

The Chief Constable of
Cambridgeshire
Constabulary

**STATEMENT OF
ACCOUNTS
2012/13**

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Explanatory Foreword by the Chief Finance Officer

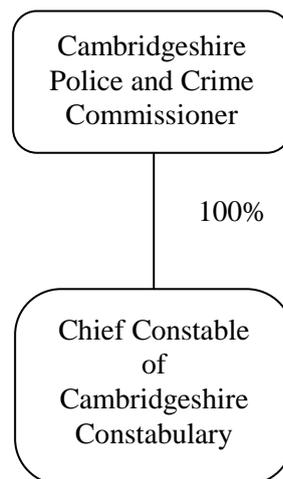
Introduction

This Statement of Accounts sets out the financial position of the Chief Constable of Cambridgeshire for the year ended 31st March 2013.

When the Police Reform and Social Responsibility Act 2011 came into force on 22 November 2012 one of the key reforms was to replace Police Authorities with Police and Crime Commissioners. At the same time the Chief Constable of Cambridgeshire Constabulary was established as a separate body, via creation of a corporation sole, responsible for the operational policing of Cambridgeshire.

The Police and Crime Commissioner's function is to hold the Chief Constable to account in order to secure the maintenance of an efficient and effective police force. Therefore, for accounting purposes, the Cambridgeshire Police and Crime Commissioner is the parent entity of the Chief Constable for Cambridgeshire Constabulary and together both corporation soles form the Cambridgeshire Police and Crime Commissioner and the Chief Constable of Cambridgeshire (herein referred to as "the Group")

Group Structure



As the holding parent, the Cambridgeshire Police and Crime Commissioner guarantees any outstanding liability of the Chief Constable who is a 100% subsidiary.

Although this change took place mid-year the local arrangements are that the financial statements will be produced as if the new structure has been in place the whole year.

There is a separate set of accounts setting out the financial position of the group.

The Statement of Accounts has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code), supported by International Financial Reporting Standards (IFRS) and the publication of the Statement is required under the Accounts and Audit Regulations 2011.

Accounting for the transfer of functions to the new bodies

The 2012/13 Code sets out that a transfer of functions in full from the responsibility of one authority (or other public sector Body) to another is required to be accounted for using the principles that apply to group reorganisation. The Code also sets out that merger accounting should be applied where the entity in which the interest has been acquired was 100% in public sector ownership both before and after acquisition by the local authority. The principle established in section 2.5 of the Code is such that local authorities (including Police Authorities) are deemed to be under common control. Therefore, overall government control of the body is unchanged.

By applying merger accounting, the results and cash flows of the Police Authority were brought into the financial statements of the Police and Crime Commissioner and the Chief Constable from 1 April 2012, adjusted to achieve uniformity of accounting policies. Restatement of comparatives, including that of the results for the Police Authority from the previous period, should be provided in accordance with the Code's adoption of IAS 1.

On 22 November 2012 the assets, liabilities and reserves of Cambridgeshire Police Authority were transferred to the Cambridgeshire Police and Crime Commissioner. Statutory and local control arrangements determine that the Police and Crime Commissioner holds all assets, liabilities and reserves including the police pension liability on their Balance Sheet and this will remain the case during this first phase of transition, as through the control framework it is clear that future risks and benefits flow to the Police and Crime Commissioner from these balances rather than to the Chief Constable.

It was established at stage 1 of the police reform measures mentioned above, that control and risk for all expenditure, income, assets and liabilities sit with the Police and Crime Commissioner and there are no revenue transactions or balances required in the Chief Constable's accounts in accordance with IAS 18. At stage 2 it is expected that control and risk associated with certain operational and financial resources will be transferred to the Chief Constable.

Financial Governance role of the Chief Constable

The Chief Constable has responsibility to ensure best value in the provision of efficient and effective operational policing within Cambridgeshire. Whilst the Police and Crime Commissioner holds the Chief Constable to account for the delivery of policing services, the Chief Constable has complete operational independence on the deployment of policing resources.

The Chief Constable works within an operational delivery budget provided by the Police and Crime Commissioner and is responsible for managing overall expenditure within this budget in accordance with the Scheme of Consent and Financial Regulations.

The Police and Crime Commissioner sets strategic policing priorities for Cambridgeshire Constabulary, monitors performance against these priorities and holds the Chief Constable to account for the way the Force is performing and the use of the budget. In discharging the important duty to secure best value, the Police and Crime Commissioner seeks to maintain an efficient and effective police force for Cambridgeshire.

Role of the Chief Finance Officer to the Chief Constable

The Chief Finance Officer is the professional adviser on financial matters to the Chief Constable. The Chief Finance Officer has certain statutory duties in relation to financial administration and stewardship. This statutory responsibility includes securing the production of a true and fair view of the accounts, maintaining financial standing and an adequate and effective internal audit function.

The Chief Finance Officer is responsible for advising the Chief Constable on whether a decision is likely to be considered contrary to or not wholly in accordance with the budget and financial policies. The Chief Finance Officer to the Chief Constable works closely with the Police and Crime Commissioner's Chief Finance Officer to ensure overall financial objectives are delivered. This is set out in a memorandum of understanding on their respective roles and responsibilities.

The Statement of Accounts

The Chief Constable has day to day control over most of the Police and Crime Commissioner's assets, daily direction and control over all police officers and a great majority of police staff. The level of financial and strategic control held by the Police and Crime Commissioner means that transactions, benefits and liabilities sit within the accounts of the Police and Crime Commissioner and there are no transactions or balances within the Chief Constable's accounts which are considered dormant. We consider this to be in line with IAS 18 – Revenue recognition. The core statement of accounts is supported by a Statement of Accounting Policies and explanatory notes follow each statement.

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Chief Constable. However this statement shows nil balances for financial year 2012/13 as all reserves are held by the Cambridgeshire Police and Crime Commissioner.

The Comprehensive Income and Expenditure 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 local 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 the Movement in Reserves Statement. However this shows nil balances for financial year 2012/13 as all income and expenditure was made by the Cambridgeshire Police and Crime Commissioner.

The Balance Sheet shows the value as at the Balance Sheet date 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. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Chief Constable may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is unusable reserves and are those that the Chief Constable is not able to use to support services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. However all assets and liabilities are held by the Cambridgeshire Police and Crime Commissioner so the balance sheet for the Chief Constable shows nil balances.

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. The statement shows how the Chief Constable generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a

key indicator of the extent to which the operations of the Chief Constable are funded by way of taxation and grant income or from the recipients of services provided by the Chief Constable. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Chief Constable's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Chief Constable. However during 2012/13 all cash is held by the Cambridgeshire Police and Crime Commissioner so the cash flow statement for the Chief Constable shows nil balances.

Financial Performance and Mid Term Plan

For details on the financial performance, please see the group accounts. These can be obtained from the Office of the Cambridgeshire Police and Crime Commissioner, see website for details <http://www.cambridgeshire-pcc.gov.uk>.

Niki Howard

Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary

Statement of Responsibilities for the Statement of Accounts

The Chief Constable's Responsibilities

The Chief Constable is required to:

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

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Chief Constable at 31st March 2013 and its income and expenditure for the year then ended.

Niki Howard

Chief Finance Officer to the Chief Constable, Cambridgeshire Constabulary

17th June 2013

Completion of the Approval Process by the Chief Constable

In accordance with the requirements of s8 of the Accounts and Audit Regulations 2011, I confirm that the Statement of Accounts was approved on 18th September 2013.

Simon Parr

Chief Constable, Cambridgeshire Constabulary

18th September 2013

Movement in Reserves Statement

	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2012	-	-	-
Total Comprehensive Expenditure and Income	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	-	-	-
Increase/(Decrease) in 2012/13	-	-	-
Balance at 31 March 2013	-	-	-

This statement does not show any balances for the financial year 2012/13 as all reserves are held by the Cambridgeshire Police and Crime Commissioner.

Comprehensive Income and Expenditure Statement

	2012/13 Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Net Expenditure £000
Police Services	-	-	-
Central Services			
The Corporate and Democratic Core	-	-	-
Non Distributed Costs	-	-	-
Net Cost of Services	<u>-</u>	<u>-</u>	<u>-</u>
Other Operating Expenditure			
(Surplus) or Deficit on Provision of Services	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income and Expenditure			<u>-</u>
Total Comprehensive Income and Expenditure			<u>-</u>

This statement does not show any balances for the financial year 2012/13 as all income and expenditure is shown in the Cambridgeshire Police and Crime Commissioner's accounts. An analysis of the Police and Crime Commissioner's financial resources consumed at the request of the Chief Constable is set-out in Note 1 to the accounts below.

Balance Sheet

	31 March 2013 £000
Long Term Assets	-
Current Assets	-
Current Liabilities	-
Long Term Liabilities	-
Net Assets	<u>-</u>
Net Reserves	<u>-</u>

This statement does not show any balances for the financial year 2012/13 as all assets and liabilities are held by the Cambridgeshire Police and Crime Commissioner.

Cash Flow Statement

	2012/13
	£000
Net cash flows from Operating Activities	-
Investing Activities	-
Financing Activities	-
Net increase/(decrease) in cash and cash equivalents	<u>-</u>
Cash and cash equivalents at the end of the reporting period	<u>-</u>

This statement does not show any balances for the financial year 2012/13 as all cash and cash equivalents are held by the Cambridgeshire Police and Crime Commissioner.

Notes to the Accounts

1. PCC Financial Resources Consumed at the request of the Chief Constable

As set-out in the Explanatory Forward, the Chief Constable has day to day control over most of the Police and Crime Commissioner's assets as well as daily direction and control over all police officers and a great majority of police staff to carry out the Police and Crime Plan which is set by the Police and Crime Commissioner. The level of financial and strategic control held by the Police and Crime Commissioner means that on balance, transactions, benefits and liabilities sit within the accounts of the Police and Crime Commissioner and there will be no revenue transactions or balances required with the Chief Constable's accounts in accordance with IAS 18.

The Chief Constable holds a delegated budget which is predetermined by the Police and Crime Commissioner and covered under the Scheme of Governance. The budget is funded from income received by the Police and Crime Commissioner, with any under or overspend falling to him. An explanation of spend during the year against this budget is set-out in the Explanatory Forward.

The table below shows the accounts cost in the year to the PCC of financial resources consumed at the request of the Chief Constable in providing policing services. The figures shown are in accordance with generally accepted accounting practices and so differ from the Chief Constable's delegated budget, which does not include transactions that are not chargeable against precept (e.g capital charges and IAS19 pension transactions).

	2012/13 Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Net Expenditure £000
Local policing	56,658	(5,275)	51,383
Dealing with the Public	15,443	(587)	14,856
Criminal Justice	10,486	(777)	9,709
Road Policing	6,681	(909)	5,772
Specialist Operations	8,578	(260)	8,318
Intelligence	8,847	(286)	8,561
Specialist Investigations	17,982	(1,787)	16,195
Investigative Support	4,635	(355)	4,280
National Policing	2,673	(1,712)	961
 Total PCC Financial Resources Consumed at the request of the Chief Constable	 131,983	 (11,948)	 120,035

Audit Report

To be inserted when issued

Glossary of Terms

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.
Financial Reporting Standards (FRSs)	Standards developed by the Accounting Standards Board to regulate the preparation and presentation of statement of accounts (see Statements of Standard Accounting Practice).
Government Grants	Payments by Central Government towards Local Authority spending. They may be specific to a particular service e.g. Police Grant; or general (see Revenue Support Grant).
Income	Amounts that an organisation receives, or expects to receive, from any source. Income includes fees, charges, sales and specific 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.
International Financial Reporting Standards (IFRSs)	Standards developed by the International Accounting Standards Board to regulate the preparation and presentation of statement of accounts.
Reserves	Amounts set aside by an organisation that do not fall within the definition of a provision.
Revenue Expenditure	The day-to-day spending and income of an organisation on such items as staff, goods, services and equipment.
Revenue Fund Balances	The accumulated surplus of income over expenditure held in reserve.