534	1,534	807
Estates Development Reserve	-	-	1,080	1,080	437	437	63
Capital Reserve	-	-	2,000	2,000	1,376	1,376	544
Carry Forward Reserve	1,604	-	-	1,604	1,049	1,049	555
Capital Receipts	-	-	-	-	-	-	-
Vehicle Receipts (RCCO)	-	150	-	150	97	97	-
RCCO - approved in-year by Chief Constable	-	-	181	181	343	343	30
Borrowing	-	3,500	-	3,500	-	0	-
<b>TOTAL</b>	<b>1,604</b>	<b>8,301</b>	<b>1,546</b>	<b>11,451</b>	<b>5,702</b>	<b>5,536</b>	<b>2,173</b>

### Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £32.6 million over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

The largest single item in the 4 year plan covers the replacement of Parkside Police Station with a new Southern Police Base. The estimated cost of the new facility is £18m and it is likely that borrowing will be required to fund all of this project. The PCC's plan is to redevelop the Parkside building and receive an income stream in the future from this building. The PCC's policy on borrowing dictates that borrowing shall only be considered for assets with a lifespan of 10+ years. As the project gathers pace a loan of £10m over 30 years was taken out at the end of the financial year.

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

A high level summary of the MTCP is provided below:-

<b>Capital Programme 2018/19 to 2021/22</b>					
<b>Capital Programme No.</b>	<b>Description of Bid</b>	<b>Programme 2018/19 £</b>	<b>Forecast Programme 2019/20 £</b>	<b>Forecast Programme 2020/21 £</b>	<b>Forecast Programme 2021/22 £</b>
<b>Section A</b>	<b>Estate Programme</b>				
1	Parkside Custody Replacement	3,500,000	10,000,000	4,500,000	
2	Estates Major Repairs Planned	500,000	500,000	500,000	500,000
	<b>Section A Totals</b>	<b>4,000,000</b>	<b>10,500,000</b>	<b>5,000,000</b>	<b>500,000</b>
<b>Section B</b>	<b>Fleet Programme</b>				
3	New Vehicle Equipment	400,000	400,000	400,000	400,000
4	Vehicle Replacement Programme	1,300,000	1,300,000	1,300,000	1,300,000
	<b>Section B Totals</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>1,700,000</b>
<b>Section C</b>	<b>ICT Enabling Programme</b>				
5	ICT Programme 2018/19	857,000	500,000	200,000	200,000
6	CRM - In FBC and will go to JCOB	93,580			
7	ESMCP Devices and Fitting	213,500		2,000,000	
8	ANPR 3 Year Investment Strategy	140,000			
	<b>Section C Totals</b>	<b>1,304,080</b>	<b>500,000</b>	<b>2,200,000</b>	<b>200,000</b>
<b>Section D</b>	<b>Operational Programme</b>				
9	JPS General	95,000	100,000	100,000	100,000
10	Delegated Chief's Budget	300,000	300,000	300,000	300,000
	<b>Section D Totals</b>	<b>395,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
	<b>Totals for All Schemes</b>	<b>7,399,080</b>	<b>13,100,000</b>	<b>9,300,000</b>	<b>2,800,000</b>

#### **f. Balance Sheet**

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

At 31st March 2018 we had negative net assets of £1,493m which implies that we are technically bankrupt. Fortunately this is not the case. The sole reason we have negative assets is because of the pension liabilities associated with the unfunded police officer pension scheme (£1,424m) coupled with the deficit of £68m in the funded Local Government Pension Scheme (LGPS) for police staff.

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

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

#### **4. NON-FINANCIAL PERFORMANCE**

The following information provides a summary of key performance

##### **Cambridgeshire Context**

Recorded crime was down in the month of March to 4,988 (-13.1% compared to last Mar-17). Over the reporting period recorded crime was up by 14.0% (8,132 additional crimes).

Analysis shows that around half of the recorded crime increase in Cambridgeshire is down to improved crime recording, with the force having a crime recording compliance rate of 94.2% compared to an average of 87.2% in the year ending March 2017. This more accurate crime recording underlines Cambridgeshire Constabulary's commitment to public accountability and ensuring victim access to services.

In response to rising crime trends the Constabulary instigated a series of monthly Days of Action from January 2018 in order to tackle specific issues. The days focused on crime prevention, outstanding suspects and burglary. This included tagging 750 bikes, hosting 5 community crime prevention workshops and tackling 50 outstanding suspects in 24 hours.

##### **Victims**

Positive feedback from survey respondents continues to reflect the level of professionalism in the service and support being offered to victims of crime. However, ongoing challenges around managing expectations of follow-up contact are evident in victims' comments and reducing overall levels of satisfaction with service delivery falling from 86% of victims been at least fairly satisfied in the 12 months ending Mar 2017 to 81% in the year ending March 2018. In particular, some victims are feeling let down by the limited follow up care, with only 72.2% being at least fairly satisfied with follow up treatment.

Satisfaction rates among domestic abuse victims also continue to show ongoing challenges around follow up and the expectations of the victim, yet an increasing proportion are happy with the Constabulary's first response to the incident they report.. The Force is currently considering if making changes to call handling and dispatch procedures will create more opportunities to safeguard victims.

The rolling 12 month all crime prosecution possible outcome rate at 15.9% reflects the national trend and is thought to be explained by increases in recorded crime and increasing investigation times following change made to the use of police bail in April 2017. Notable improvements have been seen in February and March with outcome rates above 20% due to particular successes in vehicle crime and burglary.

The long term prosecution possible outcome rates for Domestic Abuse and Serious Sexual Offences have also continued to deteriorate. However, again the number of prosecution possible outcomes remains steady.

##### **Offenders**

The increase in demand and the complexity of certain crime types has resulted in ongoing challenges from increasing investigative workload impacting on the average length of time taken to complete an investigation. The 12 months ending March 2018 saw the average length of investigation increase to 84 days, from 66 days at the end of March 2017.

The changes to the Bail Act in April 2017 resulted in more suspects released under investigation (RUI) rather than bailed to return at a pre-determined point in time.

The long term prosecution possible outcome rate for Burglary Dwelling has remained comparable to the previous year; this is an achievement, as there has been a 25.7% increase in the number of recorded crimes. March 2018 recorded the highest positive outcome rate at 69.8% (97 detections) for any discrete month since October 2013. March 2018 also recorded 75 fewer burglaries than March last year, suggesting that the work to target offenders is proving successful.

The long term indicator for Violence against the Person offences remains on an upward trajectory, although the recent trend (last 6 months) shows a flat trend in the number of recorded offences.

### **Community**

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

Public feedback about whether the Constabulary is perceived to be dealing with local concerns has deteriorated over the year, with the rolling 12 month rate continuing on a downward trajectory. However, 95.8% of respondents surveyed over the past year said they felt safe in their local area.

The Force receives twice the volume of non-emergency compared with emergency calls each month. Usage of online transactions continues to increase, showing an encouraging movement from the public to opt for online first; supporting channel shift activity.

The Constabulary has seen a 7% increase in the demand from emergency 999 calls compared to year ending March 2017. This was driven by demand over the summer months. Although there has been an increase in calls, 94.4% of all 999 calls were answered within 10 seconds for year ending March 2018 which is comparable to the previous year, when it was 94.7%.

Demand from non-emergency 101 calls has fallen by 7% when comparing year ending March 2018 to year ending March 2017. 94.2% of all calls were answered within 30 seconds which is the same as the previous year.

The number of incidents which have a mental health marker has remained comparable to the previous year with 5.4% (around 840 incidents a month). The integrated mental health team has completed its second year in the force control room.

The number of hate crimes recorded in the last 12 months remains higher than the previous year. The prosecution possible outcome rate has increased from 21.6% to 24.7% in the last 12 months driven by good performance in February 2018. The Force has recently completed an internal 'Readiness Review' into hate crime, which will be used to improve service.

There continues to be a long term reduction in the number of ASB incidents recorded in Cambridgeshire, with a 19.4% (-4,700) reduction when comparing year ending March 2018 to year ending March 2017 with peaks seen across the summer months.

Awareness of modern slavery in Fenland continues to need a community approach. There was an event held in Barclays Bank Wisbech where Stopthetraffik trained people to recognise the key indicators of human trafficking. The aim of the training was to help people understand what modern slavery is and how they can report anything suspicious to Crimestoppers.

**Organisational Health**

Crime Data remains good and we have a CDI working group that monitors CDI compliance levels and reports through to the Outstanding Public Service Board (formally the Performance Board)

Sickness rates for police officers remain comparable at force level with 0.8 days lost per officer (albeit with area and departmental variations). Police staff sickness rates also remain comparable at Force level with the average number of working days lost to sickness remaining at 0.8 days per person.

At the end of March 2018 there were 229 Specials in the force and they have contributed more than 52,000 hours of policing activity over the past year.

**5. PEOPLE**

In December 2015 the Tri-Force HR and Learning and Development Department went live. This Department provides a service to all our people across Beds, Cambs and Herts. The unit was fully collaborated from April 2016 and is headed up by a Director of HR reporting into the Deputy Chief Constable, Cambridgeshire. This was a significant step in aligning the way we operate across the three Forces and will help to make life easier in the already collaborated units. The introduction of a new integrated HR system during 2018 will further assist in the management of our people. Key highlights are:-

- Continuous improvement of tri-force promotion processes across BCH
- Launch of a suite of new key employment policies which are modernised and streamlined
- Strengthening of wellbeing capability and support for high risk roles
- Development of Talent Management and Career Management Programmes – Be You and Further You
- Achievement of Level 2 of the Disability Confident Employer Award
- Delivery of actions against the 2017/20 People Strategy and Plan
- Successful HR support to significant change programmes
- Delivery of Athena training across all three forces
- Further progress with process alignment and harmonisation
- Delivery against a challenging workforce plan.

Highlights of progress against the People Plan are set out below:-

<b>Attract Retain and Reward</b>	
<b>Strategic Objective</b>	<b>Highlights</b>
Recruitment, selection and promotion for all officers and staff is values based and aligned to organisational needs.	<ul style="list-style-type: none"> <li>• Recruitment activity continues to be significant for police officers and Specials across BCH.</li> <li>• There is now a considerable programme of work to refine and improve the promotion boards as we move into 2018. The changes have been briefed across BCH.</li> </ul>
BCH understand what skills are needed to meet demand and are able to attract and retain the right skills and talent.	<ul style="list-style-type: none"> <li>• There is a model in place to identify specialist skills and critical posts that is being piloted in JPS.</li> </ul>

*The Chief Constable of Cambridgeshire Constabulary  
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The recruitment experience is professional, timely, efficient and candidate friendly.	<ul style="list-style-type: none"> <li>• Since January BCH have been participating in the College of Policing virtual careers event hosted (free of charge) on a national portal. There have been over 3,000 visits to the site with Beds and Cambs both receiving around 180 and Herts 150 visits to our “booths”.</li> </ul>
Our workforce represents the communities it serves	<ul style="list-style-type: none"> <li>• LGBT conferences have been held in all 3 forces, these events have included external speakers and have emphasised the importance of working with our external partners to provide information to our LAGLOs (Lesbian and Gay Liaison Officers).</li> <li>• BCH have committed to working towards achieving the Inclusive Employers accreditation.</li> <li>• The Disabled Police Association held its annual national meeting in WGC on 28<sup>th</sup> February, this was well attended by staff and officers with external speakers.</li> <li>• We held a BCH Dyslexia conference taking place at Bedfordshire in March. Key topics are looking at what is best practice and how all forces can improve the way we support people with dyslexia.</li> <li>• A conference was held in Hertfordshire for anyone who is taking or planning to take a career break, maternity leave or a secondment.</li> </ul>
Excellent performance is recognised.	<ul style="list-style-type: none"> <li>• Staff and officers’ high performance is recognised and rewarded through commendations, ceremonies and honorariums.</li> </ul>
Levels of employee engagement are consistently high.	<ul style="list-style-type: none"> <li>• The BCH Engagement and Wellbeing Board continues to oversee the implementation of individual force initiatives flowing from the Staff Surveys. The latest round of Staff Surveys is now underway.</li> </ul>
<b>Leadership</b>	
<b>Strategic Objective</b>	<b>Highlights</b>
Our leaders are confident and capable in relation to people management issues.	<ul style="list-style-type: none"> <li>• The “Be You” Senior Leaders Development programme has been launched. Available to those operating at Chief Inspector level (and staff equivalents) and above, the main focus of the programme is leadership, transformation and cultural change.</li> <li>• We continue to deliver first line manager courses for sergeants and police staff equivalents, ensuring content is regularly mapped with college of policing content and refreshed as required.</li> </ul>
Our leadership teams are diverse in terms of skills, experience and background.	<ul style="list-style-type: none"> <li>• The Leadership Capability Assessment established cognitive diversity in senior teams e.g. skills profile, leadership styles, and team role preferences. Diversity is being explored in the current promotion board evaluation.</li> <li>• JPS have a very good representation of female senior leaders. Work is on-going to improve other areas of diversity.</li> </ul>
Leaders and aspiring leaders seek feedback and manage their own continuous professional development.	<ul style="list-style-type: none"> <li>• The “Further You” programme will be launched imminently. The scheme will look to develop future leadership potential and equip participants with the tools to become reflective practitioners and to develop laterally in their current post.</li> </ul>

<b>Developing and Supporting Our People</b>	
<b>Strategic Objective</b>	<b>Highlights</b>
Our workforce take responsibility for their own learning and development and continuous professional development.	<ul style="list-style-type: none"> <li>• “Be You” and “Further You” build upon the CPD tools created and disseminated during the November CPD week. The structure of these programmes with workshops, mentors, peer networks and a dedicated intranet site will increase the availability and visibility of in-house and external opportunities.</li> </ul>
Learning solutions are modern, customer focused and minimise abstractions from operational policing.	<ul style="list-style-type: none"> <li>• L&amp;D are progressing the implementation of the digital learning solution alongside the new ERP system which will provide much greater opportunities for reductions in abstractions moving forward.</li> </ul>
Our workforce have timely access to appropriate wellbeing support and have the resilience to deal with complexity and change and the demands of modern day policing.	<ul style="list-style-type: none"> <li>• The health and wellbeing support available for our workforce has been subject to a review, with the Review of Health and Wellbeing report due to be discussed at the April meeting of Chief Officers. This review proposes options aimed at enhancing services and access to services that improve health and wellbeing.</li> </ul>
Talent Management support is inclusive and recognises specialist skills and lateral development as well as leadership and promotion potential.	<ul style="list-style-type: none"> <li>• Lateral development opportunities and specialist skills/critical post pathways will be an additional benefit to the succession planning model being piloted in JPS. Going forward this work will contribute to Talent Management strategy and schemes put in place to assist in this area.</li> </ul>
<b>Transformation</b>	
<b>Strategic Objective</b>	<b>Progress (to be updated quarterly by Strategic Lead)</b>
Managers and the wider workforce access HR services and policies through clear, simple and well-established self-service routes.	<ul style="list-style-type: none"> <li>• The BCH HR InfoPoint was launched on 7 March and is now accessible to all three Forces. The current system has limited functionality the new CRM system which was procured in February is estimated go live October 2018.</li> </ul>
The link between culture change and transformation is acknowledged and understood, and leaders across BCH feel equipped to influence and manage both.	<ul style="list-style-type: none"> <li>• The launch of the two new career management programmes coupled with a review of PDR process, additional salary increments and further promotion of the forthcoming implementation of the PEQF seek to effect a cultural change.</li> </ul>
Opportunities for BCH HR to share learning and resources with a wide range of partners are mapped and utilised.	<ul style="list-style-type: none"> <li>• The BCH HR Team continues to work closely with 7 Force colleagues to identify areas of joint working and to share best practice.</li> </ul>

<b>Organisational effectiveness</b>	
<b>Strategic Objective</b>	<b>Progress (to be updated quarterly by Strategic Lead)</b>
People Management issues are managed effectively and efficiently and aligned to employment law and other statutory obligations.	<ul style="list-style-type: none"> <li>The key ER Team policies are now harmonised across BCH and have been updated in line with legislative changes.</li> </ul>
BCH compares well with other similar forces in respect of levels of sickness absence and Adjusted Duties.	<ul style="list-style-type: none"> <li>Comparison work has taken place with other public sector bodies/other forces and sickness is on average one day higher per employee in Cambridgeshire. Psychological sickness has increased, which may be due to categorising the sickness properly on sickness forms as well as publicity and support such as Time To Talk and the Blue Light/Wellbeing Champions.</li> </ul>

At 31st March 2018 Cambridgeshire Constabulary had 1339.1 Full Time Equivalent (1,331) officers, employed 804.03 Full Time Equivalent (745.5) staff and employed 110.72 Full Time Equivalent (135.2) PCSO. We also had 229 (234) unpaid members of the special constabulary and 84 (114) volunteers. We have continued to actively recruit PCs during 2017/18. PCSO recruitment was phased out during 2017/18 to facilitate achievement of changes to our workforce mix as part of the Local Policing Review. (Figures in brackets are 2016/17).

## **6. FINANCIAL SYSTEM**

In January 2017 the Tri-Force Finance system went live in Cambridgeshire. The system went live in Beds April 2017 and Herts June 2017. The system is now working as intended across the 3 Forces giving individual force and collaborated financial information.

## **7. PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

## **8. FINANCIAL STATEMENTS**

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

### **The Expenditure and Funding Analysis (EFA)**

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

### **The Comprehensive Income and Expenditure Statement (CIES)**

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

### **Movement in Reserves Statement (MiRS)**

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

### **Balance Sheet**

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

### **The Cash Flow Statement**

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

## **9. SUMMARY AND CONCLUSION**

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

This is borne out by the comments made on Efficiency by the HMICFRS (PEEL) inspection. Since 2010/11 cash savings of over £23 million have been identified and delivered, whilst

overall crime has dropped. The latest medium term financial plan, which covers the four year period 2018/19 to 2021/22, identifies further cash savings of at least £10 million will be required.

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

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

#### **Receipt of further information**

You can also find information about Cambridgeshire Constabulary Police finances by looking at the Cambridgeshire Constabulary website at [www.cambs-police.co.uk](http://www.cambs-police.co.uk)

#### **Acknowledgements**

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

Niki Howard  
Chief Finance Officer to the Chief Constable

## **Statement of Responsibilities for the Statement of Accounts**

### **The Chief Constable's Responsibilities**

The Chief Constable is required to:

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

### **The Chief Finance Officer's Responsibilities**

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

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

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

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Group at 31 March 2018 and its income and expenditure for the year then ended.

Niki Howard CPFA

Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary

30<sup>th</sup> July 2018

### **Completion of the Approval Process by the Chief Constable**

In accordance with the requirements of s8 of the Accounts and Audit Regulations 2015, I confirm that the Statement of Accounts was approved on 30 July 2018.

Alec Wood MA

Chief Constable, Cambridgeshire Constabulary

## Expenditure and Funding Analysis

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

	2016/17			2017/18		
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Police Services	130,903	(14,148)	116,755	136,993	(4,100)	132,893
Intra-Group Adjustment for financial resources consumed	(147,230)	-	(147,230)	(156,828)	-	(156,828)
<b>Net Cost of Services</b>	<b>(16,327)</b>	<b>(14,148)</b>	<b>(30,475)</b>	<b>(19,835)</b>	<b>(4,100)</b>	<b>(23,935)</b>
Other Income and Expenditure	16,327	42,485	58,812	19,835	39,177	59,012
<b>(Surplus) or Deficit on Provision of Services</b>	<b>-</b>	<b>28,337</b>	<b>28,337</b>	<b>-</b>	<b>35,077</b>	<b>35,077</b>
Opening General Fund Balance	-			-		
<b>Closing General Fund Balance</b>	<b>-</b>			<b>-</b>		

## Comprehensive Income and Expenditure Statement

2016/17	Restated 2016/17	2016/17		2017/18	2017/18	2017/18
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
116,755	-	116,755	Police Services	132,893	-	132,893
(147,230)	-	(147,230)	Intra-Group Adjustment for financial resources consumed	(156,828)	-	(156,828)
<b>(30,475)</b>	<b>-</b>	<b>(30,475)</b>	<b>Net Cost of Services</b>	<b>(23,935)</b>	<b>-</b>	<b>(23,935)</b>
16,327	-	16,327	Other Operating Expenditure (note 10)	19,835	-	19,835
42,485	-	42,485	Financing and Investment Income and Expenditure (note 11)	39,177	-	39,177
<b>28,337</b>	<b>-</b>	<b>28,337</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>35,077</b>	<b>-</b>	<b>35,077</b>
		250,639	Remeasurement of the net defined benefit liability (note 19)			(25,340)
		<b>250,639</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(25,340)</b>
		<b>278,976</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>9,737</b>

## Movement in Reserves Statement

	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2016</b>	-	(1,204,056)	(1,204,056)
<b>Movement in reserves during 2016/17</b>			
Total Comprehensive Income and Expenditure	(28,337)	(250,639)	(278,976)
Adjustments between accounting basis & funding basis under regulations	28,337	(28,337)	-
Increase/(Decrease) in 2016/17	-	<b>(278,976)</b>	<b>(278,976)</b>
<b>Balance at 31 March 2017 carried forward</b>	-	<b>(1,483,032)</b>	<b>(1,483,032)</b>
<b>Movement in reserves during 2017/18</b>			
Total Comprehensive Expenditure and Income	(35,077)	25,340	(9,737)
Adjustments between accounting basis & funding basis under regulations	35,077	(35,077)	-
Increase/(Decrease) in 2017/18	-	<b>(9,737)</b>	<b>(9,737)</b>
<b>Balance at 31 March 2018 carried forward</b>	-	<b>(1,492,769)</b>	<b>(1,492,769)</b>

This statement shows balances only for reserves in relation to staff under the direction and control of the Chief Constable for the financial years 2017/18 and 2016/17, as all other reserves are held by the Cambridgeshire Police and Crime Commissioner.

## Balance Sheet

	Notes	2017/18		2016/17	
		£000	£000	£000	£000
<b>Long Term Assets</b>			-		-
<b>Current Assets</b>			-		-
Short Term Creditors	12	(1,460)		(1,295)	
<b>Current Liabilities</b>			(1,460)		(1,295)
Other Long Term Liabilities	19			(1,481,737)	
<b>Long Term Liabilities</b>			(1,491,309)		(1,481,737)
<b>Net Liabilities</b>			<u>(1,492,769)</u>		<u>(1,483,032)</u>
Usable Reserves			-		-
Unusable Reserves	13		1,492,769		1,483,032
<b>Net Reserves</b>			<u>1,492,769</u>		<u>1,483,032</u>

The audited accounts were issued on 30<sup>th</sup> July 2018

Niki Howard CPFA  
Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary  
30<sup>th</sup> July 2018

## Cash Flow Statement

	2017/18 £000	2016/17 £000
Net surplus/(deficit) on the provision of services	(35,077)	(28,337)
Adjust net deficit or surplus on the provision of services for non cash movements (note 14)	35,077	28,337
Net cash flows from Operating Activities	<u>-</u>	<u>-</u>
Investing Activities	-	-
Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash and cash equivalents at the end of the reporting period	<u><u>-</u></u>	<u><u>-</u></u>

This statement does not show any cash balances for the financial years 2017/18 and 2016/17 as all cash and cash equivalents are held by the Cambridgeshire Police and Crime Commissioner.

## Notes to the Accounts

### 1. Accounting Policies

#### (i) General Principles

The Statement of Accounts summarises the transactions for the 2017/18 financial year and the position at 31 March 2018. The Accounts and Audit Regulations 2015 requires the preparation of an annual Statement of Accounts, prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared with reference to:

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

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

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

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

**(ii) Accruals of Income and Expenditure**

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

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

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

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

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

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

**(iv) Employee Benefits**

Benefits Payable During Employment

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

Termination Benefits

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

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

#### Post Employment Benefits

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

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

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

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

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

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

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

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

*Current Service Cost*

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

*Interest Cost*

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

*Expected Return on Assets*

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

The expected return is based on:

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

*Actuarial Gains and Losses*

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

*Past Service Costs*

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

*Settlements and Curtailments*

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

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

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

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

*Contributions paid to defined benefit schemes*

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

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

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

**(v) Events After the Balance Sheet Date**

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

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

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

**(vi) Overheads and Support Services**

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

**(vii) Value Added Tax (VAT)**

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

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

For 2017/18 the accounting policy changes that need to be reported relate to:

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

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

**3. Critical judgements in applying Accounting Policies**

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

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

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

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

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Pensions Liability</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. We have engaged the Governments Actuary's Department to provide the Group with expert advice	The effects on the net pension liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. During 2017/18, the Group's actuaries advised that the net pension liability had increased by £8m for Police Pension Schemes (including a decrease of £47m as a result of changes in demographic assumptions and an

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<p>about the assumptions to be applied for the Police Pension Schemes and Hymans Robertson LLP provides the same advice for the Police Staff Pension Scheme.</p>	<p>increase of £44m as a result of changes in financial assumptions). The Police Staff Pensions liability increased by £1.4m (including a increase of £5.3m as a result of changes in demographic and other assumptions).</p>
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**5. Events after the Reporting Period**

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 29<sup>th</sup> May 2018. Events taking place after this date are not reflected in the statement of accounts or notes.

No other events taking place before this date provided information about conditions existing at 29<sup>th</sup> May 2018 which would materially impact the financial statements, therefore no adjustment to the figures in the financial statements and notes has been required.

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

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

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

During 2017/18 the Chief Constable approved a total of £408k for various additional capital programme schemes, each falling with the Chief Constable’s delegated limit for capital expenditure, funded from savings made within the annual devolved budget for delivering the policing service. Given that all assets are held in the Balance Sheet of the PCC, the transfer of these resources back from the Chief Constable to the PCC for the purchase of additional property, plant and equipment assets is reflected in the table below.

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b><u>Comprehensive Income and Expenditure Statement</u></b>		
PCC resources consumed at the request of the CC	156,828	147,230
PCC funding for resources consumed at the request of the CC	(156,828)	(147,230)

## 7. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2017/18		
	Adjustment relating to Pensions (Note 1)	Other Adjustments (Note 2)	Total Adjustments
	£000	£000	£000
Police Services	(4,265)	165	(4,100)
Intra-Group Adjustment for financial resources consumed	-	-	-
Net Cost of Services	(4,265)	165	(4,100)
Other Income and Expenditure	39,177	-	39,177
Difference between the General Fund Surplus/Deficit and Comprehensive Income and Expenditure Surplus/Deficit	<u>34,912</u>	<u>165</u>	<u>35,077</u>

  

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

### 1. Adjustment relating to Pensions

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

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

### 2. Other Adjustments

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

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

## 8. Expenditure and Income Analysed by Nature

	2017/18 £'000	2016/17 £'000
<b>POLICE SERVICES</b>		
<b>Expenditure</b>		
Police Pay and Allowances	61,539	60,621
Police Staff Pay and Allowances	42,280	35,586
Other Pay and Allowances	124	25
Other Employee Expenses	1,168	1,240
Police Pensions	4,418	-615
Premises	4,471	4,037
Transport	3,738	3,451
Supplies and Services	13,798	10,139
Agency and Contracted Services	1,357	1,344
Funding to PCC (Re RCCO)	-	927
Intra-Group Adjustment for financial resources consumed	(156,828)	(147,230)
Pension Top Up Grant Transferred to Pension Fund	19,835	16,327
Net interest on the net defined benefit liability	39,177	42,485
<b>(Surplus) or Deficit on Provision of Services</b>	<b><u>35,077</u></b>	<b><u>28,337</u></b>

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

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

	<u>Usable Reserves</u> General Fund Balance £000	<u>Usable Reserves</u> General Fund Balance £000
<b>Adjustments to the Revenue Resources</b>		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:		
Pensions costs (transferred to (or from) the Pensions Reserve)	34,912	28,420
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	165	(83)
<b>Total Adjustments to Revenue Resources</b>	<b><u>35,077</u></b>	<b><u>28,337</u></b>
<b>Total Adjustments</b>	<b><u>35,077</u></b>	<b><u>28,337</u></b>

**10. Comprehensive Income and Expenditure Statement – Other Operating Expenditure**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Pension Top Up Grant Transferred to Pension Fund	19,835	16,327
	<b>19,835</b>	<b>16,327</b>
	<b>19,835</b>	<b>16,327</b>

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

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Net interest on the net defined benefit liability	39,177	42,485
	<b>39,177</b>	<b>42,485</b>
	<b>39,177</b>	<b>42,485</b>

**12. Creditors**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£'000</b>	<b>£'000</b>
Other Entities and Individuals	(1,460)	(1,295)
	<b>(1,460)</b>	<b>(1,295)</b>
	<b>(1,460)</b>	<b>(1,295)</b>

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

**13. Unusable Reserves**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Pensions Reserve	(1,491,309)	(1,481,737)
Accumulating Compensated Absence Adjustment Account	(1,460)	(1,295)
	<b>(1,492,769)</b>	<b>(1,483,032)</b>
	<b>(1,492,769)</b>	<b>(1,483,032)</b>

**Pension Reserve**

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

- in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service
- by updating the liabilities recognised to reflect inflation
- by changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The movements on the pensions liability have been disclosed in Note 19.

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(1,481,737)	(1,202,678)
Pension reserve opening balance transfer to PCC		
Remeasurements of the net defined benefit liability	25,340	(250,639)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(74,257)	(64,098)
Employer's pensions contributions and direct payments to pensioners payable in the year	39,345	35,678
	<u><b>(1,491,309)</b></u>	<u><b>(1,481,737)</b></u>

#### **Accumulated Absences Account**

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

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(1,295)	(1,378)
Amount by which employer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(165)	83
Balance at 31 March	<u><b>(1,460)</b></u>	<u><b>(1,295)</b></u>

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

The cash flows for operating activities include the following items:

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Movement in Pension Liability	34,912	28,420
Other non-cash items charged to the net surplus or deficit on the provision of services	165	(83)
	<u><b>35,077</b></u>	<u><b>28,337</b></u>

#### **15. Joint Operations**

##### **Eastern Region Special Operations Unit**

The Eastern Region Special Operations Unit (ERSOU) was established 1st April 2010 as a joint arrangement between 6 forces – Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk and Bedfordshire, to provide one serious and organised crime unit for the eastern region. ERSOU

is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces. Therefore each forces' share of assets, liabilities, income and expenditure are consolidated into their own financial statements.

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

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

2017/18	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	(547)	(696)	(1,213)	(986)	(740)	(801)	(607)	(5,590)
Running Costs	2,195	2,792	2,459	3,956	2,258	3,215	2,435	19,310
Depreciation	46	49	31	89	7	69	59	350
<b>Surplus / Deficit</b>	<b>1,694</b>	<b>2,145</b>	<b>1,277</b>	<b>3,059</b>	<b>1,525</b>	<b>2,483</b>	<b>1,887</b>	<b>14,070</b>

2016/17	Beds £'000	Cambs £'000	Essex £'000	Herts £'000	Kent £'000	Norfolk £'000	Suffolk £'000	Total £'000
Home Office Grant	(310)	(396)	(613)	(556)	0	(455)	(345)	(2,675)
Running Costs	2,129	2,717	1,516	3,821	409	3,125	2,372	16,089
Depreciation	55	44	28	82	0	63	54	326
<b>Surplus / Deficit</b>	<b>1,874</b>	<b>2,365</b>	<b>931</b>	<b>3,347</b>	<b>409</b>	<b>2,733</b>	<b>2,081</b>	<b>13,740</b>

### **Bedfordshire, Cambridgeshire and Hertfordshire (BCH) Collaborative Units**

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

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

*The Chief Constable of Cambridgeshire Constabulary  
Statement of Accounts 2017/18*

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

	Beds 2017/18 £'000	Cambs 2017/18 £'000	Herts 2017/18 £'000	Total 2017/18 £'000	Beds 2016/17 £'000	Cambs 2016/17 £'000	Herts 2016/17 £'000	Total 2016/17 £'000
<b>Joint Protective Services</b>								
Armed Policing Unit	2,802	2,437	2,806	8,045	2,651	2,311	2,647	7,609
Camera, Tickets, Collisions	(319)	(402)	(530)	(1,251)	(380)	(479)	(629)	(1,488)
Counter Terrorism & Domestic Extremism (Pre ERSOU)	189	177	124	490	658	618	430	1,706
Dogs	646	796	1,074	2,516	609	753	1,010	2,372
Major Crime Unit	2,344	2,808	3,462	8,614	2,399	2,881	3,534	8,814
Operational Planning & Public Order	247	314	445	1,006	255	325	457	1,037
Protective Services Command Team	320	407	576	1,303	215	274	385	874
Resilience / Civil Contingencies Unit	87	110	156	353	90	115	162	367
Roads Policing Unit	2,932	4,207	5,637	12,776	3,067	4,411	5,882	13,360
Scientific Services Unit	1,999	2,423	3,292	7,714	1,923	2,336	3,157	7,416
<b>Total Joint Protective Services</b>	<b>11,247</b>	<b>13,277</b>	<b>17,042</b>	<b>41,566</b>	<b>11,487</b>	<b>13,545</b>	<b>17,035</b>	<b>42,067</b>
<b>Operational Support</b>								
Criminal Justice & Custody Management Team	224	285	404	913	151	165	305	621
Criminal Justice Phase 1	537	683	967	2,187	181	231	325	737
Firearms & Explosives Licensing	95	184	150	429	88	170	138	396
Local Criminal Justice Board	35	44	62	141	26	34	48	108
Public Contact SLT	302	384	545	1,231	72	93	132	297
<b>Total Operational Support Expenditure</b>	<b>1,193</b>	<b>1,580</b>	<b>2,128</b>	<b>4,901</b>	<b>518</b>	<b>693</b>	<b>948</b>	<b>2,159</b>
<b>Organisational Support</b>								
Collaboration Team	601	764	1,083	2,448	925	1,180	1,660	3,765
HR / L&D	3,434	4,631	6,915	14,980	2,895	4,020	6,180	13,095
ICT	3,545	4,996	6,398	14,939	4,233	-	7,692	11,925
Pensions Administration (Disbanded during 2016/17)	-	-	-	-	9	-	9	18
Information Management Department	545	803	1,089	2,437	81	103	145	329
Professional Standards Unit	1,021	1,048	1,529	3,598	908	935	1,357	3,200
Information Assurance (included in IMD in 2017/18)	-	-	-	0	50	51	74	175
Procurement	183	233	330	746	210	269	378	857
<b>Total Organisational Support Expenditure</b>	<b>9,329</b>	<b>12,475</b>	<b>17,344</b>	<b>39,148</b>	<b>9,311</b>	<b>6,558</b>	<b>17,495</b>	<b>33,364</b>
<b>Total Net Operating Costs</b>	<b>21,769</b>	<b>27,332</b>	<b>36,514</b>	<b>85,615</b>	<b>21,316</b>	<b>20,796</b>	<b>35,478</b>	<b>77,590</b>

## 16. Officers' Remuneration

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

		Salaries, fees & allowances	Bonuses	Expenses allowance	Benefits in Kind	Total Remuneration excluding pension contributions	Employer's pension contributions	Total Remuneration including pension contributions
		£	£	£	£	£	£	£
<b>Chief Constable's Accounts</b>								
Chief Constable								
	Mr Alec Wood*	<b>2017/18</b>	-	-	<b>7,425</b>	<b>166,574</b>	-	<b>166,574</b>
		2016/17	-	-	6,872	165,207	18,280	183,487
Deputy Chief Constable								
		<b>2017/18</b>	-	-	<b>8,069</b>	<b>130,715</b>	<b>24,475</b>	<b>155,190</b>
		2016/17	-	-	7,652	127,177	27,532	154,709
Assistant Chief Constables**								
		<b>2017/18</b>			<b>9,569</b>	<b>233,509</b>	<b>23,598</b>	<b>257,107</b>
	to 26/10/2016	2016/17	-	5,575	3,543	73,214	15,081	88,295
	from 01/06/2016	2016/17	-	-	7,325	96,101	20,632	116,733
	from 09/01/2017	2016/17	-	2,517	-	26,246	5,743	31,989
	from 28/02/2017	2016/17	-	-	660	9,419	2,038	11,457
Chief Finance Officer (Constabulary)								
		<b>2017/18</b>	-	-	-	<b>101,000</b>	<b>23,129</b>	<b>124,129</b>
		2016/17	-	-	-	99,641	21,921	121,562
Assistant Chief Constable - BCH Joint Protective Services								
	from 02/10/2017	<b>2017/18</b>	-	-	<b>2,009</b>	<b>71,081</b>	<b>11,930</b>	<b>83,011</b>
	to 04/09/2016	2016/17	-	-	1,461	43,324	10,003	53,327
	0.5 FTE from 05/09/2016	2016/17	-	-	924	29,953	6,939	36,892

\* The Chief Constable has opted out of the employers pension scheme

\*\* This salary represents the total for the Constabularys 2 Assistant Chief Constables

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

	<b>2017/18</b>	<b>2016/17</b>
£50,000 to £54,999	2	4
£55,000 to £59,999	4	3
£60,000 to £64,999	1	1
£65,000 to £69,999		1
£70,000 to £74,999		2
£75,000 to £79,999	3	1
£80,000 to £84,999	1	1
£85,000 to £89,999	2	3
£90,000 to £94,999	1	-
£95,000 to £99,999		3
£100,000 to £104,999	1	1
£105,000 to £109,999	2	-
£110,000 to £114,999	1	2
£115,000 to £119,999	-	-
£120,000 to £124,999	1	-
£125,000 to £129,999	1	1
£130,000 to £134,999	1	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
£160,000 to £164,999	-	-
£165,000 to £169,999	1	1
	<u>22</u>	<u>24</u>

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

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

Exit package cost band	Number of redundancies		Total cost of exit packages	
	2017/18	2016/17	2017/18	2016/17
	No.	No.	£'000	£'000
£0 - £20,000	1	12	4	92
£20,001 - £40,000	2	4	64	127
£40,001 - £60,000	1	1	58	44
£60,001 - £80,000	-	-	96	-
£80,001 - £100,000	1	-	-	-
£100,001 - £120,000	-	-	-	-
£120,001 - £140,000	-	1	-	127
	<b>5</b>	<b>18</b>	<b>222</b>	<b>390</b>

### 17. Audit Costs

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

	2017/18	2016/17
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor:	<b>15</b>	<b>15</b>

### 18. Related Parties

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

#### Police and Crime Commissioner

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

### **Central Government**

Central government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Grants received from government departments are set out in the PCC Group and the PCC Statement of Accounts 2017/18.

### **Officers**

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

### **Cambridgeshire Police Shrievalty Trust**

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

Officers:     A Wood, Chief Constable  
                  D Vajzovic, Assistant Chief Constable  
                  N Howard, Chief Finance Officer (Constabulary)

In the year to 31 March 2018, the Office of the Police and Crime Commissioner, as part of the Group, had dealings with the Trust being a Victims Support grant contribution of £50,000 (2016/17 £50,000). We do not produce consolidated accounts for this as amount is immaterial.

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

The Chief Constable has a pooled budget arrangement (joint operation) with the 6 other eastern police forces for the provision of tackling organised crime and further pooled budget arrangements (joint operation) with Bedfordshire Police and Hertfordshire Constabulary for the provision of a range of policing services. Transactions and balances outstanding are detailed in the PCC Group and the PCC Statement of Accounts 2017/18.

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

During the year the Chief Constable made payments totalling £1,472k to the six local authorities for National Non-Domestic Rates Bills (2016/17 £1,341k).

## **19. Group's Retirement Benefits**

### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its Police Officers and Police Staff, the Chief Constable offers retirement benefits which are normally payable on retirement. The

Chief Constable, however, is required to disclose its commitment to pay future retirement benefits as those benefits are earned by officers or employees.

The Chief Constable participates in four pension schemes:

- i) the Local Government Pension Scheme (LGPS) for Police Staff, administered by Cambridgeshire County Council. This is a defined benefit, funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Following the Stage 2 transfer of staff under the direction and control of the Police and Crime Commissioner, as corporations sole the Police and Crime Commissioner and Chief Constable are separate employers in the scheme, which is reflected in the figures included in the financial statements; and
  
- ii) the Police Pension Scheme (PPS) for Police Officers in service before 31 March 2006 who are subject to transitional protection, the New Police Pensions Scheme (NPPS) for officers starting service on or after 1 April 2006 who are subject to transitional protection and the Police Pensions Scheme 2015 (PPS 2015) for officers starting service on or after 1 April 2015 and officers formerly members of PPS/NPPS who are not subject to transitional protection. All three schemes are defined benefit, unfunded schemes, administered by Kier Business Services Ltd, meaning that there are no investment assets built up to meet the pension liabilities and that cash has to be generated to meet actual pensions payments as they eventually fall due. Injury Awards paid under the Police Pension Schemes are disclosed separately. These payments are unfunded and are paid directly by the Chief Constable. Injury awards are subject to the same treatment as the Police Pension Schemes, with the movement on the liability being attributable to any change in interest costs and actuarial gains/losses. New injury awards are shown as past service costs in the year which they are made.

**Transactions Relating to Post Employment Benefits**

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

	2017/18			2016/17		
	Police Pensions £000	LGPS-Chief Constable £000	Total £000	Police Pensions £000	LGPS-Chief Constable £000	Total £000
<b>Comprehensive Income and Expenditure Account</b>						
<i>Cost of Services:</i>						
Current service cost	24,253	9,841	34,094	15,950	5,638	21,588
Past service costs	864	122	986	-	25	25
Effect of settlements			-	-	-	-
	<b>25,117</b>	<b>9,963</b>	<b>35,080</b>	<b>15,950</b>	<b>5,663</b>	<b>21,613</b>
<i>Financing and Investment Income and Expenditure:</i>						
Net interest expense	37,401	1,776	39,177	40,520	1,965	42,485
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<b>62,518</b>	<b>11,739</b>	<b>74,257</b>	<b>56,470</b>	<b>7,628</b>	<b>64,098</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>						
Return on plan assets		601	601	-	(20,167)	(20,167)
Actuarial (gains) and losses arising on changes in demographic assumptions	-	-	-	(26,820)	(1,481)	(28,301)
Actuarial (gains) and losses arising on changes in financial assumptions	(17,555)	(5,286)	(22,841)	273,020	37,994	311,014
Other	(3,136)	36	(3,100)	(5,011)	(6,896)	(11,907)
	<b>(20,691)</b>	<b>(4,649)</b>	<b>(25,340)</b>	<b>241,189</b>	<b>9,450</b>	<b>250,639</b>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</i>	<b>41,827</b>	<b>7,090</b>	<b>48,917</b>	<b>297,659</b>	<b>17,078</b>	<b>314,737</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	<b>(62,518)</b>	<b>(11,739)</b>	<b>(74,257)</b>	<b>(56,470)</b>	<b>(7,628)</b>	<b>(64,098)</b>
<i>Actual amount charged against the General Fund Balance for Pensions in the year:</i>						
Employer's contributions payable to the schemes	<b>33,632</b>	<b>5,713</b>	<b>39,345</b>	<b>30,383</b>	<b>5,295</b>	<b>35,678</b>

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

Reconciliation of present value of the scheme liabilities:

	2017/18			2016/17		
	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000	Unfunded Liabilities Police Pensions £000	LGPS- Chief Constable £000	Total Liabilities £000
Balance at 1 April	1,415,500	215,989	1,631,489	1,148,224	176,343	1,324,567
Current service cost	24,253	9,841	34,094	15,950	5,638	21,588
Past service costs	864	122	986	-	25	25
Interest cost	37,401	5,716	43,117	40,520	6,408	46,928
Contributions by scheme participants	6,476	1,556	8,032	6,010	1,501	7,511
Benefits paid	(40,108)	(3,467)	(43,575)	(36,393)	(3,543)	(39,936)
Remeasurement gain/loss:						
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	(26,820)	(1,481)	(28,301)
Actuarial (gains)/losses arising from changes in financial assumptions	(17,555)	(5,286)	(22,841)	273,020	37,994	311,014
Other	(3,136)	36	(3,100)	(5,011)	(6,896)	(11,907)
<b>Balance at 31 March</b>	<b>1,423,695</b>	<b>224,507</b>	<b>1,648,202</b>	<b>1,415,500</b>	<b>215,989</b>	<b>1,631,489</b>

Reconciliation of fair value of the scheme assets:

	<b>Injury Awards</b>	<b>2017/18 LGPS- Chief Constable</b>	<b>Total Assets</b>	<b>Injury Awards</b>	<b>2016/17 LGPS- Chief Constable</b>	<b>Total Assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April	-	149,752	149,752	-	121,889	121,889
Interest Income	-	3,940	3,940	-	4,443	4,443
Remeasurement gain/loss:	-	-		-	-	
The return on plan assets, excluding the amount included in the net interest expense	-	(601)	(601)	-	20,167	20,167
Contributions from employer	33,632	5,713	39,345	30,383	5,295	35,678
Contributions from employees into the scheme	6,476	1,556	8,032	6,010	1,501	7,511
Benefits paid	(40,108)	(3,467)	(43,575)	(36,393)	(3,543)	(39,936)
<b>Closing fair value of scheme assets</b>	<b>-</b>	<b>156,893</b>	<b>156,893</b>	<b>-</b>	<b>149,752</b>	<b>149,752</b>

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

	<b>Police Pensions</b>		<b>LGPS</b>		<b>Total</b>	
	<b>£000</b>		<b>£000</b>		<b>£000</b>	
	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>
Present value of the defined benefit obligation	1,423,695	1,415,500	224,507	215,989	1,648,202	1,631,489
Fair Value of Plan Assets	-	-	(156,893)	(149,752)	(156,893)	(149,752)
<b>Net Liability arising from defined benefit obligation</b>	<b>1,423,695</b>	<b>1,415,500</b>	<b>67,614</b>	<b>66,237</b>	<b>1,491,309</b>	<b>1,481,737</b>

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

	<b>31 March 18</b>	<b>31 March 17</b>
	<b>£000</b>	<b>£000</b>
Cash and Cash Equivalents	5,051	4,278
Private Equity	14,553	13,027
Debt Securities		
UK government	3,955	4,036
Equity Instruments:		
By industry type:		
Consumer	4,357	4,019
Manufacturing	2,817	2,604
Energy and Utilities	3,377	3,457
Financial Institutions	6,761	6,069
Health and Care	1,664	1,590
Information Technology	741	661
Other		-
Investment Funds and Unit Trusts:		
Equities	86,888	84,261
Bonds	15,768	15,797
Other	10,961	9,952
	<b><u>156,893</u></b>	<b><u>149,752</u></b>

The liabilities are the underlying commitments that the Chief Constable has to pay retirement benefits in the long-term. The total liability of £1,481.7m has a significant impact on the net worth of the Chief Constable as presented in the Balance Sheet, giving rise to negative equity of £1,483m. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable remains stable:

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

**Basis of Estimating Assets and Liabilities**

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

The principal assumptions used by the actuary have been:

	<b>Local Government</b>		<b>Police Pension Schemes</b>	
	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	<b>22.4</b>	22.4	<b>22.6</b>	23.2
Women	<b>24.4</b>	24.4	<b>24.5</b>	25.2
Longevity at 65 for future pensioners:				
Men	<b>24</b>	24	<b>24.5</b>	25.2
Women	<b>26.3</b>	26.3	<b>26.4</b>	27.3
Rate of increase in salaries	<b>2.6</b>	2.7	<b>4.3</b>	1.0
Rate of increase in pensions	<b>2.3</b>	2.4	<b>2.3</b>	2.35
Rate for discounting scheme liabilities	<b>2.7</b>	2.7	<b>2.6</b>	2.7

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

	<b>LGPS - Chief Constable</b>		<b>Police Pension Scheme</b>	
	<b>Increase in Liability (%)</b>	<b>Approximate monetary amount £'000</b>	<b>Increase in Liability (%)</b>	<b>Approximate monetary amount £'000</b>
Change in assumptions at 31 March 2018				
0.5% decrease in Real Discount Rate	12%	27,759	-10%	-145,000
0.5% increase in the Salary Increase Rate	2%	4,542	2%	19,000
0.5% Increase in the Pension Increase Rate	10%	22,834	8%	115,000

### **Impact on Cash Flows**

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2018 is £5,457k (2016/17 £5,270k). Expected contributions for the Police Pension Scheme in the year to 31 March 2018 are £11,457k (2016/17 £11,995k).

## 20. Transport Consortium

The PCC for Cambridgeshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Cambridgeshire's contribution for 2017/18 was £2.6m (nil in 2016/17). Costs are allocated to the forces in proportion to the size of their fleet. The total costs of the consortium are shown below:

	2017/18 £000	2016/17 £000
Employee Costs	2,583	-
Premises	406	-
Running Costs	3,620	-
Insurance	3,436	-
Vehicles	7,520	-
Income	(1,442)	-
	<hr/>	
	16,123	-

## **Pension Account**

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

Credits to the Pension Account include contributions from both the Chief Constable and serving police officers who are members of either the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) or the Police Pension Scheme 2015 (PPS 2015). The Chief Constable's contributions in 2017/18 were at a rate of 21.3% of pensionable salary, previously 24.2%, plus an additional 2.9% contribution to the Police Pension Fund Account to fund the difference between the current and previous contribution rates. These rates are set by the Home Office and are subject to triennial revaluation by the Government's Actuary Department.

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

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

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

A statement of account for the Pension Account, together with its net current assets and liabilities at 31 March 2018, is set out below. All Fund transactions are treated in accordance with the Group's accounting policies as set out in Note 1, where applicable.

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

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**Fund Account**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Contributions receivable:		
From employer:		
Normal	(11,318)	(11,477)
Early retirements	(229)	(379)
From members	(6,314)	(6,447)
Transfers in	(177)	(254)
	<b>(18,038)</b>	<b>(18,557)</b>
 Benefits payable:		
Pensions	28,887	27,736
Commutations and lump sum retirement benefits	8,889	7,130
	<b>37,776</b>	<b>34,866</b>
 Payments to and on account of leavers:		
Refunds of contributions	15	17
Individual transfers out to other schemes	82	-
	<b>97</b>	<b>17</b>
 Net amount payable / (receivable) for the year before top-up grant payable by sponsoring department	<b>19,835</b>	<b>16,327</b>
 Amount (receivable from) / payable to sponsoring department	<b>(19,835)</b>	<b>(16,327)</b>
 <b>Balance on Fund at 31 March</b>	<b>-</b>	<b>-</b>

## Glossary of Terms

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

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

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

# Independent Auditor's Report to the Chief Constable of Cambridgeshire Constabulary

## Opinion

We have audited the financial statements of the Chief Constable of Cambridgeshire for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Chief Constable of Cambridgeshire Comprehensive Income and Expenditure Statement;
- Chief Constable of Cambridgeshire Movement in Reserves Statement;
- Chief Constable of Cambridgeshire Balance Sheet;
- Chief Constable of Cambridgeshire Cash Flow Statement and the related notes 1 to 20, including the Expenditure and Funding Analysis on page 19; and
- Chief Constable of Cambridgeshire Pension Account

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Cambridgeshire as at 31 March 2018 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 2017/18.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Chief Constable for Cambridgeshire in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

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

## **Other information**

The other information comprises the information included in the Narrative Report by the Chief Finance Officer to the Chief Constable set out on pages 3 to 17, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014**

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Chief Constable for Cambridgeshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

## **Matters on which we report by exception**

We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

### **Responsibilities of the Chief Finance Officer**

As explained more fully in the Statement of Responsibilities set out on page 18, 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 2017/18, and for being satisfied that they give a true and fair view.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and

sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of Cambridgeshire has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

#### **Certificate**

We certify that we have completed the audit of the accounts of the Chief Constable of Cambridgeshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

#### **Use of our report**

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

*Neil Harris (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Luton*  
*31 July 2018*

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

The maintenance and integrity of the Chief Constable of Cambridgeshire's web site is the responsibility of the directors; the work carried out by the auditors does not involve

consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

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