Chief Constable for Gloucestershire

Statement of accounts 2014/15

CONTENTS

FOREWORD BY THE CHIEF CONSTABLE'S CHIEF FINANCE OFFICER

The purpose of this foreword is to provide a clear guide to the most significant matters reported in the accounts. It explains the purpose of the financial statements that follow and provides a summary of the Chief Constable's financial activities during 2014/15.

On 15 September 2011 the Police Reform and Social Responsibility Act 2011 received Royal Assent in Parliament. One of the key reforms was to replace the Gloucestershire Police Authority (GPA) with the Police and Crime Commissioner (PCC) for Gloucestershire on the 22nd November 2012. At the same time the Chief Constable (CC) was established as a separate body, whose primary function is the exercising of operational policing duties under the Police Act 1996. The PCC's function is to hold the Chief Constable to account for the exercise of these duties, thereby securing the maintenance of an efficient and effective police force in Gloucestershire.

For accounting purposes the PCC and the CC together are known as the Group. A separate set of statutory accounts has been published for the PCC and Group to recognise all of the financial transactions incurred during 2014/15 for policing Gloucestershire.

The format and content of the Accounts are laid down by the Code of Practice on Local Authority Accounting in the UK 2014/15 (the 'Code') based on International Financial Reporting Standards, adopted by CIPFA, the professional body of public sector accountants. The accounting policies adopted by the Chief Constable comply with recommended accounting practices and are explained on pages 8 to 10. The Code sets out the minimum requirements considered necessary for the Statement of Accounts. These are:

- Explanatory Foreword
- Responsibilities for the Statement of Accounts
- Accounting Statements
- Notes to the Accounts

The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2012
- Scheme of Delegation between the PCC and CC
- Corporate Governance Framework for the Group

The core financial statements comprise:

- The Comprehensive Income and Expenditure Statement (CIES). This recognises the financial resources belonging to the PCC consumed at the request of the CC for the full 12 months to 31 March 2015 (as opposed to the overall cost of policing Gloucestershire as shown by the Group Accounts). The CIES has been prepared applying the accounting principles set out in the CIPFA Accounting Code of Practice. The headings used are from CIPFA's Service Reporting Code of Practice (SeRCOP) and highlights the financial consequences of the different policing activities in Gloucestershire last year under the direction of the CC.

- The Movement in Reserves Statement. This statement summarises the movements to and from the reserves for the year 2014/15. The only movements applicable to the CC accounts are those relating to pensions.

- The Balance Sheet. The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the CC. The Balance Sheet includes only police officer and staff pension liabilities and assets. The net pension liability is underwritten by an intra-group debtor with the PCC.

- The Cash Flow Statement. The Cash Flow Statement shows the changes in cash and cash equivalents of the CC during the accounting period. The CC does not manage any of these transactions and accordingly this statement does not show any figures. Movements of monies are included in the Accounts of the PCC.

The Police Pension Fund Accounts, which comprise the Fund Account, the Net Assets Statement and the related notes are shown at the end of this Statement of Accounts.

Revenue Expenditure

In February 2014 the PCC approved a revenue expenditure budget for 2014/15 of £106.49 million. This was funded by £62.75 million from central government and £43.74 million from Council Tax. The police element of the Band D Council Tax was set at £207.73, an increase of 2% over that set for 2013/14 (£203.68).

The Table on Page 18 provides a summary of the final outturn position for 2014/15 for the Group compared with the revised budget. Overall the Group delivered an underspend of £0.874 million which was transferred into reserves. This is in addition to a £1.724 million transfer into reserves undertaken during the year – total transfer £2.598 million.

The reserves of the Group are held by the PCC and are available for the Chief Constable to utilise in the performance of her duties, with approval by the PCC. These reserves and their purposes can be reviewed in the PCC's Statement of Accounts.

Post Balance Sheet Events

Under the Police Pensions Regulations 2015 a new Career Average Revalued Earnings (CARE) Scheme was introduced for police officers. This change will be reflected in the pensions costs for 2015/16 and the liabilities as at 31st March 2016.

A determination by the Pensions Ombudsman was published on 15 May 2015 that has potential implications for a number of members of the Firefighters' and Police Pension Schemes and consequent financial implications for the Schemes themselves. The issue relates to the use of commutation factors when determining the reduced level of pension payable when an increased lump sum is taken. A contingent liability of £3.3m (including interest) has been calculated and the Home Office have provided us with a letter confirming grant will cover the impact of the determination.

Developments

The 2015/16 Budget for the Group was set at £105.1m, a reduction of 1.3% compared to the 2014/15 budget. This is funded by £60.3 million from government grant and £44.8 million from the Council Tax.

The Budget includes £4.8 million of savings in 2015/16. It is anticipated that £16m savings will be required for the four year period from 2015/16 to 2018/19, because of further government funding reductions. Recurring savings of £20m have been achieved up to and including 2014/15. An organisational review has been undertaken to create a more efficient, effective and visible Police service for the public of Gloucestershire and this will become operational in July 2015

The Police Reform and Social Responsibility Act 2011 required PCCs and Chief Constables to determine the on-going responsibilities of the two bodies by 1st April 2014. On 1st April 2014 the majority of police staff transferred from the employment of the PCC to the Chief Constable. Only staff working in the Office of the PCC remain employed by the PCC. All police officers are under the direction and control of the Chief Constable. All assets, liabilities and reserves remain with the PCC, unchanged from the position in 2013/14.

Pension Schemes

The Police Pension Scheme and the New Police Pension Scheme are both unfunded defined benefit schemes, meaning that there are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pensions payments as they fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension funds for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government top-up grant. The Group received a top up grant for 2014/15 of £15.963m for 100% of the deficit.

The Group is obliged to include the police pension accounts in their statement of accounts, and the Fund Account and Notes are shown on pages 34 and 35.

In accordance with the requirements of International Accounting Standard No 19 – Employee Benefits (IAS19), as amended, the CC Statement of Accounts includes net pension liabilities and a pensions asset in its Balance Sheet, and entries in the Comprehensive Income and Expenditure Statement to reflect movements in the assets and liabilities relating to the pension schemes.

The Actuarial valuations for the schemes at 31st March 2015 shows a combined liability of £1,282m (2014 - £1,066 million). This increased liability is principally due to changes in financial actuarial assumptions since 2013/14. This liability has a substantial impact on the net worth of the Group, reducing the net worth of the Group from net assets of £76m to a negative overall balance of £1,206m. However, statutory arrangements for funding this deficit mean that the financial position of the Group remains healthy.

I hope that the explanatory notes to these Accounts will be helpful. A summary set of accounts for the Group has been produced and is published on the Gloucestershire Constabulary website. Further information on the Chief Constable's finances can be obtained by:

- writing to the Chief Constable's Chief Finance Officer, Police Headquarters, 1 Waterwells Drive, Quedgeley, Gloucester. GL2 2AN.
- e-mailing the Chief Constable's Chief Finance Officer at peter.skelton@gloucestershire.police.uk, or
- viewing the Gloucestershire Constabulary website at www.gloucestershire.police.uk

P. Skelton, ACA
Chief Constable's Chief Finance Officer

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Chief Constable's Responsibilities

The Chief Constable is required to:

- Make arrangements for the proper administration of her financial affairs and to secure that one of her officers (the Chief Constable's Chief Finance Officer) has the responsibility for the administration of those affairs.

- Manage her affairs to secure economic, efficient and effective use of resources and to safeguard her assets.

- Approve the Statement of Accounts.

The Chief Constable's Chief Finance Officer's Responsibilities

The Chief Constable's Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as 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 Constable's 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 Constable's 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.

CERTIFICATION OF THE ACCOUNTS BY THE CHIEF CONSTABLE'S CHIEF FINANCE OFFICER

I certify that the Statement of Accounts gives a true and fair view of the financial position of Chief Constable for Gloucestershire as at 31st March 2015 and her income and expenditure for the year then ended.

Peter Skelton, ACA
Chief Constable's Chief Finance Officer

Date 22nd September 2015

CERTIFICATION OF THE ACCOUNTS BY THE CHIEF CONSTABLE FOR GLOUCESTERSHIRE

I approve the Statement of Accounts.

Rod Hansen
Deputy Chief Constable (on behalf of the Chief Constable)

Date 22nd September 2015

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR GLOUCESTERSHIRE

We have audited the financial statements of the Chief Constable for Gloucestershire for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the Gloucestershire Police Pension Fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 2. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the Chief Constable for Gloucestershire, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable for Gloucestershire as at 31 March 2015 and of her expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the Foreword by the Chief Constable's Chief Finance Officer for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Chief Constable and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in her use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014 .

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in her 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 her use of resources are operating effectively.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Chief Constable has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in her use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, the Chief Constable for Gloucestershire put in place proper arrangements to secure economy, efficiency and effectiveness in her use of resources for the year ended 31 March 2015.

Certificate

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

Elizabeth Cave

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House
55 – 61 Victoria Street
Bristol
BS1 6FT

24 September 2015

STATEMENT OF ACCOUNTING POLICIES 2014/15

1. General principles

These financial statements have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.* The Comprehensive Income and Expenditure Statement has been prepared in the format required under the Service Reporting Code of Practice for Local Authorities 2014/15 (SERCOP).

Following the passing of the Police Reform and Social Responsibility Act 2011 the Gloucestershire Police Authority was replaced on 22nd November 2012 with two ‘corporation sole’ bodies, the Police and Crime Commissioner (PCC) for Gloucestershire and the Chief Constable (CC) for Gloucestershire. Both bodies are required to prepare separate Statement of Accounts. The accounting policies below reflect the powers and responsibilities of the Chief Constable as designated by the Act and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. The accounting policies defined here are consistent with local regulations and practice as well as the Group policies.

The Financial Statements included here represent the accounts for the Chief Constable. The Financial Statements cover the twelve months to 31 March 2015.

All expenditure is paid for by the PCC, including the wages of police staff and officers, and no actual cash transactions or events take place between the two entities. Costs are however recognised within the CC’s accounts to reflect the financial resources consumed at the request of the CC and the economic benefit this brings about. For example an economic benefit is recognised to reflect the utilisation of the PCC owned long term assets which mirrors depreciation of property, plant and equipment.

2. Estimation Techniques

Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and contents set out in IAS 8 and IPSAS 3 (*Accounting Policies, Changes in Accounting Estimates and Errors),* specifically:

- The qualitative characteristics of financial information
- Relevance
- Reliability
- Comparability
- Understandability
- Materiality
- Pervasive accounting concepts
- Accruals
- Going concern
- Primacy of legislative requirements

3. Accruals of expenditure & Income

Activity is accounted for in the year it takes place, not simply when cash payments are made. Supplies are recorded as expenditure when they are consumed and the provision of services (including services provided by employees) are recorded as expenditure when the service is received rather than when payments are made.

4. Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Chief Constable’s financial performance.

5. Provisions

Provisions are made when an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

6. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

7. Overheads

The CC has a policy of not recharging support service overhead costs to front line service providing departments. However for the purposes of the preparation of the CIES the full cost of support service overheads are shared between users in proportion to the benefits received, with the exception of Corporate & Democratic Core and Non Distributed Costs. These two cost categories are defined in SERCOP and accounted for as separate headings in the CIES, as part of the Net Cost of Service.

8. Employee Benefits

Post employment benefits

As part of the terms and conditions for its officers and for other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement. The Group participates in three separate pension schemes:

- The Local Government Pension Scheme (LGPS) for Police staff employees, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

- The Police Pension Scheme (PPS) and the New Police Pension Scheme (NPPS) for police officers. These are both unfunded defined benefit final salary schemes, administered by the Group, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions funds for the year are less than the amounts payable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which must then repay the amount to central government.

The costs of retirement benefits are included in the CC CIES when they are earned by employees, rather than when the benefits are eventually paid as pensions. Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS 19 Employee Benefits, the net liability and a pensions debtor for all three schemes has been recognised on the CC Balance Sheet, as have entries in the CC Comprehensive Income and Expenditure Statement for movements in the asset/liability relating to the schemes. These are offset by an intra-group adjustment transferring costs to the PCC.

Actuarial gains and losses are recognised when changes in the net pension liability arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. The financial consequences of these benefits are recognised in the CC CIES in the year in which the employee renders service to the CC.

Compensated absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Compensated absences may be accumulating e.g. annual leave and flexi-time, or non-accumulating e.g. sick leave and maternity leave. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. Short-term (due to be settled within 12 months after the year end of the period in which the employee renders the service) accumulating compensated absences shall be:

- recognised when employees render services that increases their entitlement to future compensated absences.
- measured as the additional amount that the CC expects to pay as a result of unused entitlement that has accumulated at the Balance Sheet date including associated employers national insurance and pension contributions.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the CC to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are recognised in the CC CIES when the CC is demonstrably committed to the termination of the employment of an individual or group of employees or making an offer to encourage voluntary redundancy.

9. VAT

The CC does not submit a VAT return. The PCC submits a single VAT return on behalf of the Group. Expenditure in the CC CIES excludes any amounts relating to VAT as all VAT is remitted to /from HM Revenue & Customs.

10. Events after the Balance Sheet date

The CC will account for events after the reporting period in accordance with IAS 10 (Events after the Reporting Period), except where interpretations or adaptations to fit the public sector are detailed in the Code.

Two types of events after the Reporting Period can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events), and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events).

The CC will adjust the amounts recognised in its CIES to reflect adjusting events after the reporting period, but will not adjust its statements for non-adjusting events. However for material non-adjusting events the CC will disclose the nature of the event and provide an estimate of its financial effect.

Chief Constable Comprehensive Income and Expenditure Statement for the year ended 31st March 2015

2013/14 Gross Expenditure £000s	2013/14 Gross Income £000s	2013/14 Net Expenditure £000s		2014/15 Gross Expenditure £000s	2014/15 Gross Income £000s	2014/15 Net Expenditure £000s
			Financial resources of the PCC consumed at the request of the Chief constable			
48,704	0	48,704	Local Policing	46,642	0	46,642
9,035	0	9,035	Dealing with the Public	9,336	0	9,336
7,446	0	7,446	Criminal Justice Arrangements	7,032	0	7,032
5,417	0	5,417	Road Policing	3,369	0	3,369
10,704	0	10,704	Operational Support	9,388	0	9,388
6,237	0	6,237	Intelligence	7,324	0	7,324
16,672	0	16,672	Investigations	17,232	0	17,232
3,418	0	3,418	Investigative Support	3,354	0	3,354
5,338	0	5,338	National Policing	5,275	0	5,275
112,971	**0**	**112,971**	**Financial resources consumed**	**108,952**	**0**	**108,952**
139	0	139	Corporate and democratic core	158	0	158
1,607	0	1,607	Non distributed costs - other	1,758	0	1,758
114,717	**0**	**114,717**	**Total financial resources of the PCC consumed at the request of the Chief Constable (Note 5)**	**110,868**	**0**	**110,868**
0	(114,717)	(114,717)	Intra-group funding	0	(110,868)	(110,868)
114,717	**(114,717)**	**0**	**Net Cost of Service**	**110,868**	**(110,868)**	**0**
43,105	0	43,105	Net Interest on the net defined benefit liability (note 7)	45,818	0	45,818
0	(43,105)	(43,105)	Intra-group funding pensions interest costs	0	(45,818)	(45,818)
43,105	**(43,105)**	**0**	**Total Financing and Investment Income and Expenditure**	**45,818**	**(45,818)**	**0**
13,901	(13,901)	0	Police Pension Fund Top-Up Grant/Contribution	15,963	(15,963)	0
0	(64,368)	(64,368)	Intra-group funding (actuarial loss on police pensions)	0	(171,069)	(171,069)
13,901	**(78,269)**	**(64,368)**	**Non-specific grant income and contributions**	**15,963**	**(187,032)**	**(171,069)**
13,901	**(78,269)**	**(64,368)**	**Surplus(-)/deficit on provision of services**	**15,963**	**(187,032)**	**(171,069)**
64,368	0	64,368	Remeasurement of the net defined benefit liability (Note 7)	171,069	0	171,069
64,368	**0**	**64,368**	**Other Comprehensive Income and Expenditure**	**171,069**	**0**	**171,069**
78,269	**(78,269)**	**0**	**Total Comprehensive Income and Expenditure**	**187,032**	**(187,032)**	**0**

The Comprehensive Income & Expenditure Statement above reflects the PCC financial resources consumed at the request of the CC for 2014/15. In practice all the respective costs are paid for by the PCC and the Comprehensive Income and Expenditure Statement includes the intra-group adjustments referred to below in the Notes to the Accounts (Note 1), resulting in a nil balance for Total Comprehensive Income and Expenditure.

Movement in Reserves Statement for the Chief Constable 2013/14 and 2014/15

	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013 carried forward	0	0	0	0	0	0	**0**	**0**	**0**
<u>**Movement in reserves during 2013/14**</u>									
Surplus or (deficit) on provision of services	64,368	0	0	0	0	0	**64,368**	**0**	**64,368**
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	**0**	**(64,368)**	**(64,368)**
Total Comprehensive Expenditure and Income	64,368	0	0	0	0	0	**64,368**	**(64,368)**	**0**
Adjustments between accounting basis & funding basis under regulations									
Net IAS 19 charge for retirement benefits	(64,368)	0	0	0	0	0	**(64,368)**	**64,368**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	**0**	**0**	**0**
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	**0**	**0**	**0**
Increase/Decrease (movement) in Year	0	0	0	0	0	0	**0**	**0**	**0**
Balance at 31 March 2014 carried forward	0	0	0	0	0	0	**0**	**0**	**0**

	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Revenue Contribution to capital unapplied £000	Capital Contributions Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2014	0	0	0	0	0	0	**0**	**0**	**0**
<u>Movement in reserves during 2014/15</u>									
Surplus or (deficit) on provision of services	171,069	0	0	0	0	0	**171,069**	**0**	**171,069**
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	**0**	**(171,069)**	**(171,069)**
Total Comprehensive Expenditure and Income	171,069	0	0	0	0	0	**171,069**	**(171,069)**	**0**
Adjustments between accounting basis & funding basis under regulations									
Net IAS 19 charge for retirement benefits	(171,069)	0	0	0	0	0	**(171,069)**	**171,069**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	**0**	**0**	**0**
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	**0**	**0**	**0**
Increase/Decrease (movement) in Year	0	0	0	0	0	0	**0**	**0**	**0**
Balance at 31 March 2015 carried forward	0	0	0	0	0	0	**0**	**0**	**0**

These statements show only the remeasurement of the net defined benefit liabilty relating to pensions for the years ended 31st March 2014 and 31st March 2015. All reserves are held by the PCC. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income & Expenditure Statement.

Chief Constable Balance Sheet as at 31st March 2015

31 March 2014 £'000		31 March 2015 £'000
1,066,463	Long Term Debtors - Intra group adjustment	1,282,331
1,066,463	**Total Long Term Assets**	**1,282,331**
3,430	Short term Debtors	5,014
3,430	**Total Current Assets**	**5,014**
3,430	Short term creditors & provisions	5,014
3,430	**Total Current Liabilities**	**5,014**
1,066,463	Pension Liabilities	1,282,331
1,066,463	**Total Long Term Liabilities**	**1,282,331**
0	**Net Assets**	**0**
	Financed by:	
0	**Usable reserves**	0
0	**Unusable Reserves**	0
0	**Total Reserves**	**0**

The Balance Sheet includes:

1. Police officer and staff pension liabilities and assets (long term)
2. Police pension fund Home Office accrual (short term)
3. Accrual for Short term compensated absences (short term)
4. Accrual for pay due in March paid in April e.g. overtime. (short term)

5, Provision for enhanced holiday pay (short term)

Chief Constable Cash Flow Statement for the year ended 31st March 2015

2013/14 £'000		2014/15 £'000
	Operating Activities	
0	Cash inflows	0
0	Cash outflows	0
0	**Net cash flows from operating activities**	**0**
0	**Investing Activities**	0
0	**Financing Activities**	0
0	**Net (increase)/decrease in cash and cash equivalents**	**0**
0	**Cash and cash equivalents at the beginning of the reporting period**	**0**
0	**Cash and cash equivalents at the end of the reporting period**	**0**

This statement does not show any cash flows for the years ending 31st March 2014 and 2015 as all payments were made from the Police Fund which is held by the PCC and similarly all income and funding is received by the PCC during the year. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Comprehensive Income and Expenditure Statement

NOTES TO THE ACCOUNTS

1. The creation of the Police and Crime Commissioner for Gloucestershire (PCC) and Chief Constable for Gloucestershire (CC)

Following the Police Reform and Social Responsibility Act 2011, the Gloucestershire Police Authority (GPA) was replaced on 22 November 2012 with two ‘corporation sole’ bodies, the Police and Crime Commissioner for Gloucestershire (PCC) and the Chief Constable for Gloucestershire (CC).

The 2014/15 Comprehensive Income and Expenditure Statements (CIES) for the PCC and the Group differ due to the treatment of IAS19 pension liabilities in the CC accounts. The net cost of service sub-total within the PCC CIES includes payment for PCC resources consumed at the request of the CC. The decision to account for this expenditure within the PCC net cost of service is in accordance with the SeRCOP definition of total cost of services. In contrast in the CC Comprehensive Income and Expenditure, the net cost of policing is nil for 2014/15 as the resources consumed at the request of the CC are completely offset by the intra-group adjustment.

The PCC second stage transfer, effective from 1st April 2014, resulted in the transfer of all Police officers and the majority of Police staff to the Chief Constable, with those staff employed in the Office of the PCC remaining with the PCC. All assets, liabilities and reserves remain with the PCC.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the CC about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The items in the CC 2014/15 CIES for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

a. Pension scheme charge to the CIES. Estimation of the net liability to pay pensions depends on a number of complex judgements; a firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied.

b. Short Term Compensated Absences (£0.7m at 31st March 2015). This figure is estimated based on a sample of officers and staff. A 50% increase in the level of short term compensated absences would result in a further £0.35m being charged to the Net Cost of Services.

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

The following standards have been issued but have not yet been adopted:

- IFRS 13 Fair Value Measurement (May 2011)
- IFRIC 21 Levies
- Annual improvements to IFRSs (2011 – 2013 Cycle):
  - IFRS 1 – Meaning of effective IFRSs
  - IFRS 3 – Scope exceptions for joint ventures
  - IFRS 13 – Scope of portfolio exception
  - IAs 40 – Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

4. Critical Judgements in applying accounting policies

In applying the accounting policies set out earlier in this document, the CC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- All lease arrangements entered into by the Group are judged to be operating leases, apart from that for the PFI contract. All properties and equipment that are leased are at a relatively low value and are for relatively short periods of time and are not material items.

- A judgement has been made of the expenditure allocated between the PCC and the CC to reflect the financial resources of the PCC consumed at the request of the CC. The basis adopted for this allocation was determined by the Group in accordance with the standard set of activities for each corporate body identified in CIPFA's SeRCOP.

- A judgement has been made with regard to the contingent liability made in relation to the Government Actuary's Department v Milne case whereby retired Police Officer commutation payments have been judged to be incorrectly calculated between 2001 and 2006. Due to uncertainty regarding the applicability of either International Accounting Standard 19 (employee benefits) or International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets) and the small sample size (5%) for which information has been made available, it has been decided to account for this as a contingent liability rather than a provision.

5. Subjective analysis of spending

2013/14 £000		2014/15 £000
	Financial resources of the PCC consumed at the request of the CC	
53,634	Police pay and allowances	52,783
23,201	Staff pay and allowances	24,342
807	Other employee expenses	1,106
10,527	Police pensions	10,122
921	IAS19 Pension costs	(1,020)
5,176	Premises	5,185
2,221	Transport	2,013
11,128	Supplies and services	10,932
1,693	Agency and contracted services	982
5,409	Depreciation	4,423
114,717	**Total financial resources of the PCC consumed at the request of the CC**	**110,868**
(114,717)	Intra group adjustment	(110,868)
0	**Net Cost of Service**	**0**

This table presents the Net Cost of Service expenditure detailed in the CIES in the form of a subjective analysis.

6. Segmental reporting

2014/15

The Group had one reporting segment, incorporating both the PCC and CC costs for which the outturn report was presented to the Finance Panel on 22nd June 2015 as detailed below.

Revenue Budget	Feb PCC Budget £000's	Variation to Budget £000's	Latest Budget £000's	Outturn Expend £000's	Variance £000's
Police Officers	61,418	-26	61,392	60,336	-1,055
Police Staff	19,876	1,057	20,934	20,262	-672
PCSOs	3,952	0	3,952	3,911	-41
Other employee costs	1,348	-45	1,303	1,786	483
Training	669	-59	610	566	-43
Major Incidents	280	158	438	169	-270
Total Employee Costs	**87,543**	**1,085**	**88,628**	**87,030**	**-1,598**
Premises	6,587	-35	6,552	6,387	-165
Transport - Fleet	1,916	-25	1,891	1,604	-288
Transport - Other	388	-26	361	344	-17
Supplies & Services	9,985	1,331	11,316	10,403	-913
Agency Costs	652	-75	577	484	-93
Contracts for Support Services	367	-2	365	315	-50
Force Development Contingency	2,518	-2,203	315	0	-315
Savings Required for New Growth		-1,228	-1,228	0	1,228
Capital Financing Cost	756	0	756	758	2
Revenue Contribution to Capital	1,057	391	1,447	1,447	0
PCC Costs	706	-16	690	608	-82
PCC Commissioning Fund	805	487	1,292	1,292	0
Transfer to Revenue Support Reserve	0	0	0	1,724	1,724
Total Expenditure	**113,281**	**-317**	**112,964**	**112,397**	**-567**
Income	-1,469	-438	-1,907	-2,317	-410
Interest Receipts	-200	0	-200	-180	20
Specific Grants	-5,123	-47	-5,170	-5,246	-76
Net Budget/Expenditure	**106,489**	**-802**	**105,687**	**104,653**	**-1,033**
Support from Carry Forward Reserves	0	802	802	961	159
Transfer to General reserve	0	0	0	874	874
Budget Requirement	**106,489**	**0**	**106,489**	**106,489**	**0**

A reconciliation between the Net Expenditure in this analysis (£104,653k) and the total financial resources of the PCC consumed at the request of the Chief Constable – Net Cost of Service, included in the CIES (£107,768k) is detailed below.

	£'000
Net Expenditure in Service Analysis	**104,653**
Amounts not included in service analysis but included in the Comprehensive Income and Expenditure Statement	
IAS19 pension costs	(1,020)
IFRS adjustment - short term compensated absences	87
IFRS adjustment - capital grants	911
	(22)
Amounts not included in service analysis but included in the Comprehensive Income and Expenditure Statement	
Specific Grants	5,612
Income from fees and charges	5,012
Investment income	180
PCC costs	(2,373)
Interest paid	(1,937)
Transfer to Revenue support reserve	(1,724)
Revenue contribution to capital	(1,467)
Transfer from Capital Adjustment Account	2,934
	6,237
Financial resources of the PCC consumed at the request of the Chief Constable in the CIES	**110,868**

2013/14

The Group had one reporting segment, incorporating both the PCC and CC costs for which the outturn report was presented to the Finance Panel on 26th June 2014 as detailed below.

Revenue Budget	Feb PCC Budget £000's	Variation to Budget £000's	Latest Budget £000's	Outturn Expend £000's	Variance £000's
Police Officers	61,956	-146	61,810	61,237	-573
Police Staff	19,722	615	20,337	19,099	-1,239
PCSOs	3,981	0	3,981	3,823	-158
Other employee costs	1,289	-43	1,246	1,684	437
Training	850	-31	819	296	-523
Major Incidents	275	62	337	85	-252
Total Employee Costs	**88,073**	**458**	**88,530**	**86,224**	**-2,307**
Premises	6,544	18	6,562	6,367	-195
Transport - Fleet	1,977	11	1,988	1,782	-206
Transport - Other	390	32	422	345	-77
Supplies & Services	9,661	1,349	11,010	10,233	-777
Agency Costs	635	-28	607	498	-109
Contracts for Support Services	226	36	262	253	-9
Force Development Contingency	1,220	-769	451	0	-451
Savings Required for New Growth	0	-4,746	-4,746	0	4,746
Capital Financing Cost	771	0	771	774	3
Revenue Contribution to Capital	887	795	1,683	1,641	-42
PCC Costs	675	0	675	666	-9
PCC Commissioning Fund	2,326	-1,742	584	583	0
Total Expenditure	**113,385**	**-4,587**	**108,798**	**109,366**	**568**
Income	-1,022	-175	-1,197	-1,855	-658
Interest Receipts	-200	0	-200	-230	-30
Specific Grants	-9,956	4,431	-5,525	-5,739	-214
Net Budget/Expenditure	**102,207**	**-330**	**101,876**	**101,543**	**-334**
Transfer to IT Contingency Reserve	0	1,680	1,680	2,014	334
Support from Reserves	480	3,114	3,594	3,594	0
Budget Requirement	**102,686**	**4,464**	**107,150**	**107,150**	**0**

A reconciliation between the Net Expenditure in this analysis (£101,543k) and the total financial resources of the PCC consumed at the request of the Chief Constable – Net Cost of Service, included in the CIES (£114,717k) is detailed below.

	£'000
Net Expenditure in Service Analysis	**101,543**
Amounts not included in service analysis but included in the Operating Cost Statement	
IAS19 pension costs	921
IFRS adjustment - short term compensated absences	14
IFRS adjustment - capital grants	877
	1,812
Amounts included in service analysis and not included in the Operating Cost Statement	
Specific Grants	6,222
Income from fees and charges	6,429
Investment income	230
PCC costs	(1,891)
Interest paid	(1,932)
Revenue contribution to capital	(1,641)
Transfer from Capital Adjustment Account	3,945
	11,362
Financial resources of the PCC consumed at the request of the Chief Constable in the CIES	**114,717**

7. Pension costs

As part of the terms and conditions of employment of its officers and other employees, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Group participates in three separate pension schemes:

- The Local Government Pension Scheme (LGPS) for civilian employees, administered locally by Gloucestershire County Council. This is a funded defined benefit salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The defined benefit is based on a combination of final and average salary dependent on when the participant joined the scheme. The LGPS is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Gloucestershire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the committee and consist of:
  Black Rock Advisors (UK)
  CBRE Global Collective Investors UK
  Grantham, Mayo, Van Otterloo & Co LLC
  Hermes Real Estate Investment Management
  Standard Life Investments
  Western Asset Management Company
  Yorkshire Fund Managers Group

- The Police Pension Scheme (PPS) and the New Police Pension Scheme (NPPS) for police officers. These are both unfunded defined benefit final salary schemes, administered by the Group, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions funds for the year are less than the amounts receivable, the Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which must then repay the amount to central government. Both schemes are operated under the regulatory framework for the Police Pension Schemes and the governance of the scheme is the responsibility of the Chief Constable, who is the Scheme Manager for the Force. From April 2015 the Scheme Manager will be assisted by a Pensions Board. As stated above, there are no investment assets, so investment managers have not been appointed.

The principal risks to the Group of the pension schemes are the longevity assumptions, statutory changes to the schemes, structural changes to the schemes (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the LGPS. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Transactions relating to post-employment benefits

The costs of retirement benefits are included in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the council tax precept is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Group and CC Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	2014/15 £000	2013/14 £000
Local Government Pension Scheme (LGPS)		
Comprehensive Income and Expenditure Account		
Net cost of services		
Current service cost	4,109	3,793
Past service costs (including curtailments)	0	71
Amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme	(3,629)	(3,543)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	4,995	4,601
Expected return on assets in the scheme	(3,577)	(3,296)
Remeasurement of the net defined benefit liability		
Actuarial gains and losses arising on changes in demographic assumptions	0	2,582
Actuarial gains and losses arising on changes in financial assumptions	23,947	1,843
Other experience	(720)	1,759
Return on plan assets (excluding the amount included in the net interest expense	(8,657)	(3,916)
Net charge to the Comprehensive Income & Expenditure Account	16,468	3,894
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	(16,468)	(3,894)

Police Pension Scheme (PPS)	2014/15 £000	2013/14 £000
Comprehensive Income and Expenditure Account		
Net cost of services		
Current service cost	21,200	21,000
Past service costs (including curtailments)	100	100
Amount charged against the General Fund Balance for pensions in the year: Retirement benefits payable to pensioners	(28,700)	(25,500)
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	42,700	40,600
Remeasurement of the net defined benefit liability		
Actuarial gains and losses arising on changes in demographic assumptions	0	21,900
Actuarial gains and losses arising on changes in financial assumptions	144,900	36,100
Other experience	100	(200)
Net charge to the Comprehensive Income & Expenditure Account	180,300	94,000
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	(180,300)	(94,000)

New Police Pension Scheme (NPPS)	2014/15 £000	2013/14 £000
Comprehensive Income and Expenditure Account		
Net cost of services		
Current service cost	4,800	3,700
Past service costs (including curtailments)	100	0
Amount charged against the General Fund Balance for pensions in the year: Retirement benefits payable to pensioners	1,000	1,300
Financing and investment income and expenditure		
Net interest on the net defined benefit liability	1,700	1,200
Remeasurement of the net defined benefit liability		
Actuarial gains and losses arising on changes in demographic assumptions	0	700
Actuarial gains and losses arising on changes in financial assumptions	10,500	3,700
Other experience	1,000	(100)
Net charge to the Comprehensive Income & Expenditure Account	19,100	10,500
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS19	(19,100)	(10,500)

An intra-group adjustment transfers these costs from the CC accounts to those of the PCC.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	LGPS		PPS		NPPS	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
As at 1st April	(114,680)	(100,767)	(997,800)	(903,800)	(35,900)	(25,400)
Current service cost	(4,109)	(3,793)	(21,200)	(21,000)	(4,800)	(3,700)
Net interest on the net defined benefit liability	(4,995)	(4,601)	(42,700)	(40,600)	(1,700)	(1,200)
Contributions by scheme participants	(1,178)	(1,119)	(4,700)	(4,700)	(1,000)	(1,000)
Transfers (in)out	0	0	100	(100)	0	(300)
Remeasurement of the net defined benefit liability						
- Actuarial gains/losses arising from changes in demographic assumptions	0	(2,582)	0	(21,900)	0	(700)
- Actuarial gains/losses arising from changes in financial assumptions	(23,947)	(1,843)	(144,900)	(36,100)	(10,500)	(3,700)
- Other experience	720	(1,759)	(100)	200	(1,000)	100
Benefits paid	2,109	1,855	33,300	30,300	0	0
Past service cost (including curtailments)	0	(71)	(100)	(100)	(100)	0
As at 31st March	(146,080)	(114,680)	(1,178,100)	(997,800)	(55,000)	(35,900)

Reconciliation of fair value of the scheme assets:

	LGPS	
	2014/15 £000	2013/14 £000
As at 1st April	81,917	71,898
Expected rate of return	3,577	3,296
Remeasurement of the net defined benefit liability	8,657	3,916
Employers contributions	3,629	3,543
Contributions by scheme participants	1,178	1,119
Benefits paid	(2,109)	(1,855)
As at 31st March	96,849	81,917

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The scheme has made a positive return on assets in the year of £14.932m (2013/14: £10.019m positive return).

Scheme History

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Present value of liabilities						
- LGPS	(90,617)	(69,985)	(80,689)	(100,767)	(114,680)	(146,080)
- PPS	(823,000)	(725,900)	(779,800)	(903,800)	(997,800)	(1,178,100)
- NPPS	(12,900)	(12,400)	(16,000)	(25,400)	(35,900)	(55,000)
- Total	(926,517)	(808,285)	(876,489)	(1,029,967)	(1,148,380)	(1,379,180)
Fair value of assets in LGPS	47,979	54,626	59,946	71,898	81,917	96,849
Surplus (deficit) in the scheme						
- LGPS	(42,638)	(15,359)	(20,743)	(28,869)	(32,763)	(49,231)
- PPS	(823,000)	(725,900)	(779,800)	(903,800)	(997,800)	(1,178,100)
- NPPS	(12,900)	(12,400)	(16,000)	(25,400)	(35,900)	(55,000)
- Total	(878,538)	(753,659)	(816,543)	(958,069)	(1,066,463)	(1,282,331)

The Group has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS19. The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The increased liability as at 31st March 2015 is primarily a result of changes in financial actuarial assumptions since 2013/14. The total liability of £1,282m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,205m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy:

- The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Group in the year to 31st March 2016 is £3.71m and the projected current service cost is £5.24m.

The projected current service costs for the Police Schemes for 2015/16 are for the Police Pension Scheme £19.4 million (from £22.1 million in 2014/15) and for the New Police Pension Scheme £4.1 million (from £4.6 million in 2014/15). The current service cost represents the increase in the benefits earned by the employees in the current period based on their pay and length of service.

Basis for 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 dependent on assumptions about mortality rates, salary levels etc. Both the Police Pension Schemes and the Local Government Pension Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Local Government Pension Scheme have been based on the latest full valuation of the scheme as at 31st March 2013. Estimates for the Police pension schemes are based on the latest full valuation of the scheme as at 31st March 2012.The principal assumptions used by the Actuary have been:

	LGPS		Police Pension Schemes	
	2014/15	**2013/14**	**2014/15**	**2013/14**
Long term expected rate of return on assets in the scheme:				
Equity investments	3.2%	4.3%	-	-
Bonds	3.2%	4.3%	-	-
Property	3.2%	4.3%	-	-
Cash	3.2%	4.3%	-	-
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Male	22.5	22.5	24.5	24.3
Female	24.6	24.6	26.7	26.5
Longevity at 65 for future pensioners:				
Male	24.4	24.4	26.1	25.9
Female	27.0	27.0	28.2	28.0
Rate of inflation	2.4%	2.8%	3.3% (3.4% new)	3.6% (3.7% new)
Rate of increase in salaries	3.8%	4.1%	3.4% (3.5% new)	3.8% (3.9% new)
Rate of increase in pensions	2.4%	2.8%	2.4% (2.5% new)	2.8% (2.9% new)
Expected return on assets	3.2%	4.3%	-	-
Rate for discounting scheme liabilities	3.2%	4.3%	3.2% (3.3% new)	4.3%
Take-up of option to convert annual pension into retirement lump sum	50% pre 1/4/08 75% post 31/3/08	50% pre 1/4/08 75% post 31/3/08	90% old scheme, no allowance new scheme	90% old scheme, no allowance new scheme

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

LGPS

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2015	**Approximate % increase to Employer Liability**	**Approximate monetary amount (£000)**
0.5% decrease in Real Discount Rate	13	19,204
1 year increase in member life expectancy	3	4,382
0.5% increase in the Salary Increase Rate	5	7,905
0.5% increase in the Pension Increase Rate	7	10,781

Police Pension Scheme

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2015	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2	23,300
1 year increase in member life expectancy	3	35,300
0.5% increase in the Salary Increase Rate	2	19,400
0.5% increase in the Pension Increase Rate (CPI)	8	99,800

The sensitivities regarding the principal assumptions used to measure the projected current service cost are set out below:

Change in financial assumptions at year ended 31st March 2015	Approximate % increase to projected current service cost	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	3	600
1 year increase in member life expectancy	3	580
0.5% increase in the Salary Increase Rate	3	500
0.5% increase in the Pension Increase Rate (CPI)	13	2,610

New Police Pension Scheme

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in financial assumptions at year ended 31st March 2015	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	4	2,100
1 year increase in member life expectancy	3	1,700
0.5% increase in the Salary Increase Rate	10	5,800
0.5% increase in the Pension Increase Rate (CPI)	9	4,900

The sensitivities regarding the principal assumptions used to measure the projected current service cost are set out below:

Change in financial assumptions at year ended 31st March 2015	Approximate % increase to projected current service cost	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	5	210
1 year increase in member life expectancy	3	120
0.5% increase in the Salary Increase Rate	2	80
0.5% increase in the Pension Increase Rate (CPI)	25	1,020

Local Government Pension Scheme Assets

The Police Pension Schemes have no assets to cover their liabilities. The Local Government Pension Scheme's assets consist of the following categories:

	Fair value of scheme assets at 31/3/15			Fair value of scheme assets at 31/3/14		
Asset Category	**Quoted prices in active markets (£000)**	**Quoted prices not in active markets (£000)**	**Total (£000)**	**Quoted prices in active markets (£000)**	**Quoted prices not in active markets (£000)**	**Total (£000)**
Cash & cash equivalents	**1,464.8**	**-**	**1,464.8**	**1,387.1**	**-**	**1,387.1**
Equity securities						
Consumer	5,197.2	-	5,197.2	4,700.9	-	4,700.9
Manufacturing	2,310.6	-	2,310.6	1,967.2	-	1,967.2
Energy & utilities	2,456.4	-	2,456.4	2,696.3	-	2,696.3
Financial institutions	4,597.8	-	4,597.8	4,090.6	-	4,090.6
Health & care	921.0	-	921.0	915.4	-	915.4
Information technology	0	-	0	127.8	-	127.8
Other	2,321.8	-	2,321.8	3,038.6	-	3,038.6
Total Equity securities	**17,804.8**	**-**	**17,804.8**	**17,536.8**	**-**	**17,536.8**
Debt securities						
Corporate (investment grade)	4,916.8	-	4,916.8	3,920.4	-	3,920.4
Corporate (non-investment grade)	370.5	-	370.5	261.3	-	261.3
UK Government	9,116.7	-	9,116.7	7,351.0	-	7,351.0
Other	1,586.1	-	1,586.1	594.6	-	594.6
Total Debt securities	**15,990.1**		**15,990.1**	**12,127.3**	**-**	**12,127.3**
Property						
UK	4,803.0	1,662.5	6,465.5	3,713.9	853.7	4,567.6
Overseas	-	498.2	498.2	-	284.8	284.8
Total Property	**4,803.0**	**2,160.7**	**6,963.7**	**3,713.9**	**1,138.5**	**4,852.4**
Private equity	**-**	**289.0**	**289.0**	**-**	**274.3**	**274.3**
Investment funds and Unit trusts						
Equities	3,198.0	42,256.7	45,454.7	2,630.6	35,681.0	38,311.6
Bonds	4,198.6	257.1	4,455.7	3,532.4	82.6	3,615.0
Other	-	4,432.1	4,432.1	-	3,802.5	3,802.5
Total Investment funds and Unit trusts	**7,396.6**	**46,945.9**	**54,342.5**	**6,163.0**	**39,566.1**	**45,729.1**
Derivatives						
Foreign exchange	-	-	-	14.4	-	14.4
Other	(5.9)	-	(5.9)	(4.1)	-	(4.1)
Total Derivatives	**(5.9)**	**-**	**(5.9)**	**10.3**	**-**	**10.3**
TOTAL ASSETS	**47,453.4**	**49,395.6**	**96,849.0**	**40,938.4**	**40,978.9**	**81,917.3**

None of the property assets included in the scheme are occupied by the Police and Crime Commissioner for Gloucestershire.

Impact on the Group's cash Flows

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. With regards the LGPS the County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation for the LGPS is due to be completed on 31 March 2016 and for the Police pension schemes on 31 March 2016.

The LGPS scheme will need to take account of the national changes under the Public Pension Act 2013. The Home Office are currently in the detailed development phase of the 2015 scheme and are working towards a complete set of regulations being available in Autumn 2014. The Police pension scheme reforms are due to be in place from 1st April 2015.

The weighted average durations of the defined benefit obligation for scheme members are detailed below:

	Weighted average duration as at 31/3/15 (years)	Weighted average duration as at 31/3/14 (years)
LGPS	22.9	22.9
Police pension scheme	19.5	18.9
New police pension scheme	37.4	37.5

8. Exit packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other departures for the Chief Constable are set out below.

2014/15

Exit package cost band (£)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages**	**Total cost of exit packages £000**
0 – 80,000	2	1	3	120

2013/14

Exit package cost band (£)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages**	**Total cost of exit packages £000**
0 – 80,000	3	2	5	106

9. Remuneration of Senior Staff

The Chief Constable is required, under the Accounts and Audit (England) Regulations 2011, to report the numbers of staff with pay and benefits in excess of £50,000 in multiples of £5,000. This includes the remuneration of senior employees and relevant police officers which are also disclosed individually.

	Number of Employees	
Remuneration Band	**2014/15**	**2013/14**
£50,000 - £54,999	53	56
£55,000 - £59,999	39	40
£60,000 - £64,999	5	5
£65,000 - £69,999	4	3
£70,000 - £74,999	3	1
£75,000 - £79,999	3	5
£80,000 - £84,999	4	4
£85,000 - £89,999	0	2
£90,000 - £94,999	2	0
£95,000 - £99,999	0	0
£100,000 - £104,999	0	1
£105,000 - £109,999	2	2
£110,000 - £114,999	0	0
£115,000 - £119,999	1	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	0	1
£145,000 - £149,999	1	0

The Chief Constable is required, under the Accounts and Audit (England) Regulations 2011, to disclose individual remuneration details for senior employees and relevant police officers. Details for 2014/15 and 2013/14 are as follows:

2014/15 Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Payment in lieu of notice £	Benefits in Kind £	Other Payments £	Total Remuneration excluding pension contributions 2014/15 £	Employers Pension Contributions £	Total remuneration including pension contributions 2014/15 £	MEMO: Employees Pension Contributions £
Chief Constable	**139,254**	**0**	**8,410**	**0**	**168**	**0**	**147,832**	**31,983**	**179,815**	**19,882**
Deputy Chief Constable	**114,911**	**0**	**780**	**0**	**6,554**	**0**	**122,245**	**26,766**	**149,011**	**16,646**
ACC - Operational Services	**99,552**	**0**	**8,428**	**0**	**0**	**0**	**107,980**	**23,049**	**131,029**	**14,334**
ACC - Organisation	**99,562**	**0**	**8,249**	**0**	**245**	**0**	**108,056**	**23,049**	**131,105**	**14,334**
CC Chief Finance Officer	**67,457**	**0**	**0**	**0**	**0**	**0**	**67,457**	**8,634**	**76,091**	**6,678**

Notes:
1. The expense allowances includes the lump sum car allowance paid to officers who do not take up their entitlement for a provided car and the taxable value of payments made to officers for business mileage undertaken in their private vehicles.
2.The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The main benefit being the provision of home security alarms.
3. The employees pension contribution represents a deduction made from each individuals salary.

2013/14 Post holder information	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind £	Other Payments £	Total Remuneration excluding pension contributions 2013/14 £	Employers pension contributions £	Total Remuneration including pension contributions 2013/14 £	MEMO: Employees pension contributions £
Chief Constable	**136,093**	**0**	**8,471**	**0**	**535**	**0**	**145,099**	**31,654**	**176,753**	**18,312**
Deputy Chief Constable A (to 12/05/13)	13,023	0	878	0	0	0	13,901	3,032	16,933	1,754
Deputy Chief Constable B (from 13/05/13)	100,732	0	690	0	4,439	0	105,861	23,455	129,316	13,569
Post total	**113,755**	**0**	**1,568**	**0**	**4,439**	**0**	**119,762**	**26,487**	**146,249**	**15,323**
ACC - Operational Services	**98,608**	**0**	**7,861**	**0**	**0**	**0**	**106,469**	**22,821**	**129,290**	**13,202**
ACC - Organisation	**98,608**	**0**	**8,172**	**0**	**168**	**0**	**106,948**	**22,821**	**129,769**	**13,202**
ACC - Projects (13/05/13 to 31/07/13)	**22,447**	**0**	**1,645**	**0**	**0**	**0**	**24,092**	**5,273**	**29,365**	**3,050**
CC Chief Finance Officer	**65,139**	**0**	**0**	**0**	**0**	**0**	**65,139**	**8,338**	**73,477**	**4,689**

Notes:
1. The expense allowances includes the lump sum car allowance paid to officers who do not take up their entitlement for a provided car and the taxable value of payments made to officers for business mileage undertaken in their private vehicles.
2.The benefits in kind entries do not refer to cash payments made to the officers but to the notional value of the benefit provided instead of cash payments. The benefits refer to the provision of home security alarms and a vehicle.
3. The employees pension contribution represents a deduction made from each individuals salary.

10. Related Party Transactions

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

Her Majesty's 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 and provides the majority of funding in the form of grants which are paid to the PCC. It also prescribes the terms of many of the transactions that the Group has with other parties. Grants received from Her Majesty's Government by the PCC are set out in the PCC and Group Statement of Accounts 2014/15.
Officers – during 2014/15 there were no material declared related party transactions to disclose.

11. Payments to External Auditors

The following fees were paid to external auditors during the year:

	2014/15 £000	2013/14 £000
External Audit services - CC	20	20
External Audit services - PCC	41	41
Other services	(6)	(6)
Total	55	55

These costs are included in the Agency and Contracted section of the subjective analysis (Note 5).

12. Post Balance Sheet Events

Non adjusting event - Under the Police Pensions Regulations 2015 a new Career Average Revalued Earnings (CARE) Scheme was introduced for police officers. Officers who were not protected, nor subject to transitional protection, were moved to the new scheme on 1st April 2015.

13. Contingent Liabilities

A recent determination by the Pensions Ombudsman on commutation factors has implications for police officers who retired from 1 December 2001 to 30 November 2006. A number of complaints of maladministration against GAD were submitted to the Pensions Ombudsman on the basis that GAD should have reviewed the commutation factors more frequently than it did. The Pensions Ombudsman upheld an initial Firefighter's complaint resulting in compensation of additional lump sum amounts.

This is being disclosed as a contingent liability in respect of commutation of police pension lump sums as a result of the Milne v GAD decision on past pension commutations. The liability has been based on an estimate from our pensions provider, Capita, who has provided an estimate based on 10 officers out of the 210 affected (5%).

In the period that these accounts were prepared there have been on-going discussions between audit firms and the NAO over what the appropriate accounting treatment is and we believe that IAS 19 is the most appropriate accounting standard, not IAS 37. This is based on a view that the changes to the commutation factors arising from this case amounted to a plan amendment under IAS 19. This therefore would mean that past service should only be recognised as an expense in 2015/16 when the plan was amended to reflect the Milne v GAD decision. Whilst we acknowledge that some other bodies have taken a contrary view we believe that this represents the best practice.

The Home Office have provided us with a letter confirming grant will cover the impact of the determination.

Gloucestershire Police Pension Fund Account
For the year ended 31st March 2015

2013/14 £'000		2014/15 £'000
	Contributions receivable	
	From employer	
10,466	- contributions at 24.2% of pensionable pay	10,218
570	- other (maternity/paternity/sickness, capital charge ill health & the 30+ scheme)	677
11,036		10,895
5,693	From members	5,835
	Transfers in	
367	Individual transfers in from other schemes	225
86	Transfer from Avon & Somerset Constabulary	78
453		303
17,182		**17,033**
	Benefits payable	
24,162	Pensions	25,557
6,916	Commutations and lump sum retirement benefits	7,133
31,078		32,690
	Payments to and on account of leavers	
5	Individual transfers out to other schemes	306
31,083		**32,996**
(13,901)	**Sub-total for the year before transfer from the PCC of amount equal to the deficit**	**(15,963)**
13,901	**Additional funding payable by PCC to meet deficit for the year**	**15,963**
0	**Net amount payable for the year**	**0**

Gloucestershire Police Pension Fund Net Assets Statement as at 31st March 2015

2013/14 £'000		2014/15 £'000
	Current Assets	
2,300	Funding to meet deficit receivable from PCC	3,560
2,190	Other current assets – Pensions prepaid	2,281
4,490		5,841
	Current Liabilities	
4,490	Other current liabilities	5,841
0	**Net Assets**	**0**

Notes to the Gloucestershire Police Pension Fund Accounts

1. General Description of Fund's Operations

The Police Officer Pension Fund is administered by the Chief Constable in accordance with the Police Pensions Act 1976, as amended by the Police Reform and Social Responsibility Act 2011. This is administered from a separate local police pensions account, rather than direct from the Comprehensive Income and Expenditure Statement. The pensions account is topped up by the Group if the contributions are insufficient to meet the cost of pension payments. The Group receives a Police Pension Top Up Grant from the Home Office for an amount equal to the deficit on the Police Pension Fund Account.

It should be noted that the Police Pension Fund has no investment assets, and pensions are paid from employer and employee contributions, plus additional funding from the Group. Employer contributions are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. For the year ended 31st March 2015 the percentage was 24.2%. Under IAS19 the Police Pension Scheme is classed as a defined benefit scheme. Therefore the risk of shortfall remains with the Group. Accordingly the Group has obtained an actuarial valuation for the scheme.

A contingent liability has been calculated in relation to the Government Actuary's Department v Milne case whereby retired Police Officer commutation payments have been judged to be incorrectly calculated between 2001 and 2006. This affects 210 retired officers at an estimated cost of £3.3m (including interest). The Home Office have provided us with a letter confirming grant will cover the impact of the determination.

2. Accounting Policies

a. The Accounts have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit (England) Regulations 2011 which states that the Group is obliged to include the police pensions account in its statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

b. The Accounts have been prepared on an accruals basis.

c. The Accounts do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement, details of which can be found in note 7 of the main statement of accounts.

d. There are no significant estimation techniques employed in the production of the pension fund accounts.

CC Annual Governance Statement

The Annual Governance Statement was reviewed by the Audit Committee on the 30th June 2015 and is available on the Gloucestershire Constabulary website.

GLOSSARY OF ACCOUNTING TERMINOLOGY

ACCOUNTING PERIOD
The period of time covered by the accounts, usually a full year, which for this Group runs from 1st April to 31st March.

ACCOUNTING POLICIES
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising
- selecting measurement bases for, and
- presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements.

ACCRUALS
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid. For example, expenditure accruals relate to the value of goods/services/works received or carried out, but not necessarily paid for, in the period.

AGENCY SERVICES
Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.

ANNUAL GOVERNANCE STATEMENT (AGS)
The AGS comprises mainly a policy statement; recognition of core principles of good governance; the corporate governance arrangements; and an annual governance review. The AGS is a self-contained statement which is submitted to the Audit Committee for review.

AUDITOR'S OPINION
The opinion required by statute from the Chief Constable's external auditors, indicating whether the statement of accounts presents fairly the financial position of the Chief Constable.

BALANCE SHEET
This statement sets out the financial position of the Chief Constable at year-end 31 March. It shows a summary of non-current assets held, the current assets employed, the balances and reserves of the CC and the CC's financial liabilities.

BUDGET
The PCC's plan for providing resources to meet his service obligations. The PCC has most recently set an annual budget within a four year financial strategy covering the period 2015/16 to 2018/19.

CASH FLOW STATEMENT
This statement summarises the CC's inflows and outflows of cash and cash equivalents arising from transactions with third parties during the year, for revenue and capital purposes.

CHIEF CONSTABLE FOR GLOUCESTERSHIRE (CC)
The Chief Constable is a separate corporation sole which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

CIPFA
The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public sector.

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. PCC's 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.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT (PENSIONS)
For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:
(a) termination of employees' services earlier than expected, and
(b) termination or amendment to the terms, of a defined benefit scheme, so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

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

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

DEPRECIATION
The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

ESTIMATION TECHNIQUES
The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. These implement the measurement aspects of the accounting policies, and include selecting methods of depreciation and making provision for bad debts.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

FINANCE LEASE
Finance Leases are where the terms of the lease, or a right to use an asset in return for payment, transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. Finance lease(s), as defined by IAS 17, are accounted for as deferred liabilities (within Long Term Liabilities on the Balance Sheet); and the finance charges (i.e. interest element) and principal element, respectively, are charged to the CIES (Financing and Investment Income and Expenditure) and to write down the long-term liability. IAS 17 requires the recognition of any leases embedded within contracts.

GROUP
The term Group refers to the Police and Crime Commissioner for Gloucestershire and the Chief Constable for Gloucestershire.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
International Financial Reporting Standards (IFRS) replaced the annual Statement of Recommended Practice (SoRP) based on GAAP, for all local authorities in the UK from the financial year commencing 1st April 2010.

MOVEMENT IN RESERVES STATEMENT (MIRS)
This statement shows the movement in the year on the different reserves held by the CC, analysed into 'usable reserves' (including the General Fund Balance), and other (unusable) reserves.

OPERATING LEASE
An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership. Expenditure financed by operating leasing does not count in capital expenditure. Rentals paid under operating leasing agreements are accrued and accounted for through the revenue account in the period to which they relate.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

POLICE AND CRIME COMMISSIONER FOR GLOUCESTERSHIRE (PCC)
The PCC is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

POST BALANCE SHEET EVENTS
Events arising after the balance sheet date which provide additional evidence of conditions that existed at the balance sheet date and are of a material nature.

PROVISION
An amount set aside in the accounts for anticipated future liabilities or specific losses that are reasonably certain to be incurred, but which cannot be quantified accurately at the balance sheet date (are uncertain in amount and date). Provisions have been recognised in the accounts when there is a legal or constructive obligation to transfer economic benefits that can be estimated with a degree of certainty as a result of a past event. Any provision is intended to represent the best estimate at the Balance Sheet date of expenditure required to settle the present obligation; and, later, should only be applied to the precise purpose for which the provision was recognised. Provisions are shown in a note in the full Statement of Accounts.

RELATED PARTY TRANSACTIONS
A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Two or more parties are related parties when at any time during the financial period:
(i) One party has direct or indirect control of the other party, or
(ii) The parties are subject to common control from the same source, or
(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
(iv) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

REMUNERATION
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

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

SECONDED OFFICERS
These are police officers who, for agreed periods, temporarily work for other organisations. Their salaries and expenses are not included in the Operating Cost Statement.

SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP)
CC’s in England prepare their Operating Cost Statement in accordance with the Service Reporting Code of Practice for Local Authorities (SeRCOP) as from year 2011/12. The SeRCOP stipulates the service divisions to be used in the Comprehensive Income & Expenditure Statement.

SHORT-TERM ACCUMULATING COMPENSATED ABSENCES
Absences earned but not taken by the end of the financial year e.g. annual leave entitlement.

TERMINATION BENEFITS
Termination benefits (e.g. redundancy payments), whether they are resulting from a decision by the Group to terminate an employee's employment before normal retirement date or an employee's decision to accept voluntary redundancy, are charged to the relevant service line in the Operating Cost Statement.

THIRD PARTY PAYMENTS
Payments made to outside contractors and other bodies who provide specialist or support services for the CC.