

**POLICE AND CRIME COMMISSIONER FOR
GREATER MANCHESTER
ANNUAL FINANCIAL
REPORT AND ACCOUNTS**

2016/17

to 7th May 2017

Account

2016/17
Annual
Financial
Report

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REGULATION & INTRODUCTION

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

INDEPENDENT AUDITOR'S REPORT TO THE DEPUTY MAYOR FOR POLICING AND CRIME FOR GREATER MANCHESTER IN RESPECT OF THE POLICE AND CRIME COMMISSIONER FOR GREATER MANCHESTER

We have audited the financial statements of the Police and Crime Commissioner for Greater Manchester (the "Police and Crime Commissioner") for the period ended 7 May 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Police and Crime Commissioner Movement in Reserves Statement, the Police and Crime Commissioner Comprehensive Income and Expenditure Statement, the Police and Crime Commissioner Balance Sheet, the Police and Crime Commissioner Cash Flow Statement, the Police and Crime Commissioner Expenditure and Funding Analysis and the related notes, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Expenditure and Funding Analysis and the related notes, and include the police pension fund financial statements of Greater Manchester Police comprising the Police Pension Fund Account and the related notes 1 to 10. 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 2016/17.

This report is made solely to the Deputy Mayor for Policing and Crime for Greater Manchester in respect of the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Deputy Mayor for Policing and Crime for Greater Manchester those matters we are required to state to them in an auditor's report in respect of the Police and Crime Commissioner and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Deputy Mayor for Policing and Crime for Greater Manchester in respect of the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer of GMCA and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer of GMCA 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Police and Crime Commissioner and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer of GMCA; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Treasurer's Narrative Report and the Annual Governance Statement 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 present a true and fair view of the financial position of the Police and Crime Commissioner and Group as at 7 May 2017 and of the Police and Crime Commissioner's and Group's expenditure and income for the period then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Emphasis of Matter – Basis of Preparation – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 2 and 32 to the financial statements and in the Treasurer's Narrative Report concerning the basis of preparation of the financial statements. As explained in Note 2:

The functions of the Greater Manchester Police and Crime Commissioner (PCC), were transferred by Parliamentary Order to the Elected Mayor of Greater Manchester with effect from 8 May 2017. The transfer of PCC functions to the Elected Mayor means that the legal entity known as Greater Manchester Police and Crime Commissioner ceased to exist as of 8 May 2017. All properties, rights and liabilities (including contracts of employment) transferred to the Greater Manchester Combined Authority on 8 May 2017. As the functions of PCC will continue, and in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, the accounts have been prepared on a going concern basis.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Treasurer's Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Police and Crime Commissioner under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Police and Crime Commissioner and auditor

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its 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 issued by the Comptroller and Auditor General in November 2016, as to whether the Police and Crime Commissioner had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 7 May 2017.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 7 May 2017.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code of Audit Practice until we have completed the work necessary in respect of our Whole of Government Accounts (WGA) Component Assurance statement for the Police and Crime Commissioner and the Chief Constable for Greater Manchester for the period ended 7 March 2017. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 7 May 2017.

Paul Grady

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

30 Finsbury Square
London
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29 September 2017

TREASURER'S NARRATIVE REPORT

1. Introduction

The purpose of this report is to offer an easily understandable guide to the most important matters reported in the accounts. However, should you wish to review a simpler summary of accounts which highlights the main points of interest, (rather than the full detailed version contained in this document) a copy of the summary of accounts and further information about the Mayoral Police and Crime Commissioning functions can be obtained by visiting https://www.greatermanchester-ca.gov.uk/info/20006/police_and_crime

As highlighted in last year's foreword the functions of the Greater Manchester Police and Crime Commissioner (PCC), in Greater Manchester, were transferred by Parliamentary Order¹, to the elected Mayor of Greater Manchester with effect from 8th May 2017. Under Section 3 of the Order "the mayor is to be treated, in relation to the mayor's PCC functions, as a police and crime commissioner for the purposes of all police and crime commissioner enactments, wherever passed or made, subject to schedule 1 of the Order". The transfer of the PCC functions to the Elected Mayor means that the legal entity known as the Greater Manchester Police and Crime Commissioner ceased to exist as of 8 May 2017. All properties, rights and liabilities (including contracts of employment) transferred to the Greater Manchester Combined Authority on 8 May 2017. Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Mayor. Any receipts arising from such properties, rights and liabilities are to be paid into the police fund kept by the mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011. As the functions of the PCC will continue the accounts have been prepared on a going concern basis.

The requirement in section 3(3) of the Local Audit and Accountability Act 2014(a) for a relevant authority to prepare a statement of accounts for each financial year ending on 31st March is modified under section 9 of the Order whereby in the case of the Police and Crime Commissioner and Chief Constable for the financial year which began on 1st April 2016 to require (a) the Police and Crime Commissioner, or after the transfer made by this Order, the combined authority in respect of the Police and Crime Commissioner's accounts; and (b) the Chief Constable; to prepare a statement of accounts from that date for the period which ends on 7th May 2017. Details of the assumptions made in preparing these accounts for this extended period can be found in the critical judgements section of the Statement of Accounts.

The accounts have been prepared in accordance with the Accounts and Audit Regulations 2015, the Code of Practice on Local Authority Accounting 2016/17 and the Service Reporting Code of Practice 2016/17. The objectives of the Statement of Accounts are to provide information about the financial position, financial performance and cash flows of the Police and Crime Commissioner that are useful to a wide range of users. The information provided also allows for an assessment to be made of the stewardship and accountability of the Commissioner and the management of the resources entrusted to him. As required by the above, the accounts are necessarily extremely detailed and technical and explanatory notes are included.

This foreword is divided into the following main areas:

- The Police and Crime Commissioner for Greater Manchester
- Greater Manchester context
- Changes in statutory functions
- Relationship between the Police and Crime Commissioner and Chief Constable
- Details of changes to the statements for 2016/17
- Details of what is included in the statement of accounts
- Review of 2016/17, including performance
- Outlook for the future
- Statement on the pension liability
- Statement on provisions
- Statement on the impact of the Private Finance Initiative
- Analysis of borrowing
- Impact of the current economic climate
- Material assets acquired and liabilities incurred
- Material and unusual charges

¹ The Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017

The Police and Crime Commissioner for Greater Manchester

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate corporation soles. The core functions of Police and Crime Commissioners are to secure the maintenance of an efficient and effective police force within their area, and to hold the Chief Constable to account for the delivery of the police and crime plan. Police and Crime Commissioners are charged with holding the police fund (from which all policing of the area is financed) and raising the local policing precept from council tax. Police and Crime Commissioners are also responsible for the appointment, suspension and dismissal of the Chief Constable.

As set out above from 8th May 2017 the mayor is to be treated, in relation to the mayor's PCC functions, as a police and crime commissioner for the purposes of all police and crime commissioner enactments.

Greater Manchester context

The statistics below highlight the challenges to policing services but also the opportunities upon which resilient communities can be built to make Greater Manchester a safer place to live, whilst protecting the vulnerable and supporting victims of crime.

- Greater Manchester has a population of 2.5 million, encompassing one of the largest metropolitan areas, the second most populous urban area in the UK. There is a mix of high-density urban areas, suburbs, semi-rural and rural locations in Greater Manchester, but mostly urban
- There are 1.4 million people working in Greater Manchester in over 100,000 businesses. Greater Manchester has the largest travel-to-work area of any conurbation in the UK outside of London
- Manchester is the UK's third most popular city for international visits, after London and Edinburgh with the number of visitors rising from 1.15 million in 2015 to 1.19 million in 2016
- Manchester Airport handles nearly 22 million passengers per year and offers direct flights to over 200 destinations worldwide
- With around 96,000 students studying in Greater Manchester it is one of the largest student populations in Europe
- Greater Manchester is the third most deprived Local Enterprise Partnership in the country with over a quarter of all children living in poverty
- Recent research by Manchester University – 'Multilingual Manchester' – has identified over 150 languages as being spoken across the city region² reiterating the extent of GM's multi-culturalism

The Index of Demand records that Greater Manchester is the most challenging area for policing in England and Wales. Greater Manchester is significantly higher in the Index than the Metropolitan Police area.

2. Relationship between the Police and Crime Commissioner and the Chief Constable

Each has specific roles and responsibilities under legislation.

The Police and Crime Commissioner:

- Appoints the Chief Constable and may suspend him or require him to resign or retire
- Must maintain the Police Force and ensure that it is efficient and effective
- Must issue a Police and Crime Plan
- Must hold the Chief Constable to account for his actions and those of his officers and staff
- Receives all income from grants, precept and charges

The Chief Constable:

- Holds office as a servant of the crown and is not an employee
- Has direction and control over police officers and is the employer of police staff
- Is operationally independent
- Must have regard to the Commissioners Police and Crime Plan
- Holds no property, rights or liabilities
- May not borrow money

3. Changes to the statements for 2016/17

The following changes have been introduced by the Code of Practice for 2016/17;

- Presentation changes to the Comprehensive Income and Expenditure Statement and the Movement in Reserves. This new presentation of information, with prior year comparison figures restated for reader information, is in line with CIPFA guidance and is commensurate with the in-year internal reporting to management of income and expenditure
- The introduction of the Expenditure and Funding analysis. The objective of the Expenditure and Funding Analysis is to demonstrate to tax payers how the funding available to the PCC (i.e. government grants, precepts), for the year has been used in providing services in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practices.

4. What's in the Statements of Accounts?

The accounts are prepared using International Financial Reporting Standards (IFRS). These are the same standards that a large company would use in preparing its financial statements. Some adjustments relating to costs that are not a charge to local taxpayers can be made by the Commissioner.

This document contains two sets of accounts; the Police and Crime Commissioner Single Entity accounts and the Police and Crime Commissioner Group which incorporates the accounts produced by the Chief Constable.

Single Entity Statements

a. These comprise:

- Movement in Reserves Statement (MiRS)
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Expenditure and Funding Analysis

The contents of these statements is explained in the group statements section below.

Group Statements

b. Statement of Responsibilities for the Statement of Accounts

This sets out the different responsibilities that the Police and Crime Commissioner and his Chief Finance Officer have for the content, production and approval of the accounts.

c. Movement in Reserves Statement (MiRS) - This statement shows the movement in the year on the different reserves held by the Police and Crime Commissioner. It shows how the deficit for the year in the Comprehensive Income and Expenditure Statement is adjusted by the costs that are not a charge to local taxpayers. The entry in respect of the General Fund shows an increase of £0.105m in the balance to £13.221m.

d. Comprehensive Income and Expenditure Statement (CIES) - This statement shows the accounting cost in the year of providing services under IFRS. The net deficit on the provision of services for the year is £144.326m, which is adjusted in the MiRS to give the true cost to the local taxpayer.

e. Balance Sheet (BS) - The balance sheet shows that the Police and Crime Commissioner recognised net liabilities of £7,415.838m at the end of the year. Assets are £416.165m and liabilities £7,832.003m, including a pension's liability of £7,565.676m.

f. Cash Flow Statement - This statement shows that cash and cash equivalents held by the Police and Crime Commissioner at the end of the year increased by £11.368m.

g. Expenditure and Funding Analysis – This analysis shows how annual expenditure is used and funded from resources (government grants and precept) by the PCC in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

h. Statement of Accounting Policies - Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Police and Crime Commissioner in preparing and presenting his financial statements. The Police and Crime Commissioner and the Chief Constable share the same accounting policies.

i. Notes to the Financial Statements - These include information required by the Code and additional material items of interest to assist the readers understanding of the reported figures.

j. Events after the reporting period and authorised for issue date - This summarises any major events that happened between the year end and the authorised for issue date. Events coming to light after the authorised for issue date will not be included in the financial statements.

k. Police Pension Fund Account - The Police Pensions scheme is unfunded and holds no assets. The purpose of this account is to demonstrate the cash-based transactions taking place over the year and to identify the arrangements needed to balance the account.

l. Annual Governance Statement - This statement explains how the Police and Crime Commissioner complied with his Code of Corporate Governance. Preparation and publication of the Statement fulfils his statutory requirement under the Accounts and Audit Regulations 2015 to conduct a review at least once in each financial year of the effectiveness of his system of internal control and to include a statement reporting on the review with his Statement of Accounts.

m. Glossary of financial terms - The nature of this document means that technical words are unavoidable. The glossary is intended to simplify and explain such words.

5. Review of 2016/17

a) Revenue budget

The government provided the majority (80%) of the money required to fund the Police and Crime Commissioner's expenditure. The remainder (20%) was paid by local taxpayers through the Precept (police portion of Council tax). This means that cuts to the police grant have a greater impact in Greater Manchester when compared to other force areas where the reliance on government funding is as low as 47%.

The police grant was cut by 0.6% and coupled with unavoidable pressures this equated to the delivery of savings totalling £29.6m. This is in addition to the £185m which has already been cut since austerity began in 2010, resulting in the loss of 2,000 police officers and 1,000 police staff.

The budget is set in February each year in the context of the 4 year Strategic Financial Outlook (SFO). The 2016/17 budget was approved on 16th February 2016 by the Police and Crime Commissioner and can be found here <https://meetings.gmpcc.org.uk/documents/s10856/Budget%20report%201617%20Issued.pdf>

The Band D Precept set was £157.30 (£152.30 the previous year), an increase of 3.28%, the 9th lowest precept in England and Wales.

b) Monitoring

Rigorous budgetary control arrangements are in place together with a devolved system of budgetary control, which ensured resources were allocated to priorities as required. Monthly control reports on budgetary performance for the group are considered. The group outturn against the original budget set is as follows:

	Group 2016/17 to 7th May 2017		
	Budget £000	Actual £000	Variance
Police Officer Pay	367,160	363,711	3,449
Police Officer Related	4,312	4,023	289
Staff Pay	137,613	136,818	795
Police Staff Related	2,107	2,797	(690)
PCSO Pay	25,336	24,011	1,325
PCSO Related	6	8	(2)
Police Officer Overtime	13,655	17,816	(4,161)
Police Staff Overtime	1,791	2,453	(662)
PCSO Overtime	29	101	(72)
TOTAL EMPLOYEE RELATED	552,009	551,738	271
Pensions	118,966	127,911	(8,945)
Premises Related	33,510	33,470	40
Supplies & Services	60,519	53,436	7,083
Agency Payments	26,500	24,804	1,696
Transport Related	6,929	6,690	239
Capital Financing	12,340	11,714	626
Transfer to/from Reserves	(2,828)	12,196	(15,024)
Specific Grants	(168,516)	(177,268)	8,752
Income & Sponsorship	(37,046)	(42,413)	5,367
OTHER EXPENDITURE	50,374	50,540	(166)
TOTAL EXPENDITURE	602,383	602,278	105
Funded By:			
Home Office Grant/RSG/NNDR	(478,577)	(478,577)	0
Precept/ CT Surplus	(123,806)	(123,806)	0
FUNDING	(602,383)	(602,383)	0
Over / (Underspend)	0	(105)	105

The table shows that the General Fund balance at 7th May 2017 will be £0.105m more than the previous year.

The Group Comprehensive Income and Expenditure Statement shows a deficit on the provision of services of £144.326m. This is because that Statement includes not only the income and expenditure shown in the table above but additionally includes all sums for which the Police and Crime Commissioner is responsible under International Financial Reporting Standards, for example IAS 19 pension costs, capital accounting and accounting for financial instruments. The two figures are reconciled in the Movement in Reserves Statement.

c) General Fund Balance at 7th May 2017

The Police and Crime Commissioner's balances strategy was to set a target level for the General Fund annually based on an assessment of the key financial risks facing him. This assessment showed that the medium term balance should be between £11.784m and £14.564m. The final General Fund balance is £13.221m which means the balance is within recommended limits.

The budget for 2017/18 does not rely on a contribution from General Fund to balance. There are no current plans to withdraw from General Fund during the current SFO period.

d) Capital

In addition to revenue expenditure, money is spent on assets such as buildings, computers and vehicles, which will be used by or on behalf of the Police and Crime Commissioner in the long term. Capital expenditure can be financed from:

- Unsupported (or prudential) borrowing, which does not attract government support. The Police and Crime Commissioner decides how much to borrow based on what is affordable, prudent and sustainable within the meaning of the Prudential Code

- Capital grants
- Usable capital receipts arising from the sale of surplus assets
- Amounts set aside from the revenue account

In 2016/17 the Police and Crime Commissioner spent £29.232m on capital projects (£16.652m in 2015/16). The categories of expenditure and methods of financing are shown in the notes to the consolidated financial statements. The sources of funding during the year were:

	2016/17 to 7 th May 2017 £000	2015/16 £000
Capital Grants	4,418	4,859
Capital receipts (sale of surplus assets)	4,027	5,293
Funded from revenue account	4,300	6,500
Unsupported borrowing	16,487	0
	29,232	16,652

The major schemes completed in the year were:

- IS Transformation Project – Integration at a cost of £3.660m
- Case, Custody and Property System at a cost of £1.238m

The majority of the rest of the spend has been classed as Assets Under Construction as part of the major IT Transformation Scheme.

In 2016/17 the Police and Crime Commissioner disposed of assets worth £0.973m (£2.249m in 2015/16).

e) Performance

Details of the performance against the Police and Crime Plan can be found at www.gmpcc.org.uk/wp-content/uploads/2017/03/PCC-END-OF-TERM-REVIEW-WEBOONLY-5.pdf, however listed below are a selection of projects which the Police and Crime Commissioner has led and invested in to support the most vulnerable in our community, particularly relevant as c.80% of police demand being classified as non-crime and therefore it is critical that the Police and Crime Plan focuses not only on policing but also supporting those vulnerable to crime.

Mental Health crisis care significant progress has been made in terms of both staff training and development and engagement with the voluntary sector. In September a conference for voluntary sector and faith partners was hosted to provide an opportunity to shape the direction of travel for mental health work and in particular how our local community assets can support the wellbeing of communities. Furthermore in conjunction with Connect 5 training which provides basic awareness of mental illness and suicide was introduced for frontline workers.

Integrated custody healthcare and wider liaison and diversion - From 1st February 2017 a new-integrated service was introduced in all of Greater Manchester's custody suites and the courts. This includes both healthcare provision in custody and wider liaison and diversion support. This is a jointly funded project between the Police and Crime Commissioner and NHS England and is the first of its kind in the country. The project seeks to prevent reoffending for some of the most vulnerable people in our community by offering people appropriate support at the earliest point of their contact with the criminal justice system.

Justice Devolution - A ground breaking Justice Devolution deal was agreed with government and a Memorandum of Understanding was signed with the Ministry of Justice in July 2016 to cement this work which seeks to find opportunities to transform services in order to reduce reoffending.

Women Offenders – Key work under this banner is the whole system approach to dealing with women offenders, recognising that many women who end up in prison are themselves victims of crime such as domestic violence and sexual abuse. The whole systems approach has gone from strength to strength with an award of funds from the Big Lottery for three years and a re-offending rate of 15% which demonstrates an improvement and also compares favourably to similar metropolitan areas.

Transforming Youth Justice - A significant programme of work has been undertaken to re-design the delivery of youth justice services with a child-first approach and a focus on Looked After Children, which has included provision of direct safeguarding support at Wetherby Young Offenders Institution for young people and their families from Greater Manchester.

Intensive Community Orders - This scheme diverts 500 men per year aged 18-24 from prison custody and provides intensive support to tackle risky and offending behaviour. The results so far indicate an 18.5% reduction in frequency of offending.

Public Service Reform – £2m investment to developing new ways of joint working in Greater Manchester neighbourhoods, taking an evidence based place based approach.

Domestic Abuse - The roll out of the STRIVE Domestic Abuse early intervention and prevention programme has continued through this year which tries to help people resolve issues before they escalate and has seen the creation of a network of volunteers and the development of an innovative behaviour change programme for people in crisis.

Domestic abuse campaign – Bringing together local authorities, Greater Manchester Police, Transport for Greater Manchester, and Independent Choices a ground-breaking awareness campaign on domestic abuse was launched. The campaign aimed to be empowering, positive, approachable and flexible with imagery and messaging that was clear and bright as a contrast to previous campaigns. It focussed on a bright yellow sofa, with clear messaging on domestic abuse and posing the question, “does that sit right with you?”, reaching over a million and half people. The landing page received more than 10,000 unique visitors, and endtheaterraw saw a 26% uplift in visitors to their website over the course of the campaign.

Putting Victims First – since April 2015 PCCs have had the responsibility for commissioning victims services. A new integrated and co-located referral and assessment service has been commissioned to help support vulnerable people at their time of need. This includes the establishment of 11 victim’s services co-ordinators across Greater Manchester and an independent service provider working hand in hand with police and partners to help victims cope and recover. This new service which will be implemented early in the new financial year. The service will act as a ‘gateway’ for all victims of crime whether they choose to report to the police or not.

The service will provide emotional, practical and advocacy support and will involve working closely with partners to ensure the right agencies are supporting their needs effectively, to help them cope and recover from the impact and consequence of crime. Furthermore, Victim Services Coordinators are being placed in each of the Greater Manchester districts to support the development and delivery of improved services for victims and to provide a more join-up and streamlined service for victims, across GMP and partners.

Tackling Child Sexual Exploitation – The continued support of the Phoenix peer reviews and the Its Not Okay weeks of action. This year Ann Coffey undertake a review of the Real Voice report she produced two years ago. Some of the improvements highlighted include the police flagging systems are being much better used, which means there is much more intelligence to work with. Quality assurance panels continue to be held and to support the review a dip sample of “NFA” (no further action cases) were considered. Whereas in the initial Real Voices report there was some concern in terms of the rationalisation of an NFA decision in those cases that were dip samples and where an NFA had been agreed, in the cases that were dip sampled, there appeared to be a clear move to decision making where the interest of the child was a primary factor.

Female Genital Mutilation - Greater Manchester, through the Domestic Abuse Partnership Board has established key priorities in terms of FGM. Following the production of the FGM prevalence report, that was commissioned by Tony Lloyd a FGM strategy has been produced, which focussed on some key gaps. An FGM protocol for Greater Manchester has been agreed and launched, which outlines procedures for professionals and more recently the “Guardian Project” was launched. This project is intended to provide support to professionals, victims and their families where there is a risk of FGM and is the first of its kind in the country to focus primarily on support for children and young people.

Missing Children - A Greater Manchester missing children project commenced on the 1st February 2017, which is designed to enhance the offer of support that is currently received by children who go missing. The cohort of children who will benefit from this project are those children who go missing between 2-5 times, as there is strong evidence to suggest that by providing early intervention and support when a child first goes missing, reduces the likelihood of these episodes becoming a regular occurrence. As well as reducing the vulnerability of those children within this cohort, there are also anticipated benefits for the police in terms of demand reduction.

Sexual Assault Referral Centre - The Police and Crime Commissioner and NHS England continue to jointly fund the Greater Manchester Sexual Abuse Centre, which this year received an uplift in funding to address both capacity issues and also the waiting lists for children's therapeutic support. Investing in the paediatric service has enabled us to realise a reduction in the waiting lists for counselling.

Investing in our communities— £3.4m of funding has been distributed to community safety partnerships and community groups for projects which seek tackle local priorities, for example domestic violence, anti-social behaviour, hate crime, building safe and resilient communities,

Empowering young people – in 2016/17 £0.6m was distributed to fund over 30 initiatives to give young people across Greater Manchester the opportunity to learn new skills and make a positive contribution to their local communities.

Hate crime –Continued to prioritise how Greater Manchester responds to hate crime. Working with organisations such as the LGBT Foundation, CST and Tell MAMA to build resilience within communities of identity, provide support to hate crime victims, and encourage reporting, including a Greater Manchester-wide partnership campaign during hate crime awareness week in February 2017.

6. Outlook for the future

In the Autumn Statement the Chancellor declaration in the Autumn Statement that police spending would be protected in real terms over the period of the spending review (2016-2020). However the settlement received on 2nd February meant that the police grant for 2017/18 was cut in cash terms by 1.4%. For Greater Manchester this means a grant cut of £5.7m, coupled with increasing costs savings of £44m will need to be delivered over the remaining spending review period. The savings requirement for 2017/18 is £26m.

There are also a number of uncertainties which impact on the ability to plan for the medium term, mainly the review of the police funding formula and the cost of the new Emergency Services Network.

The Home Office undertook a review of the police funding formula during summer 2015, however a number of issues with the data used and concerns regarding the consultation process meant that the review was deferred. The Policing minister, Brandon Lewis, requested a review of the formula to assess whether or not a new formula could be implemented. Work was advanced but has been put on hold until after the General Election. This has the potential to be significant as Greater Manchester relies up on 80% of its funding from the Police Grant.

The need to review the funding for policing has been further heightened by the recent terror attacks and pressure to both increase resources and open a dialogue regarding the recovery of costs from such an attack.

Another material uncertainty is the cost of the Emergency Services Network. The Government is committed to replacing the current Airwaves system, the radio system which connects blue light services. The total cost of this investment and how it will be resourced is estimated at £1bn, nationally. The cost which will fall within the medium term budget has had to be estimated as there is a lack of detail, nationally. Savings are expected, however they have not been quantified and are unlikely to be realised until at least 2020.

On the basis that the level of uncertainty is high for both these projects no assumptions have been made in the current medium term plan.

The 2017/18 revenue budget and capital programme can be found at:

<https://www.gmpcc.org.uk/wp-content/uploads/2016/02/Budget-report-1718-final-Revised-at-Forum-2.pdf>

This will be the last set of group PCC accounts. As of 8 May 2017 all expenditure, income, assets and liabilities relating to the Police Fund will be reported within the group accounts of GMCA.

7. Pensions Liability

The Police and Crime Commissioners staff, Police staff and Police officers are offered retirement benefits as part of their terms and conditions of employment. Although these benefits will not actually be payable until employees retire, International Accounting Standard (IAS) 19 requires that the commitment to make future payments is disclosed at the time that employees and officers earn their future entitlement.

The Police and Crime Commissioner and Chief Constable participate in two pension schemes:

- The Police Pension Scheme for police officers – this is an unfunded defined benefit scheme administered by the Chief Constable on behalf of the Police and Crime Commissioner. There are no investment assets built up to meet the pensions liabilities and cash has to be generated from employee and employer contributions to meet actual pensions payments as they eventually fall due. Under the Police Pensions Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the Police and Crime Commissioner 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 Police and Crime Commissioner, who then must repay the amount to central government. From 2015 member benefits will be accrued based on a retirement age of 60.
- The Local Government Pension Scheme for all Police and Crime Commissioner and Chief Constable employees, administered locally by Tameside Metropolitan Borough Council. This is a funded defined benefit scheme meaning that the employers and employees pay contributions into a fund calculated at a level intended to balance the pensions liabilities with investment assets.
- Within the Local Government Pension scheme two records are maintained; one for the staff employed by the Police and Crime Commissioner and one for the staff employed by the Chief Constable.

This IAS has a significant adverse impact on the net cost of services although, as the adjustments are reversed out in the Movement in Reserves Statement, not at the level of local taxation.

There is also a significant adverse impact on the balance sheet which shows the estimated value of the Police and Crime Commissioner's pension commitments should they be called now. The estimated liability is:

	2016/17 to 7th May 2017 £000	2015/16 £000
Police Officers	7,339,430	5,965,170
Police Staff	221,377	197,286
PCC staff	4,869	2,868
	7,565,676	6,165,324

However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy. Full IAS 19 notes appear in the notes to the Comprehensive Income and Expenditure Statement and the Balance Sheet.

8. Provisions

Provisions are made where an event has taken place that gave the Police and Crime Commissioner a legal or constructive obligation that requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. These accounts include 2 provisions. Further details are included in the notes to the Group Financial Statements.

	2016/17 to 7th May 2017 £000	2015/16 £000
Insurance	27,348	29,077
Police pension lump sums	201	586
Other minor provisions	0	87
	27,549	29,750

9. Private Finance Initiative (PFI)

On 4th December 2002, the former Police Authority entered into a Private Finance Initiative (PFI) scheme to provide 17 new police facilities on 16 sites. Payments to the contractor, the unitary charge, began with the opening of the first building and

commencement of the service in November 2003. The contractor will operate and service the stations for 25 years from the opening of the last building, after which ownership will revert to the Police and Crime Commissioner at nil cost. The unitary charge will be met from revenue and PFI credits (i.e. grant) awarded by the Home Office.

Financial transactions in the year have been as follows:-

	2016/17 to 7 th May 2017 £000	2015/16 £000
PFI grant receipts	(5,758)	(5,315)
Balance contributed from PFI reserve	(772)	(733)
Grant support	(6,530)	(6,048)
Unitary Charge	15,536	14,233
Penalties	(360)	(42)
Unitary Payment	15,176	14,191

The property used in the PFI contract is recognised as an asset in the balance sheet together with a related liability. The unitary charge is split into a service element and a construction element, the service element is charged to revenue as it is incurred and the construction element is accounted for as if it were a finance lease.

The unitary payment has been split as follows

	2016/17 to 7 th May 2017 £000	2015/16 £000
Penalties	(360)	(42)
Fair value of services	3,131	2,642
Lifecycle replacement	3,335	1,051
Contingent rent	1,809	2,429
Finance lease interest charges	6,097	5,859
Lease redemptions	1,164	2,252
Unitary Payment	15,176	14,191

10. Borrowing

The Police and Crime Commissioner's power to borrow is set out in Part 1 of the Local Government Act 2003, together with a duty to determine and keep under review how much he can afford to borrow. Controls on borrowing are contained within the CIPFA Prudential Code for Capital Finance in Local Authorities and, under the provisions of the 2003 Act, the Police and Crime Commissioner had regard to the Code when carrying out his duties under the Act.

The key objectives of the Prudential Code are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable. A key prudential indicator is the operational boundary for external debt, which limits the amount of long-term debt outstanding. The limit was originally set at £127.197m for 2016/17 and has not been breached.

Borrowing is managed to ensure a reasonable spread of maturity and to minimise interest payable. At 7th May 2017 the level of debt outstanding was as follows:-

	Principal £000	Accrued interest £000	Total £000
Public Works Loans Board (PWLB)	73,684	948	74,632
Ex-GMC (pre 1986) debt	5,405	0	5,405
Temporary	25,000	3	25,003
	104,089	951	105,040

This is split into amounts payable in the short term (within one year), amounts payable in the longer term and deferred liabilities as follows:-

	Short term	Long term	Deferred liabilities	Total
	£000	£000	£000	£000
Public Works Loans Board (PWLB)	5,957	68,457	0	74,414
Ex-GMC (pre 1986) debt	0	0	5,405	5,405
Temporary	25,000	0	0	25,000
	30,957	68,457	5,405	104,819

The maximum amount of PWLB principal due to mature in any future year is £10.0m in 2019/20. During the extended 2016/17 year £5.738m PWLB principal was repaid and no new PWLB loans were taken.

11. Material Assets Acquired and Liabilities Incurred

A summary of capital expenditure for the year is given in paragraph 5d above. No material liabilities have been incurred during the year.

12. Material and unusual charges

The accounts conform to proper practice and contain full and frank disclosures of all material sums. The following area has had a material impact on the accounts

- The increase in the pensions liability of £1,400.352

Although this amount is substantial, it is part of the accounting process for retirement benefits. It is a notional debit and as such does not represent cash payments to be made by the Police and Crime Commissioner or Chief Constable or a charge on the General Fund.

13. Further Information

Further information about the accounts is available from:

The Treasurer, Greater Manchester Combined Authority (GMCA)

Churchgate House,

56 Oxford Street

Manchester M1 6EU

Telephone 0161 778 7000

E-mail enquiries@greatermanchester-ca.gov.uk

In addition, members of the public have a statutory right to inspect the accounts before the audit commences. The availability of the accounts for inspection is advertised on the GMCA website.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

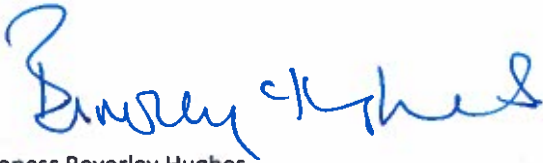
The Mayor exercising his Police and Crime Commissioner Responsibilities:-

The Mayor is required:-

- To make arrangements for the proper administration of his financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs. At the Greater Manchester Combined Authority, that officer is the Chief Finance Officer
- To manage his affairs to secure economic, efficient and effective use of resources and safeguard his assets
- To approve the Statement of Accounts

Approval of the Statement of Accounts

In accordance with regulation 8. Paragraph 3(b) of the Accounts and Audit Regulations 2015, I approve the Statement of Accounts.



Baroness Beverley Hughes
Deputy Mayor for Policing and Crime
Greater Manchester Combined Authority
29th September 2017

The Chief Finance Officer Responsibilities:-

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice"), is required to present a true and fair view of the financial position of the Police and Crime Commissioner at the accounting date and his income and expenditure for the year.

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

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice
- Kept proper accounting records which were up to date
- Took reasonable steps for the prevention and detection of fraud and other irregularities

Certification of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Police and Crime Commissioner at 7th May 2017, and his income and expenditure for the year ended 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

Police and Crime Commissioner Single Entity Accounts

2016/17

to 7th May 2017

THE SINGLE ENTITY FINANCIAL STATEMENTS

SINGLE ENTITY MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the PCC, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to precept for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments. See Note 1 to the Accounts.

2016/17	Usable Reserves					Unusable Reserves							Total Reserves
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	PFI Reserve	Total Usable Reserves	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Deferred Capital Receipts	Pension Reserve	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance as at 31 st March 2016	13,116	40,514	3,054	13,826	70,510	27,092	241	36,500	2,965	(45)	565	(2,868)	64,450
Total Comprehensive Income and Expenditure	10,940	0	0	0	10,940	2,099	0	3,520	0	0	0	(1,827)	3,792
Adjustments between accounting basis & funding basis under regulations (note A)	1,360	0	(3,054)	0	(1,694)	(439)	(120)	0	2,396	31	0	(174)	1,694
Net Increase/(Decrease) before Transfer to / (from) Earmarked Reserves	12,300	0	(3,054)	0	9,246	1,660	(120)	3,520	2,396	31	0	(2,001)	5,486
Transfer to / from Earmarked Reserves (Notes 7 & 17)	(12,195)	12,967		(772)	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in Year	105	12,967	(3,054)	(772)	9,246	1,660	(120)	3,520	2,396	31	0	(2,001)	5,486
Balance as at 7th May 2017	13,221	53,481	0	13,054	79,756	28,752	121	40,020	5,361	(14)	565	(4,869)	69,936

I certify that the above Statement of Movement in Reserves presents a true and fair view of the position of Police and Crime Commissioners Accounts as at 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

SINGLE ENTITY MOVEMENT IN RESERVES STATEMENT PREVIOUS YEAR COMPARATOR

	Usable Reserves							Unusable Reserves							Total Reserves
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	PFI Reserve	Total Usable Reserves	Capital Adjustment Account	Financial Instruments Adjustment Account	Available for sale Financial Instruments Account	Revaluation Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Deferred Capital Receipts	Pension Reserve	Total Unusable Reserves	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
2015/16 restated															
Balance as at 31 st March 2015	12,497	44,714	6,478	14,559	78,248	3,062	361	(11)	26,510	1,635	(31)	565	(3,844)	28,247	
Total Comprehensive Income and Expenditure	15,722	0	0	0	15,722	1,504	0	11	9,990	0	0	0	1,238	12,743	
Adjustments between accounting basis & funding basis under regulations (note A)	(20,036)	0	(3,424)	0	(23,460)	22,526	(120)	0	0	1,330	(14)	0	(262)	23,460	
Net Increase/(Decrease) before Transfer to / (from) Earmarked Reserves	(4,314)	0	(3,424)	0	(7,738)	24,030	(120)	11	9,990	1,330	(14)	0	976	36,203	
Transfer to / from Earmarked Reserves (Notes 7 & 17)	4,933	(4,200)	0	(733)	0	0	0	0	0	0	0	0	0	0	
Increase / (Decrease) in Year	619	(4,200)	(3,424)	(733)	(7,738)	24,030	(120)	11	9,990	1,330	(14)	0	976	36,203	
Balance as at 31 st March 2016	13,116	40,514	3,054	13,826	70,510	27,092	241	0	36,500	2,965	(45)	565	(2,868)	64,450	

The comparative table has been restated to reflect the presentation change introduced by the Code of Practice in 2016/17 and a disclosure error between the Capital Adjustment Account and the Revaluation Reserve.

SINGLE ENTITY COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services, rather than the amount to be funded from taxation; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis.

Restated						
2015/16	2015/16	2015/16	Comprehensive Income and Expenditure Statement	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017
Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net
£000	£000	£000		£000	£000	£000
17,045	(92,234)	(75,189)	Policing Services	16,294	(102,867)	(86,573)
17,045	(94,234)	(77,189)	COST OF SERVICES - CONTINUING OPERATIONS	16,294	(102,867)	(86,573)
596,845	0	596,845	Funding Set aside by Police and Crime Commissioner to fund policing services	673,193	0	673,193
613,890	(94,234)	519,656	NET COST OF SERVICES	689,487	(102,867)	586,620
960	0	960	Losses on disposal of non-current assets	168	0	168
94,017	(94,017)	0	Police pensions income and Expenditure	117,192	(117,192)	0
94,977	(94,017)	960	Other operating income and expenditure	117,360	(117,192)	168
3,909	0	3,909	Interest payable	3,913	0	3,913
8,287	0	8,287	Interest element of PFI unitary Payments	7,907	0	7,907
337	0	337	Pension interest cost	374	0	374
0	(208)	(208)	Expected return on pension assets	0	(259)	(259)
0	(464)	(464)	Interest Income	0	(420)	(420)
12,533	(672)	11,861	Financing and Investment Income and expenditure	12,194	(679)	11,515
0	(107,273)	(107,273)	Precepts	0	(126,202)	(126,202)
0	(182,422)	(182,422)	Revenue Support Grant	0	(196,285)	(196,285)
0	(249,487)	(249,487)	Police Grant	0	(277,833)	(277,833)
0	(4,158)	(4,158)	Council Tax Freeze Grant	0	(4,505)	(4,505)
0	(4,859)	(4,859)	Capital grants and Contributions	0	(4,418)	(4,418)
0	(548,199)	(548,199)	Taxation & Non Specific Grants	0	(609,243)	(609,243)
721,400	(737,122)	(15,722)	(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES	819,041	(829,981)	(10,940)
0	(11,506)	(11,506)	Revaluation and impairment losses/ (Gains) (except those charged to the deficit on provision of services)	0	(5,618)	(5,618)
0	(1,238)	(1,238)	Remeasurement of pension asset/liabilities	1,827	0	1,827
0	(12,744)	(12,744)	Other Comprehensive Income and expenditure	1,827	(5,618)	(3,791)
721,400	(749,866)	(28,466)	TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE	820,868	(835,599)	(14,731)

The comparative columns have been restated to reflect the presentation change introduced by the Code of Practice in 2016/17. Due to the extended 2016/17 financial year the above figures are not comparable on a year by year basis.

I certify that the above statement presents a true and fair view of the Income and Expenditure of Police and Crime Commissioner for Greater Manchester for the year ended 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

SINGLE ENTITY BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Police and Crime Commissioner (PCC). The net assets of the PCC (assets less liabilities) are matched by the reserves held by the PCC. Reserves are reported in two categories, usable reserves, i.e. those reserves that the PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the PCC is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 st March 2016 £000	Balance Sheet	Notes	7th May 2017 £000
	NON CURRENT ASSETS		
289,467	Property, Plant and Equipment	8	305,920
254	Intangible Assets	9	282
5	Long Term Debtors	11	0
289,726	TOTAL LONG TERM ASSETS		306,202
	CURRENT ASSETS		
29,793	Short Term Investments	10	0
385	Assets Held for Sale	13	0
986	Inventories	16	957
60,726	Short Term Debtors	11	96,767
871	Cash and Cash Equivalents	12	12,239
92,761	TOTAL CURRENT ASSETS		109,963
	CURRENT LIABILITIES		
(23,427)	Short Term Borrowing	10	(32,066)
(57,858)	Short Term Creditors	14	(74,684)
(2,600)	Provisions (<1 Year)	15	(2,036)
(1,073)	PFI Lease Liability	28	(2,181)
(84,958)	TOTAL CURRENT LIABILITIES		(110,967)
	NON CURRENT LIABILITIES		
(27,150)	Long Term Provisions	15	(25,513)
(73,684)	Long Term Borrowing	10	(68,676)
(52,330)	PFI Lease Liability	28	(50,057)
(6,525)	Transferred Debt liability		(5,405)
(12)	Capital Grants Receipts in Advance		(987)
(2,868)	Pension Liability	29	(4,869)
(162,569)	TOTAL LONG TERM LIABILITIES		(155,507)
134,960	NET ASSETS		149,691
70,510	Usable Reserves	17	79,756
64,450	Unusable Reserves	18	69,935
134,960	TOTAL NET WORTH		149,691

The comparative column has been restated to reflect a disclosure error between the Capital Adjustment Account and the Revaluation Reserve.

I certify that the above Balance Sheet presents a true and fair view of the position of Police and Crime Commissioner as at 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

SINGLE ENTITY CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Police and Crime Commissioner Accounts during the reporting period. The statement shows how the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC is funded by way of taxation and grant income or from the recipients of services provided by the PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC.

Restated £000	Cash Flow Statement	Note	2016/17 to 7th May 2017 £000
(15,722)	Net (surplus) or deficit on the provision of services		(10,940)
3,440	Adjustments to net surplus or deficit on the provision of services for non cash movements	D	11,396
4,859	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	19	4,418
(7,423)	Net Cash flows from operating activities.		4,874
(7,944)	Investing Activities	20	(15,143)
13,326	Financing Activities	21	(1,099)
(2,041)	Net (increase) or decrease in cash and cash equivalents		(11,368)
1,170	Cash and cash equivalents at the beginning of the reporting period		(871)
(871)	Cash and cash equivalents at the end of the reporting period		(12,239)

I certify that the above Cash Flow Statement presents a true and fair view of the position of Police and Crime Commissioner as at 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

SINGLE ENTITY EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and precept) by the PCC in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See note B.

2015/16	2015/16	2015/16		2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017
Net expenditure chargeable to General Fund	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(67,188)	(10,250)	(77,438)	Cost of policing services	(82,269)	(4,304)	(86,573)
596,845	0	596,845	Funding set aside by the PCC to fund policing services	673,193	0	673,193
(530,276)	(5,101)	(535,377)	Other income and expenditure	(591,029)	(6,531)	(597,560)
(619)	(15,351)	(15,970)	Deficit on provision of services	(105)	(10,835)	(10,940)
(12,497)			Opening General Fund balance	(13,116)		
(619)			Surplus	(105)		
(13,116)			Closing General Fund balance	(13,221)		

A. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the PCC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the PCC to meet future capital and revenue expenditure. A description of the reserves that the adjustments are made against follow;

General Fund (GF) Balance - The GF is the statutory fund into which all the receipts are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the GF Balance, which is not necessarily in accordance with proper accounting practice. The GF balance therefore summarises the resources the PCC is statutorily empowered to spend on services or on capital investment at the end of the financial year.

Capital Receipts Reserve (CRR) - The CRR holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

	2015/16			2016/17 to 7th May 2017		
	General Fund Balance	Capital Receipts Reserve	Movement in Usable Reserves	General Fund Balance	Capital Receipts Reserve	Movement in Usable Reserves
	(GF)	(CRR)		(GF)	(CRR)	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account (CAA):						
Reversal of items debited or credited to the CI&E Statement:						
Charges for Depreciation and impairment of non-current assets	21,927	0	21,927	17,778	0	(17,778)
Amortisation of intangible assets	141	0	141	124	0	(124)
Capital grants and contributions applied	(4,859)	0	(4,859)	(4,418)		4,418
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E Statement	2,829	0	2,829	1,141		(1,141)
Revaluation (Increases)/decreases recognised in the Surplus or Deficit on the Provision of Services	(23,499)	0	(23,499)	(290)	0	290
Insertion of items not debited or credited to the CI&E Statement:						
Statutory Provision for the Financing of Capital Investment	(7,273)	0	(7,273)	(5,570)	0	5,570
Capital expenditure charged against the General Fund balances	(6,500)	0	(6,500)	(4,300)	0	4,300
Adjustments primarily involving the Capital Receipts Reserve (CRR):						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(1,870)	1,870	0	(973)	973	0
Use of the CRR to finance new capital expenditure	0	(5,294)	(5,294)	0	(4,027)	4,027
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	121	0	121	120	0	(120)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	477	0	477	458	0	(458)
Employer's pensions contributions and direct payments to pensioners payable in the year	(215)	0	(215)	(284)	0	284
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Precept income credited to the CI&E Statement is different from precept income calculated for the year in accordance with statutory requirements	(1,331)	0	(1,331)	(2,396)	0	2,396
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	15	0	15	(30)		30
Total Adjustments	(20,037)	(3,424)	(23,461)	1,360	(3,054)	1,694

B. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2015/16	2015/16	2015/16	2015/16	2015/16	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017				
Net amount chargeable to General Fund £000	Adjustments for capital purposes £000	Net change for the pensions adjustments £000	Other differences £000	Total adjustments £000	Net amount in CIES £000	Cost of policing services Funding set aside by the PCC to fund policing services	Other income and expenditure from the Expenditure and funding analysis	Net cost of services	Difference between General Fund surplus and deficit on provision of services in the CIES	Net amount chargeable to General Fund £000	Adjustments for capital purposes £000	Net change for the pensions adjustments £000	Other differences £000	Total adjustments £000	Net amount in CIES £000
(67,188)	(15,203)	133	4,820	(10,250)	(77,438)					(82,269)	7,742	59	(12,105)	(4,304)	(86,573)
596,845	0	0	0	0	596,845					673,193	0	0	0	0	673,193
(530,276)	(4,859)	129	(371)	(5,101)	(535,377)					(591,029)	(4,418)	115	(2,228)	(6,531)	(597,560)
(619)	(20,062)	262	4,449	(15,351)	(15,970)					(105)	3,324	174	(14,333)	(10,835)	(10,940)
				(15,351)										(10,835)	

Adjustments for capital purposes.

This column adds depreciation charges and revaluation gains and losses into the cost of policing services line.

Capital disposals, statutory charges for capital financing and capital grants are adjusted for in the other income and expenditure line.

Net change for the pensions adjustments

Employer pension contributions are replaced with current and past service costs calculated in accordance with IAS19 Employee Benefits in the cost of policing services.

Net interest on the defined benefit liability is charged to the Comprehensive income and Expenditure Statement in the other income and expenditure line.

Other differences

The cost of policing services line is adjusted for timing differences on discounts and accrued compensated absences not taken at the year end.

The other income and expenditure line adjusts for the disposal of non current assets and timing differences on precept collection.

C. OFFICER REMUNERATION

A - EXIT COSTS

Payments are made as a result of the departure of staff from the Police and Crime Commissioner's Office. The total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2016/17 to 7th May 2017	2015/16	2016/17 to 7th May 2017	2015/16	2016/17 to 7th May 2017	2015/16 £000	2016/17 to 7th May 2017 £000
£0 - £20,000	0	0	1	0	1	0	10	0
£20,001 - £40,000	0	1	0	1	0	2	0	48
Total	0	1	1	1	1	2	10	48

The Police and Crime Commissioner terminated 2 contracts in 2016/17, incurring liabilities of £0.048 (1 contract costing £0.010m in 2015/16). See note A above for the number of exit packages and total cost per band. These and amounts relate to redundancy pay, pay in lieu of notice and pension strain.

D. CASHFLOW OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2015/16 £000	The adjustment to surplus or deficit on the provision of services for non cash movements	2016/17 to 7th May 2017 £000
1,566	Depreciation/Impairment and Revaluations charged to the CI&E	(17,488)
(141)	Amortisation of Intangible Assets	(124)
(736)	Increase/(Decrease) in impairment for bad debts	447
(6,550)	Increase/(Decrease) in Creditors	(13,071)
(12,536)	(Increase)/Decrease in Debtors	35,501
(166)	(Increase)/Decrease in Inventories	(29)
(262)	Movement in Pension Liability	(174)
(953)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(168)
23,218	Other non-cash adjustments	6,502
3,440		11,396

E. DEFINED BENEFIT PENSION SCHEMES

Various pensions' disclosures are required as notes to the accounts; the majority of information can be identified from the group notes with the exception of the fair value of scheme assets shown below;

Local Government Pension Scheme assets comprised	Fair value of scheme assets							
	2015/16				2016/17 to 7th May 2017			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of Total Assets %	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of Total Assets %
Equity Securities:								
Consumer	565	0	565	9%	716	0	716	9%
Manufacturing	465	0	465	7%	734	0	734	10%
Energy and utilities	344	0	344	5%	587	0	587	7%
Financial institutions	623	0	623	10%	901	0	901	12%
Health and care	268	0	268	4%	316	0	316	4%
Information technology	144	0	144	2%	224	0	224	3%
Other	85	0	85	2%	150	0	150	2%
Sub-total Securities	2,494	0	2,494	39%	3,628	0	3,628	47%
Debt Securities								
Corporate Bonds (investment grade)	320	0	320	5%	418	0	418	5%
UK Government Bonds	51	0	51	1%	116	0	116	2%
Other	200	0	200	3%	278	0	278	4%
Sub-total Debt Securities	571	0	571	9%	812	0	812	11%
Private equity:								
All	0	161	161	2%	0	0	0	0%
Sub-total private equity	0	161	161	2%	0	0	0	0%
Real Estate:								
UK Property	0	202	202	3%	0	0	0	0%
Sub-total Real Estate	0	202	202	3%	0	0	0	0%
Investment funds and Unit Trusts:								
Equities	1,788	0	1,788	28%	2,207	0	2,207	29%
Bonds	499	0	499	8%	629	0	629	8%
Infrastructure	0	86	86	1%	0	0	0	0%
Other	126	312	438	7%	158	0	158	2%
Sub-total other investment funds	2,413	398	2,811	44%	2,994	0	2,994	39%
Derivatives:								
Other	17	0	17	0%	0	0	0	0%
Sub-total Derivatives	17	0	17	0%	0	0	0	0%
Cash and cash equivalents	162	0	162	3%	245	0	245	3%
Sub-total cash and cash equivalents	162	0	162	3%	245	0	245	3%
Total assets	5,657	761	6,418	100%	7,679	0	7,679	100%

Readers of the accounts should be aware that the figures in the Statement of Accounts have been prepared for the purposes of IAS19 only and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under international accounting standards and for other statutory purposes under UK pension's legislation.

Police and Crime Commissioner Group Accounts

2016/17

to 7th May 2017

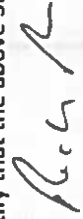
THE GROUP FINANCIAL STATEMENTS

GROUP MOVEMENT IN RESERVES STATEMENT 2016/17

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the PCC, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to precept for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments

	Usable reserves						Unusable Reserves								Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	PFI Reserve	Total Usable Reserves	Capital Adjustment Account	Financial Instruments Adjustment Account	Available for sale Financial Instruments Account	Revaluation Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Deferred Capital Receipts	Pension Reserve	Total Unusable Reserves			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
2016/17 to 7th May 2017																	
Balance as at 31 st March 2016	13,116	40,514	3,054	13,826	70,510	27,092	241	0	36,500	2,965	(4,023)	565	(6,165,324)	(6,101,984)	(6,031,474)		
Total Comprehensive Income and Expenditure	(144,326)	0	0	0	(144,326)	2,099	0	0	3,520	0	0	0	(1,245,657)	(1,240,038)	(1,384,365)		
Adjustments between accounting basis & funding basis under regulations (note 5)	156,626	0	(3,054)	0	153,572	(439)	(120)	0	0	2,396	(714)	0	(154,695)	(153,572)	0		
Net Increase/(Decrease) before Transfer to / (from) Earmarked Reserves	12,300	0	(3,054)	0	9,246	1,660	(120)	0	3,520	2,396	(714)	0	(1,400,352)	(1,393,610)	(1,384,365)		
Transfer to / from Earmarked Reserves (note 7)	(12,195)	12,967	0	(772)	0	0	0	0	0	0	0	0	0	0	0		
Increase / (Decrease) in Year	105	12,967	(3,054)	(772)	9,246	1,660	(120)	0	3,520	2,396	(714)	0	(1,400,352)	(1,393,610)	(1,384,365)		
Balance as at 7th May 2017	13,221	53,481	0	13,054	79,756	28,752	121	0	40,020	5,361	(4,737)	565	(7,565,676)	(7,495,594)	(7,415,838)		

I certify that the above Statement of Movement in Reserves presents a true and fair view of the position of Police and Crime Commissioners Group Accounts as at 7th May 2017.


 Richard Paver, Treasurer of GMCA
 29th September 2017

GROUP MOVEMENT IN RESERVES STATEMENT 2015/16 COMPARATOR

	Usable Reserves					Unusable Reserves									
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	PFI Reserve	Total Usable Reserves	Capital Adjustment Account	Financial Instruments Adjustment Account	Available for sale Financial Instruments Account	Revaluation Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Deferred Capital Receipts	Pension Reserve	Total Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2015/16 restated															
Balance as at 31 st March 2015	12,497	44,714	6,478	14,559	78,248	3,061	361	(11)	26,510	1,635	(4,257)	565	(7,180,961)	(7,153,097)	(7,074,849)
Total Comprehensive Income and Expenditure	(188,359)	0	0	0	(188,359)	1,505	0	11	9,990	0	0	0	1,220,228	1,231,734	1,043,375
Adjustments between accounting basis & funding basis under regulations (note 5)	184,045	0	(3,424)	0	180,621	22,526	(120)	0	0	1,330	234	0	(204,591)	(180,621)	0
Net Increase/(Decrease) before Transfer to /(from) Earmarked Reserves	(4,314)	0	(3,424)	0	(7,738)	24,031	(120)	11	9,990	1,330	234	0	1,015,637	1,051,113	1,043,375
Transfer to / from Earmarked Reserves (note 7)	4,933	(4,200)	0	(733)	0	0	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in Year	619	(4,200)	(3,424)	(733)	(7,738)	24,031	(120)	11	9,990	1,330	234	0	1,015,637	1,051,113	1,043,375
Balance as at 31 st March 2016	13,116	40,514	3,054	13,826	70,510	27,092	241	0	36,500	2,965	(4,023)	565	(6,165,324)	(6,101,984)	(6,031,474)

The comparative table has been restated to reflect the presentation change introduced by the Code of Practice in 2016/17 and a disclosure error between the Capital Adjustment Account and the Revaluation Reserve.

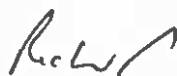
GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services, rather than the amount to be funded from taxation; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Restated 2015/16 Gross Expenditure £000	Restated 2015/16 Gross Income £000	Restated 2015/16 Net £000	Comprehensive Income and Expenditure Statement	Note	2016/17 to 7th May 2017 Gross Expenditure £000	2016/17 to 7th May 2017 Gross Income £000	2016/17 to 7th May 2017 Net £000
581,929	(94,234)	487,695	Policing Services		605,555	(102,867)	502,688
581,929	(94,234)	487,695	COST OF POLICING SERVICES		605,555	(102,867)	502,688
960	0	960	Losses on disposal of non-current assets		168	0	168
94,017	(94,017)	0	Police pensions income and Expenditure		117,192	(117,192)	0
94,977	(94,017)	960	Other operating income and expenditure		117,360	(117,192)	168
3,909	0	3,909	Interest payable		3,913	0	3,913
8,287	0	8,287	Interest element of PFI unitary Payments		7,907	0	7,907
255,516	0	255,516	Pension interest cost	29	262,941	0	262,941
0	(19,345)	(19,345)	Expected return on pension assets	29	0	(23,628)	(23,628)
0	(464)	(464)	Interest Income		0	(420)	(420)
267,712	(19,809)	247,903	Financing and Investment Income		274,761	(24,048)	250,713
0	(107,273)	(107,273)	Precepts		0	(126,202)	(126,202)
0	(182,422)	(182,422)	Revenue Support Grant		0	(196,285)	(196,285)
0	(249,487)	(249,487)	Police Grant		0	(277,833)	(277,833)
0	(4,158)	(4,158)	Council Tax Freeze Grant		0	(4,505)	(4,505)
0	(4,859)	(4,859)	Capital grants and Contributions		0	(4,418)	(4,418)
0	(548,199)	(548,199)	Taxation & Non Specific Grants		0	(609,243)	(609,243)
944,618	(756,259)	188,359	(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES		997,676	(853,350)	144,326
0	(11,506)	(11,506)	Revaluation and impairment gains/losses (except those charged to the deficit on provision of services)		0	(5,618)	(5,618)
0	(1,220,229)	(1,220,229)	Remeasurement of pension asset/liabilities		1,245,657	0	1,245,657
0	(1,231,735)	(1,231,735)	Other Comprehensive income and expenditure		1,245,657	(5,618)	1,240,039
944,618	(1,987,994)	(1,043,376)	TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE		2,243,333	(858,968)	1,384,365

The comparative columns have been restated to reflect the presentation change introduced by the Code of Practice in 2016/17.

I certify that the above statement presents a true and fair view of the Group Income and Expenditure for the extended year ending on 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

GROUP BALANCE SHEET

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories, usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 st March 2016 £000	Balance Sheet	Notes	7th May 2017 £000
	NON CURRENT ASSETS		
289,467	Property, Plant and Equipment	8	305,920
254	Intangible Assets	9	282
5	Long Term Debtors	11	0
289,726	TOTAL LONG TERM ASSETS		306,202
	CURRENT ASSETS		
29,793	Short Term Investments	10	0
385	Assets Held for Sale	13	0
986	Inventories	16	957
60,726	Short Term Debtors	11	96,767
871	Cash and Cash Equivalents	12	12,239
92,761	TOTAL CURRENT ASSETS		109,963
	CURRENT LIABILITIES		
(23,427)	Short Term Borrowing	10	(32,066)
(61,836)	Short Term Creditors	14	(79,406)
(2,600)	Provisions (<1 Year)	15	(2,036)
(1,073)	PFI Lease Liability	28	(2,181)
(88,936)	TOTAL CURRENT LIABILITIES		(115,689)
	NON CURRENT LIABILITIES		
(27,150)	Long Term Provisions	15	(25,513)
(73,684)	Long Term Borrowing	10	(68,676)
(52,330)	PFI Lease Liability	28	(50,057)
(6,525)	Transferred Debt liability	10	(5,405)
(12)	Capital Grants Receipts in Advance		(987)
(6,165,324)	Pension Liability	29	(7,565,676)
(6,325,025)	TOTAL LONG TERM LIABILITIES		(7,716,314)
(6,031,474)	NET ASSETS		(7,415,838)
70,510	Usable Reserves	17	79,756
(6,101,984)	Unusable Reserves	18	(7,495,594)
(6,031,474)	TOTAL NET WORTH		(7,415,838)

The comparative column has been restated to reflect a disclosure error between the Capital Adjustment Account and the Revaluation Reserve.

I certify that the above Balance Sheet presents a true and fair view of the position of the group for the extended year ending on 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

GROUP CASH FLOW STATEMENT

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Police and Crime Commissioner Group Accounts during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group is funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2015/16	Cash Flow Statement	Note	2016/17 to 7th May 2017
£000			£000
188,359	Net (surplus) or deficit on the provision of services		144,326
(200,641)	Adjustments to net surplus or deficit on the provision of services for non cash movements	19	(143,870)
4,859	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	19	4,418
(7,423)	Net Cash flows from operating activities.		4,874
(7,944)	Investing Activities	20	(15,143)
13,326	Financing Activities	21	(1,099)
(2,041)	Net (Increase) or decrease in cash and cash equivalents		(11,368)
1,170	Cash and cash equivalents at the beginning of the reporting period		(871)
(871)	Cash and cash equivalents at the end of the reporting period		(12,239)

I certify that the above Group Cash Flow Statement presents a true and fair view of the position at Police and Crime Commissioner as at 7th May 2017.



Richard Paver, Treasurer of GMCA
29th September 2017

GROUP EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and precept) by the PCC in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16	2015/16	2015/16		2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017
Net expenditure chargeable to General Fund	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
529,657	(41,962)	487,695	Cost of policing services	590,924	(88,236)	502,688
(530,276)	230,941	(299,335)	Other income and expenditure	(591,029)	232,667	(358,362)
(619)	188,979	188,360	Deficit on provision of services	(105)	144,431	144,326
(12,497)			Opening General Fund balance	(13,116)		
(619)			Surplus	105		
(13,116)			Closing General Fund balance	(13,011)		

NOTES TO THE ACCOUNTS

1 ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The Code of Practice has introduced a number of changes in accounting policies which will be required from 1st April 2018. These changes are not considered to have a significant impact on the Statement of Accounts as outlined below:

IFRS 9 Financial Instruments will be effective from 1st January 2018. The standard includes:

- A single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed
- A forward looking "expected loss" model for impairment rather than the current "incurred loss" model
- A new provision on hedge accounting

IFRS 15 Revenue from Contracts with Customers will be effective from 1st January 2018. This provides a comprehensive standard for revenue recognition to address inconsistent practices.

IFRS 16 Leases will be effective from 1st January 2019. This standard eliminates the classification of leases as either operating or financial and introduces a single lessee accounting model. Lessees will be required to recognise:

- Assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value
- Depreciation of leased assets reported separately from interest on lease liabilities

2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note, the Police and Crime Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The following are significant management judgements made in applying the accounting policies of the Commissioner that have the most significant effect on the Statement of Accounts. Material estimation uncertainties are described in Note 3.

Transfer of functions –

The functions of the Greater Manchester Police and Crime Commissioner (PCC), were transferred by Parliamentary Order ("The Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017), to the Elected Mayor of Greater Manchester with effect from 8 May 2017. Under section 3 of the Order "the mayor is to be treated, in relation to the mayor's PCC functions, as a police and crime commissioner for the purposes of all police and crime commissioner enactments, wherever passed or made, subject to schedule 1 of the Order". The transfer of PCC functions to the Elected Mayor mean that the legal entity known as Greater Manchester Police and Crime Commissioner ceased to exist as of 8 May 2017. All properties, rights and liabilities (including contracts of employment) transferred to the Greater Manchester Combined Authority on 8 May 2017. Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Mayor. Any receipts arising from such properties, rights and liabilities are to be paid into the police fund kept by the mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011. As the functions of PCC will continue, the accounts have been prepared on a going concern basis.

The Statement of Accounts covers the period from 1/4/2016 to 7/5/2017, a period of 13 months and 1 week. In preparing the Balance Sheet as at 7th May 2017 the following critical judgements were adopted by management:

- IAS19 pension entries for the period to 7/5/2017 were based upon reports obtained from the Police and Crime Commissioners pensions actuaries as at the balance sheet date
- Non-current asset valuations as at 7/5/2017 were based upon reports obtained from the Police and crime Commissioners Valuer as at the balance sheet date
- CIES costs in respect of non-current assets and assets held for sale were identified at actual cost as at 30/4/2017. Management then exercised a judgement to estimate an additional 1 month and 1 week's costs based on these actuals to arrive at the period end date of 7/5/2017
- Loans and investments balances were obtained as at 7/5/2017
- PFI Unitary charge and balance sheet entries were accounted for on the basis of the actual position as at 30/4/2017. Management then exercised a judgement to estimate the additional accrued charge in respect of the week to 7/5/2017. Management judgement determined that the difference in position from 30/4 to 7/5 was not material and no adjustments were made to the 30/4 balance in accounting for this item at 7/5/2017

- Insurance estimates as at 7/5/2017 based upon a report from the insurance actuary
- Collection Fund Adjustments as at 31/3/2017
- Unusable reserves were accounted for on the basis of the actual position as at 7/5/2017
- Accumulated Absences and Deferred Capital Receipts were accounted for on the basis of the position as at 30/4/2017. Management judgement was that the difference in position from 30/4 to 7/5 was not material to the financial statements
- Cash and cash equivalents were accounted for on the basis of the actual position as at 30/4/2017. Management judgement was that the difference in position from 30/4 to 7/5 was not material to the financial statements

May 2017 transactions were examined and the following items were deemed material and accrued into the Statement for the first week in May:

- Pay and associated employer costs totalling £9.183m were accrued on the basis of the actual costs for May apportioned over 5 working days
- Police grant of £9.183m to match the above expenditure accrual
- Depreciation of £1.800m for an additional 1 month and 1 week's costs based on these actuals to 30/4/2017
- Police pension income and expenditure of £4.244m into the Police Pension Fund Account based on 7 days out of 31 of the actual May pensions payments
- Employers contribution to the Police Pension Fund Account of £2.656m and matching grant income based on 7 days out of 31 of the actual May pensions payments
- A short term loan of £5.0m
- A VAT refund of £3.673m
- Other cash income of £0.634m

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

Private Finance Initiatives (PFI) and similar Arrangements - PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing the leases, the Police and Crime Commissioner has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition the future Retail Price Index (RPI) increase within the contracts has been estimated throughout the remaining period of the contract.

Leases- The Police and Crime Commissioner examined his leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Police and Crime Commissioner used judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

3 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 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 items in the Balance Sheet at the extended year ending on 7th May 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Depreciation of Property, Plant and Equipment - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £0.116m for every year that useful lives had to be reduced.

Property Valuations and Impairments Assessments - Professional valuations of all land and property assets is obtained in accordance with Accounting Guidance. In practice this is done on a rolling 5 year basis with each asset being valued at least once every 5 years. The carrying value of assets is also reassessed when capital expenditure has been incurred on them. Before the recession the trend had been upwards but in recent years some assets have reduced in value between valuations, whilst others have increased in value. In the opinion of the Valuer, there is no trend that would recommend a general impairment of the property held. If such a trend were to appear this would be reflected by a reduced asset value and a reduction in either the Capital Adjustment Account or the Revaluation Reserve. A 1% reduction in asset values would generate a reduction of around £2.833m.

Pensions Liability - Estimation of the net liability to pay pensions depends on a number of complex judgments related to the discount rate used. This includes the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied. During 2016/17 the actuaries determined that the net pension liability had increased by £1,400.352m. Please see note 28 for further details.

Provisions - The estimates for short term and long term insurance provisions are based on a combination of information provided by an independent actuary and an estimation of likely future claims arising from prior year incidents. The basis of the calculation is the average number of total claims multiplied by the average cost per claim settled in previous years.

Debt Impairment - At 7th May 2017 there was a debtor's balance of £96.767m. A review of significant balances suggested that an impairment of doubtful debts of £14.3m was appropriate. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

4 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Treasurer on 24th July 2017. Events taking place after this date are not reflected in the financial statements or notes.

5 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Commissioner to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance - The General Fund is the statutory fund into which all the receipts of the Commissioner are required to be paid and out of which all liabilities of the Commissioner are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Commissioner is statutorily empowered to spend on his services or on capital investment at the end of the financial year.

Capital Receipts Reserve - The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

	2015/16			2016/17 to 7th May 2017		
	General Fund Balance (GF)	Capital Receipts Reserve (CRR)	Movement in Usable Reserves	General Fund Balance (GF)	Capital Receipts Reserve (CRR)	Movement in Usable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account (CAA):						
Reversal of items debited or credited to the CI&E Statement:						
Charges for Depreciation and impairment of non-current assets	21,927	0	21,927	17,778	0	(17,778)
Amortisation of intangible assets	141	0	141	124	0	(124)
Capital grants and contributions applied	(4,859)	0	(4,859)	(4,418)	0	4,418
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E Statement	2,829	0	2,829	1,141	0	(1,141)
Revaluation (increases)/decreases recognised in the Surplus or Deficit on the Provision of Services	(23,499)	0	(23,499)	(290)	0	290
Insertion of items not debited or credited to the CI&E Statement:						
Statutory Provision for the Financing of Capital Investment	(7,273)	0	(7,273)	(5,570)	0	5,570
Capital expenditure charged against the General Fund balances	(6,500)	0	(6,500)	(4,300)	0	4,300
Adjustments primarily involving the Capital Receipts Reserve (CRR):						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	(1,870)	1,870	0	(973)	973	0
Use of the CRR to finance new capital expenditure	0	(5,294)	(5,294)	0	(4,027)	4,027
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CI&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	121	0	121	120	0	(120)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	415,436	0	415,436	392,869	0	(392,869)
Employer's pensions contributions and direct payments to pensioners payable in the year	(210,844)	0	(210,844)	(238,174)	0	238,174
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Precept income credited to the CI&E Statement is different from precept income calculated for the year in accordance with statutory requirements	(1,331)	0	(1,331)	(2,396)	0	2,396
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(233)	0	(233)	715	0	(715)
Total Adjustments	184,045	(3,424)	180,621	156,626	(3,054)	(153,572)

6 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017
Net amount chargeable to General Fund	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total adjustments	Net amount in CIES	Cost of policing services Other income and expenditure from the Expenditure and funding analysis	Net cost of services	Net amount chargeable to General Fund	Adjustments for capital purposes	Net change for the pensions adjustments	Other differences	Total adjustments	Net amount in CIES	Net amount in CIES	Net amount in CIES
£000	£000	£000	£000	£000	£000			£000	£000	£000	£000	£000	£000	£000	£000
529,657 (530,277)	(15,203) (4,859)	(31,579) 236,171	4,820 (371)	(41,962) 230,941	487,695 (299,336)	Cost of policing services Other income and expenditure from the Expenditure and funding analysis		590,924 (591,029)	7,742 (4,418)	(84,618) 239,313	(11,360) (2,228)	(88,236) 232,667	502,688 (358,362)		
(620)	(20,062)	204,592	4,449	188,979	188,359	Net cost of services		(105)	3,324	154,695	(13,588)	144,431	144,326		
				188,979		Difference between General Fund surplus and deficit on provision of services in the CIES						144,431			

Adjustments for capital purposes.

This column adds depreciation charges and revaluation gains and losses into the cost of policing services line.

Capital disposals, statutory charges for capital financing and capital grants are adjusted for in the other income and expenditure line.

Net change for the pensions adjustments

Employer pension contributions are replaced with current and past service costs calculated in accordance with IAS19 Employee Benefits in the cost of policing services.

Net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement in the other income and expenditure line.

Other differences

The cost of policing services line is adjusted for timing differences on discounts and accrued compensated absences not taken at the year end.

The other income and expenditure line adjusts for the disposal of non current assets and timing differences on precept collection.

7. TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2016/17.

The following table and note explains the amount and purpose of the earmarked reserves held by the Commissioner.

Earmarked Reserves	Balance at 31st March 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance at 31st March 2016 £000	Transfers Out 2016/17 to 7th May 2017 £000	Transfers In 2015/16 to 7th May 2017 £000	Balance at 7th May 2017 £000
PCC Transformation Reserve	20,000	(3,611)	0	16,389	0	0	16,389
PCC Community Crime Fund	9,260	(302)	4	8,962	(159)	0	8,803
PCSO Reserve	957	0	0	957	0	0	957
MOJ Commissioning	5,516	(1,604)	0	3,912	0	0	3,912
PCC Commissioning Reserve	4,632	(88)	1,368	5,912	(2)	75	5,985
Bank Holidays	720	(585)	0	135	0	58	193
Police protective Equipment	521	0	17	538		17	555
IS Transformation Programme	0	0	0	0	0	1,907	1,907
Positive Action	0	0	0	0	0	537	537
Operational Contingency	0	0	0	0	0	5,532	5,532
Capital Expenditure	0	0	0	0	0	2,603	2,603
PCC Place Based Integration Reserve	0	0	0	0		1,278	1,278
Other	3,108	(1,568)	2,169	3,709	(2,775)	3,896	4,830
Total	44,714	(7,758)	3,558	40,514	(2,936)	15,903	53,481

- **PCC Transformation Reserve** - established to support the development and delivery of the modern policing model
- **PCC Community Crime Fund** - established to deliver projects which contribution to the delivery of the Police and Crime Plan objectives
- **Police Community Support Officers (PCSO) Reserve** - established to fund additional Police Community Support Officers
- **Ministry of Justice Commissioning Reserve** - This reserve is set aside from funding provided by the Ministry of Justice for Restorative justice commissioning
- **Police and Crime Commissioner (PCC) Commissioning Reserve** - This reserve has been set up to fund various victims support and safeguarding schemes
- **Bank Holidays** - established to fund policing cost arising from the differing number of bank holidays in financial years
- **Police Protective Equipment** - This reserve has been created to fund future issues of operational equipment
- **IS Transformation Programme** – This reserve is to fund future Information Services Transformation Programme revenue costs
- **Positive Action** – This reserve has been created to fund future wellbeing costs
- **Operational Contingency** – This reserve has been created for a number of potential one off costs for which there is currently no budget provision
- **Capital expenditure** – This reserve is to fund future ISTP capital
- **PCC Place Based Integration Reserve** - This reserve has been created for a multi-year programme funded from the 2017/18 revenue budget
- **Other Reserves** - This combined reserve consists of a number of smaller miscellaneous reserves all with balances below £1m

8. PROPERTY, PLANT AND EQUIPMENT

The table below shows the movement in the Commissioner's Property, Plant and Equipment:

Movements in 2016/17 to 7th May 2017	Land and Buildings £000's	Vehicles, Plant & Equipment £000's	Surplus Assets £000's	Assets under Construction £000's	Total £000's	PFI assets included in PPE £000's
Movements in Cost/valuation:						
Amount at 1 st April 2016	240,376	140,670	1,526	20,724	403,296	75,238
Additions	259	5,343	0	23,524	29,126	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	2,907	183	0	0	3,090	0
Revaluation increases/ (decreases) recognised in the Surplus Deficit on the Provision of Services	309	(19)	0	0	290	0
De-recognition - disposals	0	(10,940)	0	0	(10,940)	0
Assets reclassified (to)/from Held for sale	(400)	0	0	0	(400)	0
Assets transferred (to)/from Assets under construction	88	5,894	0	(5,981)	1	0
Amount at 7th May 2017	243,539	141,131	1,526	38,267	424,463	75,238
Movements in Depreciation and Impairment						
Amount at 1 st April 2016	(2,465)	(111,362)	(3)	0	(113,830)	(4,723)
Depreciation Charge for 2016/17	(6,407)	(11,367)	(4)	0	(17,778)	(3,860)
Derecognition - Disposals	0	10,539	0	0	10,539	0
Accumulated depreciation written out	1,387	1,139			2,526	0
Amount at 7th May 2017	(7,485)	(111,051)	(7)	0	(118,543)	(8,583)
Net Book Value						
at 7th May 2017	236,054	30,080	1,519	38,267	305,920	66,655
at 31 st March 2016	237,911	29,308	1,523	20,724	289,466	70,515

Nature of asset holding at 7th May 2017

Owned	169,399	30,080	1,519	38,267	239,265	0
PFI and similar arrangements	66,655	0	0	0	66,655	66,655
Total	236,054	30,080	1,519	38,267	305,920	66,655

Movements in 2015/16	Other Land and Buildings	Vehicles, Plant & Equipment	Surplus Assets	Assets under Construction	Total	PFI assets included in PPE
	£000's	£000's	£000's	£000's	£000's	£000's
Movements in Cost/valuation:						
Amount at 1st April 2015	230,216	143,557	2,070	8,490	384,333	71,660
Additions	559	1,410	0	14,750	16,719	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	9,493	1,935	53	0	11,481	6,229
Revaluation increases/ (decreases) recognised in the Surplus Deficit on the Provision of Services	1,235	(2,254)	(44)	0	(1,063)	(2,651)
De-recognition - disposals	0	(6,326)	(207)	0	(6,533)	0
De-recognition - other	(624)	0	0	0	(624)	0
Assets reclassified (to)/from Held for sale	(952)	0	(66)	0	(1,018)	0
Assets transferred (to)/from Assets under construction	169	2,347	0	(2,516)	0	0
Other movements in cost or valuations	281	0	(281)	0	0	0
Amount at 31st March 2016	240,377	140,669	1,525	20,724	403,295	75,238
Movements in Depreciation and Impairment						
Amount at 1st April 2015	(16,183)	(105,169)	(18)	0	(121,370)	(12,822)
Charge for 2015-16	(9,191)	(12,727)	(9)	0	(21,927)	(3,243)
De-recognition - disposals	0	4,280	4	0	4,284	0
Other movements in depreciation and impairment	(6)	0	6	0	0	0
Accumulated depreciation written out	22,916	2,254	15	0	25,185	11,342
Amount at 31st March 2016	(2,464)	(111,362)	(2)	0	(113,828)	(4,723)
Nature of asset holding at 31st March 2016						
at 31st March 2016	237,913	29,307	1,523	20,724	289,467	70,515
at 31st March 2015	214,033	38,388	2,052	8,490	262,963	58,838

Nature of asset holding at 31st March 2016

Owned	167,398	29,307	1,523	20,724	218,952	0
PFI and similar arrangements	70,515	0	0	0	70,515	70,515
Total	237,913	29,307	1,523	20,724	289,467	70,515

The Police and Crime Commissioner requested the Valuer to review land and building assets to establish if assets not valued in the year differed materially from their fair value.

Revaluations

The Police and Crime Commissioner carried out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out externally by S.Gwatkin, M.R.I.C.S. (Urban Vision Ltd). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The furniture contents of buildings are carried at 7.5% of the assets Gross Carrying Amount and furniture values move with revaluations. Valuations of vehicles, plant and equipment are based on historic cost adjusted if necessary for current prices.

The significant assumptions applied to estimating the fair values are:

- That no high alumina cement, asbestos, or other deleterious material was used in the construction of any property and that none has been subsequently incorporated
- That the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoing and that good title can be shown
- That the properties and their values are unaffected by any matters which would be revealed by a local search or inspection of any register and that the use and occupation are both legal
- That inspection of those elements of any of the building's parts which have not been examined would not cause alteration of opinion of value
- That the land and properties are not contaminated
- That no allowances have been made for any rights, obligations or liabilities arising from the Defective Premises Act 1972

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	AUC £000	Total £000
Carried at Historic Cost:		140,881	0	38,267	179,148
Valued at fair value:					
2012/13	143	0	0	0	143
2013/14	69	0	0	0	69
2014/15	8,170	0	0	0	8,170
2015/16	206,730	0	1,291	0	208,021
2016/17	28,427	250	235	0	28,912
Total	243,539	141,131	1,526	38,267	424,463

Capital Commitments

At 7th May 2017, the Police and Crime Commissioner has entered into a number of contracts in 2017/18 for the construction or enhancement of Property, Plant and Equipment and Intangibles. Similar commitments at 31st March 2016 were £46.319m. The major commitments for Property Plant and Equipment are:

Description	2017/18 £000	2018/19 £000	2019/20 £000	Total
Business Support	4,504	320	0	4,824
Information Technology Schemes	729	3,839	3,524	8,092
ISTP	20,288	307	399	20,994
Total	25,521	4,466	3,923	33,910

9. INTANGIBLE ASSETS

The Police and Crime Commissioner accounted for his software as intangible assets where such software has been acquired separately from a particular IT system. All software is given a useful life based on the period that the software is expected to be of economic benefit to the Commissioner. This life is estimated initially as five years.

The carrying amount of intangible assets is amortised on a straight line basis. Total IT costs are allocated to services by apportionment thus it is not possible to state accurately how much amortisation is attributable to each service heading. The annual review of software values has not resulted in any impairment of software in the current year. No internally generated assets are included in the following totals. The movement on Intangible Asset balances during 2016/17 to 7/5/17 is as follows:

2015/16 £000		2016/17 to 7th May 2017 £000
3,117	Gross carrying amounts at start of year	3,117
(2,722)	Accumulated amortisation at start of year	(2,863)
395	Net carrying amount at start of year	254
0	Purchases	153
0	Disposals	(985)
0	Disposals depreciation	985
(141)	Amortisation for the period	(125)
254	Net carrying amount at end of year	282
	Comprising:	
3,117	Gross carrying amounts	2,285
(2,863)	Accumulated amortisation	(2,003)
254		282

10. FINANCIAL INSTRUMENTS

Financial instruments include the financial assets and liabilities of the Police and Crime Commissioner. These appear in different sections of the balance sheet depending on their characteristics.

Note 10a – Categories of Financial Instruments

The following categories of financial instruments are carried in the balance sheet.

	Long Term		Current	
	31 March 2016 £000	7th May 2017 £000	31 March 2016 £000	7th May 2017 £000
Investments				
Loans and Receivables	0	0	16,752	0
Available for Sale	0	0	13,041	0
Total Investments	0	0	29,793	0
Cash & Cash Equivalents				
Cash at Bank and Cash Equivalents	0	0	871	12,239
Total Cash & Cash Equivalents	0	0	871	12,239
Debtors				
Loans & Receivables	5	0	45,599	75,249
Total debtors	5	0	45,599	75,249
Borrowings at Amortised costs				
Borrowings	80,209	74,079	23,427	32,066
Total Borrowings	80,209	74,079	23,427	32,066
Creditors at Amortised Costs				
Creditors	0	0	43,548	58,550
Total Creditors	0	0	43,548	58,550
Other Liabilities				
Private Finance Initiative	52,330	50,057	1,073	2,181
Total other Liabilities	52,330	50,057	1,073	2,181

Note 10b – Income, Expense, Gains & Losses

The income and expense recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments are made up as follows;

	31 st March 2016			7th May 2017		
	Financial liabilities Liabilities at Amortised Cost £000	Financial Assets Loans and Receivables £000	Total £000	Financial liabilities Liabilities at Amortised Cost £000	Financial Assets Loans and Receivables £000	Total £000
Financial Liabilities						
Interest Expense	12,196	0	12,196	11,820	0	11,820
Expense Included in Surplus or Deficit on the Provision of Services	12,196	0	12,196	11,820	0	11,820
Financial Assets						
Interest Income	0	(464)	(464)	0	(420)	(420)
Income Included in Surplus or Deficit on the Provision of Services	0	(464)	(464)	0	(420)	(420)
Net (Gain)/Loss for the Year	12,196	(464)	11,732	11,820	(420)	11,400

Note 10c – Fair Value of Assets & Liabilities

Financial liabilities and financial assets are carried in the balance sheet at amortised cost, they are shown below. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions;

- For loans from the PWLB, new borrowing rates from the PWLB have been applied to provide the fair value
- For non PWLB loans payable, prevailing market rates have been applied to provide the fair value
- No early repayment or impairment is recognised
- The fair value of trade and other receivables and creditors is taken to be the invoiced or billed amount
- The fair value of the available for sale assets is the carrying amount

	31st March 2016		7th May 2017	
	Carrying Value £000	Fair Value £000	Carrying Value £000	Fair Value £000
Financial Assets				
Short Term Investments	16,752	16,761	0	0
Available for sale Financial Assets	13,041	13,041	0	0
Cash & Cash Equivalents	871	871	12,239	12,239
Debtors	45,604	45,604	75,249	75,249
Total Investments	76,268	76,277	87,488	87,488
Financial Liabilities				
PWLB Loans	79,988	110,127	74,633	96,325
Market Loans	5,012	5,063	0	0
Temporary Loans	11,005	11,007	25,003	25,003
Transferred Debt	7,632	7,632	6,510	6,510
Creditors	43,548	43,548	58,550	58,550
PFI and Finance Lease Liabilities	53,403	94,275	52,238	91,721
Total Borrowings	200,588	271,652	216,934	278,109

Fair Value hierarchy for financial assets and financial liabilities that are not measured at fair value are as follows;

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Office can access at the measurement date
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

	31st March 2016				7th May 2017			
	Level 1 Quoted Prices £000	Level 2 Observable Inputs £000	Level 3 Unobservable Inputs £000	Total £000	Level 1 Quoted Prices £000	Level 2 Observable Inputs £000	Level 3 Unobservable Inputs £000	Level 3 Unobservable Inputs £000
Financial Assets								
Short Term Investments	0	16,761	0	16,761	0	0	0	0
Available for sale Financial Assets	13,041	0	0	13,041	0	0	0	0
Cash & Cash Equivalents	0	871	0	871	0	12,239	0	12,239
Debtors	0	0	45,604	45,604	0	0	75,249	75,249
Total Investments	13,041	17,632	45,604	76,277	0	12,239	75,249	87,488
Financial Liabilities								
PWLB Loans	0	110,127	0	110,127	0	96,325	0	96,325
Market Loans	0	5,063	0	5,063	0	0	0	0
Temporary Loans	0	11,007	0	11,007	0	25,003	0	25,003
Transferred Debt	0	7,632	0	7,632	0	6,510	0	6,510
Creditors	0	0	43,548	43,548	0	0	58,550	58,550
PFI and Finance Lease Liabilities	0	0	94,275	94,275	0	0	91,721	91,721
Total Borrowings	0	133,829	137,823	271,652	0	127,838	150,271	278,109

There were no transfers between input levels during the year, and there has been no change in the valuation technique used during the year for the financial instruments

The differences between carrying and fair value amounts are not material. No gains or losses have been recognised in the year.

Note 10d - Nature and extent of risks arising from financial instruments

The PCCs' activities exposed him to a variety of financial risks;

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the PCC might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rates

The PCCs' overall risk management programme focused on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management was carried out under policies approved by the PCC in the annual Treasury management strategy.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCCs' customers.

The risk relating to investments is managed through the annual investment strategy set out in the Treasury Management strategy document, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's credit rating services.

The annual investment strategy also imposed a maximum sum to be invested with a financial institution.

A risk of default applied to all the PCCs' deposits, but experience has shown that it is rare for such entities to be unable to meet their commitments.

Historically the PCC has not suffered any losses where the principal sum or the interest owing has not been repaid.

In respect of debtors, action is taken when payments become overdue, which may lead to legal action to recover the debt. At 7th May 2017, £1.882m trade debtors had been outstanding for 30 days or more (£0.447m at 31st March 2016). The PCC provides for bad debts each year based on historical evidence updated to reflect current market conditions. The value of bad debts written off during 2016/17 was £0.176m (£0.173m in 2015/16).

The past due but not impaired amount can be analysed by age as follows;

	31 st March 2016 £000's	7th May 2017 £000's
Less than 3 months	270	1,783
3 to 6 months	60	25
More than 6 months	117	74
Totals	447	1,882

Liquidity Risk

The PCC had a cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happened, the Office had ready access to borrowings from an overdraft facility, the money markets and the Public Works Loan Board.

There was no significant risk that the PCC was unable to meet his commitments under financial instruments. The risk was that the PCC will be bound to replenish a significant proportion of his borrowings at a time of unfavourable interest rates. The PCC managed its maturity profile accordingly, and sets limits on the proportion of his borrowings repayable in specified periods.

All financial assets are due to be paid in less than one year.

Refinancing and maturity risk

The PCC maintained a significant debt and investment portfolio. Whilst the cash flow procedures were considered against the refinancing risk procedures, longer term risk to the PCC related to managing the exposure to replacing financial instruments as they mature.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The PCC approved treasury and investment strategies address the main risks, these include;

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the PCCs' day to day cash flow needs

The maturity analysis of financial liabilities is as follows:

31st March 2016 £000	Borrowing	7th May 2017 £000
24,500	Under 1 year	34,247
8,437	Between 1 and 2 years' time	7,552
25,533	Between 2 and 5 years' time	30,004
27,947	Between 5 and 10 years' time	28,221
70,622	10 years and above	58,361
157,039	Total	158,385

All trade creditors are due to be paid in less than one year.

Interest Rate Risk

The PCC was exposed to risk in terms of his exposure to interest rate movements on his borrowings and investments. Movements in interest rates have a complex impact on the PCC. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings and Investments are not carried at fair value so nominal gains and losses would not impact on the surplus or deficit on the provision of services, or other Comprehensive Income and Expenditure.

However, changes in interest payable and receivable on variable rate borrowings and investments would have been posted to the surplus or deficit on the provision of services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other comprehensive Income and expenditure.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and has a policy to keep a maximum of 50% of borrowings in variable rate loans.

The PCC had no investments or borrowings at variable rate.

Price risk

The PCC, excluding the pension fund, did not have any equity shareholdings or marketable bonds, and therefore was not exposed to losses arising in the movements in share prices.

Foreign exchange risk

The PCC had no material exposure to the change in foreign exchange rates.

11. DEBTORS

Debtor balances represent amounts which are due at the financial year end but for which the cash has not been received. All short term debtor amounts are expected to be paid within the following year.

31st March 2016			Debtors	7th May 2017		
Short Term £000	Long Term £000	Total £000		Short Term £000	Long Term £000	Total £000
36,547	0	36,547	Central government bodies	61,854	0	61,854
33,458	0	33,458	Other PCC's & Authorities	39,474	0	39,474
8	0	8	NHS bodies	307	0	307
953	0	953	Public corporations and trading funds	2,407	0	2,407
1,767	5	1,772	Other Entities and Individuals	3,783	0	3,783
(14,747)	0	(14,747)	Provision for Bad Debt	(14,300)	0	(14,300)
2,740	0	2,740	Prepayments	3,242	0	3,242
60,726	5	60,731	Total	96,767	0	96,767

12. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand, petty cash balances and the Police and Crime Commissioner's operating bank accounts.

Cash equivalents are investments that are instantly repayable to the Commissioner on demand and that are readily convertible to known amounts of cash with insignificant risk of a change in value. These are balances held in interest bearing call accounts and money market funds with institutions meeting our required credit ratings.

31 st March 2016 £000	Cash & Cash Equivalents	7th May 2017 £000
672	Cash Held by the authority	562
(1,704)	Bank Accounts	11,671
1,903	Cash Equivalent Short Term Investments	6
871	Total Cash & Cash Equivalents	12,239

13. ASSETS HELD FOR SALE

The table below shows the balance of assets held for sale that are owned by the Commissioner:

	Current	
	31st March 2016 £000	7th May 2017 £000
Balance outstanding at start of year	0	385
Assets newly classified as held for sale:		
Property, Plant and Equipment	1,018	400
Revaluation (losses)/ gain	1	0
Assets sold	(634)	(785)
Balance outstanding at year-end	385	0

14. CREDITORS

Since the Balance Sheet represents the financial position at the end of the financial year, there are outstanding monies owed at that date which have yet to be paid. The following analysis shows the amounts owed which had not yet been paid as at 7th May 2017.

31st March 2016			Creditors	7th May 2017		
GMP £000	PCC £000	Total £000		GMP £000	PCC £000	Total £000
0	(8,852)	(8,852)	Central Government Bodies	0	(10,044)	(10,044)
0	(10,298)	(10,298)	Other Police and Crime Commissioners & Local Authorities	0	(12,212)	(12,212)
0	(3)	(3)	NHS Bodies	0	(2)	(2)
0	0	0	Public Corporations and Trading Funds	0	(11)	(11)
0	(9,725)	(9,725)	Other Entities and Individuals	0	(6,681)	(6,681)
(3,978)	(4,683)	(8,661)	Pay	(4,722)	(16,788)	(21,510)
0	(8,519)	(8,519)	Capital	0	(12,518)	(12,518)
0	(8,425)	(8,425)	Accruals & Prepaid Income	0	(9,985)	(9,985)
0	(7,353)	(7,353)	Seized money	0	(6,443)	(6,443)
(3,978)	(57,858)	(61,836)	Total Creditors	(4,722)	(74,684)	(79,406)

15. PROVISIONS

Provisions are amounts set aside by the Commissioner to meet the cost of a future liability, for which the timing of the payment is uncertain. The amounts represent the best estimate of that liability where an exact cost is not able to be determined. In line with the Code of Practice, the provision is charged to service revenue accounts in the year it is established. When the liability falls due, the costs are charged directly to the provision.

Provisions	7th May 2017			
	Insurance £000	Police Pension Lump Sums £000	Other £000	Total £000
Balance 1st April	(29,077)	(586)	(87)	(29,750)
Additions in Year	(634)	0	0	(634)
Amounts used in year	2,363	385	87	2,835
Balance 7th May 2017	(27,348)	(201)	0	(27,549)
Short Term	(1,835)	(201)	0	(2,036)
Long Term	(25,513)	0	0	(25,513)
Balance 7th May 2017	(27,348)	(201)	0	(27,549)

- **Insurances** – This represents amounts set aside by the Police and Commissioner to meet obligations arising in respect of Employers and Public Liability claims and motor vehicle insurance. Payments will be made from these provisions as claims are settled. The adequacy of the level of individual provisions is reviewed by an independent firm of actuaries based on information and estimates relating to the number and value of claims.
- **Police Pension Lump Sums** – A Provision for the payment of additional lump sum retirement benefits to police officers who retired between 2001 and 2006. In a recent case the pension ombudsman found that commutation factors used to calculate lump sum had not been reviewed during the period above.

16. INVENTORIES

The Police and Crime Commissioner hold inventories consisting of uniforms, spare parts for vehicle and other minor items. As follows:

	Uniform		Vehicles		Other		Total	
	31st March 2016	7th May 2017	31st March 2016	7th May 2017	31st March 2016	7th May 2017	31st March 2016	7th May 2017
	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance	702	581	442	396	9	9	1,153	986
Purchases	3,366	3,726	3,226	3,228	0	0	6,592	6,954
Stock Issued	(3,487)	(3,780)	(3,272)	(3,203)	0	0	(6,759)	(6,983)
Closing Balance	581	527	396	421	9	9	986	957

17. USABLE RESERVES

Usable Reserves are those reserves that contain resources which can be applied to the provision of services, either by incurring expenses or undertaking capital investment; whether or not there are particular restrictions on exactly what the resources can be spent on.

The table below summarises the movement of Usable Reserves, and movements can be seen in the Movement in Reserves Statement:

Usable Reserves	Balance at 31st March 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance at 31st March 2016 £000	Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Balance at 7th May 2017 £000
General Fund Balances	12,497	0	619	13,116	0	105	13,221
Earmarked Reserves	44,714	(7,758)	3,558	40,514	(2,936)	15,903	53,481
Usable Capital Receipts	6,478	(5,294)	1,870	3,054	(4,027)	973	0
PFI Reserve	14,559	(733)	0	13,826	(772)	0	13,054
Total	78,248	(13,785)	6,047	70,510	(7,735)	16,981	79,756

General Fund Balance – This is where the General Fund balances are held to safeguard against risks identified in the Local Government Act Report, along with General In year savings, not earmarked for specific purposes.

Earmarked Reserves – These are reserves that have been set aside to fund specific future spend, full details can be found at Note 6.

Usable Capital Receipts Reserve – This reserve holds Capital Receipts the Police and Crime Commissioner has received for the sale of Assets; again this can only be used to fund future capital spending.

PFI Reserve – This reserve holds the balance of PFI grant paid by the Home Office. It can only be used to support payment of the unitary charge. They are kept to manage the account processes in relation to the application of International Financial Reports Standards.

18. UNUSABLE RESERVES

Unusable Reserves are those that the Commissioner is not able to utilise to provide services. The table below summarises the movement of the group Unusable Reserves:

2015/16				2016/17 to 7th May 2017		
PCC £000	GMP £000	Total £000	Unusable Reserves	PCC £000	GMP £000	Total £000
27,092	0	27,092	Capital Adjustment Account	28,752	0	28,752
241	0	241	Financial Instruments Adjustment Account	121	0	121
36,500	0	36,500	Revaluation Reserve	40,020	0	40,020
2,965	0	2,965	Collection Fund Adjustment Account	5,361	0	5,361
(45)	(3,978)	(4,023)	Accumulated Absence Reserve	(15)	(4,722)	(4,737)
565	0	565	Deferred Capital Receipts	565	0	565
(2,868)	(6,162,456)	(6,165,324)	Pension Reserve	(4,869)	(7,560,807)	(7,565,676)
64,450	(6,166,434)	(6,101,984)	Balance 7th May 2017	69,935	(7,565,529)	(7,495,594)

a) **Revaluation Reserve** - The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of Property Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued or impaired and the gains are written off
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of, and the gains are realised

The reserve contains only gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital adjustment Account.

Restated 31st March 2016 £000	Revaluation Reserve	7th May 2017 £000
	Balance at 1st April	36,500
26,510	Upward revaluation of assets	5,770
11,488	Downward revaluation of assets and Impairment not charged to the Surplus/Deficit on the Provision of Services	(154)
(6)		
11,482	Surplus/(deficit) on the revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	5,616
(833)	Difference between fair value depreciation and historical cost depreciation	(1,576)
(659)	Accumulated gains on assets sold or scrapped	(520)
(1,492)	Amounts written off to the capital adjustment account	(2,096)
36,500	Balance at 7th May	40,020

The balance at 31st March 2016 has been restated to correct a disclosure error between this reserve and the Capital Adjustment account.

b) **Financial Instruments Adjustment Account** - The Financial Instruments Adjustment Account holds the timing differences arising from the arrangements for accounting for income and expenses relating to certain financial instruments. The Police and Crime Commissioner used the account to manage premiums and discounts received on the early redemption of loans and accounting adjustments in relation to Effective Interest Rates.

2015/16 £000	Financial Instruments Adjustment Account	2016/17 to 7th May 2017 £000
361	Balance Brought Forward	241
(120)	Premiums Charged	(120)
241	Balance at 7th May 2017	121

c) **Capital Adjustment Account** - The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of these assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation; impairment losses and amortisation are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the PCC. The account also contains revaluation gains accumulated on Property Plant and Equipment from periods prior to 1st April 2007, the date on which the Revaluation Reserve was created to hold such gains.

Restated		
2015/16 £000	Capital Adjustment Account	2016/17 to 7th May 2017 £000
3,061	Balance at 1st April	27,092
(21,927)	Reversal of items credited to capital expenditure and debited or credited to the Comprehensive Income and Expenditure Statement:	
	Charges for depreciation and impairment of non current assets	(17,778)
23,499	Revaluation losses on Property Plant and Equipment	290
(141)	Amortisation of Intangible assets	(124)
(3,164)	Amounts of non-current assets written off on disposal as part of gain loss on disposal to the Comprehensive Income and Expenditure Statement	(1,140)
(1,733)		(18,752)
1,839	Adjusting amounts written out of Revaluation Reserve	2,097
106	Net amount written out of the cost of non-current assets consumed in the year	(16,655)
	Capital financing applied in the year:	
5,293	Use of Capital receipts reserve to finance new capital expenditure	4,027
4,859	Grants and capital contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,418
7,273	Statutory Provision for the financing of capital investment charged against the general fund balances	5,570
6,500	Capital expenditure charged against the general fund	4,300
23,925	Total capital financing applied in the year	18,315
27,092	Balance at 7th May 2017	28,752

The balance at 31st March 2016 has been restated to correct a disclosure error between this account and the Revaluation Reserve.

d) **Pensions Reserve** - The pensions reserve absorbs the timing differences arising from different arrangements for accounting for post-employment benefits and funding benefits in accordance with statutory provisions. The Commissioner accounted for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Commissioner makes employer's contributions to pension funds, or eventually pay any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Commissioner has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2015/16			Pension Reserve	2016/17 to 7th May 2017		
PCC £000	GMP £000	TOTAL £000		PCC £000	GMP £000	Total £000
(3,844)	(7,177,117)	(7,180,961)	Balance at 1 April	(2,868)	(6,162,456)	(6,165,324)
1,238	1,218,991	1,220,229	Remeasurements of the net defined benefit liability/ (asset)	(1,827)	(1,243,830)	(1,245,657)
(477)	(414,959)	(415,436)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the provision of services in the Comprehensive Income and Expenditure Statement	(458)	(391,954)	(392,412)
215	210,629	210,844	Employer's pensions contributions and direct payments to pensioners payable in the year.	284	237,433	237,717
(2,868)	(6,162,456)	(6,165,324)	Balance at 7th May	(4,869)	(7,560,807)	(7,565,676)

e) **Collection Fund Adjustment Account** - The Collection Fund Adjustment Account manages the differences arising from the recognition of the police portion of council tax income (precept) in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the Police and Crime Commissioner from billing authorities.

2015/16 £000	Collection Fund Adjustment Account	2016/17 to 7th May 2017 £000
1,635	Balance Brought Forward	2,965
1,330	Amount by which Precept income credited to the Comprehensive Income and Expenditure statement is different from Precept income calculated for the year in accordance with statutory requirements.	2,396
2,965	Balance at 7th May 2017	5,361

f) **Deferred Capital Receipts Reserve** - Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which the cash settlement has yet to take place. Under statutory arrangements, the Commissioner does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2015/16 £000	Deferred Capital Receipts Reserve	2016/17 to 7th May 2017 £000
565	Opening Balance	565
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
565	Balance at 7th May 2017	565

g) **Accumulated Absences Account** - The accumulated absences account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 7th May 2017. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2015/16			Accumulated Absences Account	2016/17 to 7th May 2017		
PCC £000	GMP £000	TOTAL £000		PCC £000	GMP £000	Total £000
(31)	(4,226)	(4,257)	Balance Brought Forward	(45)	(3,978)	(4,023)
31	4,226	4,257	Settlement or cancellation of accrual made at the end of the preceding year	45	3,978	4,023
(45)	(3,978)	(4,023)	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(15)	(4,722)	(4,737)
(45)	(3,978)	(4,023)	Balance at 7th May 20017	(15)	(4,722)	(4,737)

19. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2015/16 £000	The adjustment to surplus or deficit on the provision of services for non cash movements	2016/17 to 7th May 2017 £000
1,566	Depreciation/Impairment and Revaluations charged to the CI&E	(17,488)
(141)	Amortisation of Intangible Assets	(124)
(736)	Increase/(Decrease) in impairment for bad debts	447
(6,301)	Increase/(Decrease) in Creditors	(13,816)
(12,536)	(Increase)/Decrease in Debtors	35,501
(166)	(Increase)/Decrease in Inventories	(29)
(204,592)	Movement in Pension Liability	(154,695)
(953)	Loss on disposal of non current assets	(168)
23,218	Other non-cash adjustments	6,502
(200,641)		(143,870)

2015/16 £000	The adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2016/17 to 7th May 2017 £000
4,859	Capital Grants credited to surplus or deficit on the provision of services	4,418
4,859		4,418

2015/16 £000	The cash flows for operating activities include the following items	2016/17 to 7th May 2017 £000
£000		£000
(497)	Interest received	(511)
3,958	Interest paid	3,353
8,287	Interest element of finance lease rentals	6,098
11,748		8,940

20. CASH FLOW STATEMENT - INVESTING ACTIVITIES

The cash flows for investing activities include the following items:

2015/16	Investing Activities	2016/17 to 7th May 2017
£000		£000
4,743	Purchase of property, plant and equipment, investment property and intangible assets	22,823
(6,300)	Purchase/ (Proceeds) of short-term and long-term investments	(31,600)
(1,869)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(973)
(4,518)	Other receipts and investing activities	(5,393)
(7,944)	Net Cash flows from Investing Activities	(15,143)

21. CASH FLOW STATEMENT - FINANCING ACTIVITIES

The cash flows for financing activities include the following items:

2015/16	Financing Activities	2016/17 to 7th May 2017
£000		£000
(165,810)	Cash receipts of short and long-term borrowing	(224,780)
2,252	Cash payments for the reduction of the outstanding liabilities relating to finance lease and on-balance sheet PFI contracts	1,164
176,884	Repayments of short and long-term borrowing	222,517
13,326	Net Cash flows from Investing Activities	(1,099)

22. OFFICERS REMUNERATION (annualised basis)

A - Officers' Remuneration above £50,000

Note A discloses information on the number of Police and Crime Commissioner and Force employees who have received more than £50,000 in remuneration during the year. This amount excludes any payments in relation to employee pensions.

Remuneration Band	Number of Employees					
	2015/16			2016/17		
	PCC	GMP	Total	PCC	GMP	Total
£50,000 - £54,999	2	418	420	3	472	475
£55,000 - £59,999	1	225	226	1	230	231
£60,000 - £64,999	1	23	24	1	27	28
£65,000 - £69,999	0	22	22	0	19	19
£70,000 - £74,999	1	13	14	1	14	15
£75,000 - £79,999	0	20	20	1	25	26
£80,000 - £84,999	0	18	18	0	11	11
£85,000 - £89,999	1	7	8	0	10	10
£90,000 - £94,999	0	2	2	1	4	5
£95,000 - £99,999	0	1	1	0	1	1
£100,000 - £104,999	1	1	2	1	1	2
£110,000 - £114,999	0	1	1	0	2	2
£115,000 - £119,999	0	1	1	0	2	2
£125,000 - £129,999	0	2	2	0	1	1
£130,000 - £134,999	0	1	1	0	0	0
£145,000 - £149,999	0	0	0	0	1	1
£185,000 - £189,999	0	1	1	0	0	0
£200,000 - £204,999	0	0	0	0	1	1
Total	7	756	763	9	821	830

B - Senior Officers' Remuneration (annualised basis)

Note B discloses the remuneration of defined Senior and Statutory Officers' whose annualised salary is equal to or more than £50,000. 'Expenses' disclosures include car and miscellaneous expenses. The Senior Officers included in the tables following are also included in the previous table (excluding pension contributions).

2016/17 Senior Employee's Remuneration							
Post Title	Note	Salary £000	Expenses £000	Other £000	Total Remuneration Excluding Pension Contributions £000	Pension Contributions £000	Total Remuneration Including Pension Contributions £000
Chief Constable -Ian Hopkins		197	0	5	202	46	248
Deputy Chief Constable - Ian Pilling	a	147	0	0	147	35	182
Assistant Chief Constable		114	0	6	120	27	147
Assistant Chief Constable	b	113	0	5	118	26	144
Assistant Chief Constable	c	80	1	0	81	19	100
Assistant Chief Constable	d	91	1	4	96	22	118
Assistant Chief Constable		105	0	8	113	25	138
Assistant Chief Constable		105	1	8	114	25	139
Assistant Chief Constable	e	97	0	4	101	22	123
Chief Superintendent x 21	f	1,748	42	0	1,790	357	2147
Assistant Chief Officer Resources		110	0	20	130	20	150
Head of Change		46	0	0	46	8	54
Head of Change		51	0	0	51	10	61
Acting Head of Information Services		83	2	0	85	15	100
Head of Legal Services		83	2	0	85	16	101
Acting Head of Legal Services		68	2	0	70	13	83
Head of Business Support Services		79	2	0	81	15	96
Head of External Relations & Performance		89	0	0	89	17	106
Head of Finance		77	1	0	78	14	92
Acting Head of Finance		71	0	0	71	13	84
Head of Corporate Communications		72	1	0	73	13	86
Head of HR Service Centre	g	66	0	30	96	12	108
Total		3,692	55	90	3,837	770	4,607

Notes 2016/17

- a) The vehicle benefits for DCC Pilling in 2015/16 was for the period January to March 2016 was included on the 2015/16 remuneration report.
- b) Assistant Chief Constable on secondment
- c) Assistant Chief Constable started June 2016
- d) Assistant Chief Constable appointed October 2016
- e) Assistant Chief Constable until September 2016
- f) Chief Superintendent Posts have not been individually included due to numbers. Total costs are included in the table with salaries ranging from £68,000 to £92,000.
- g) Head of HR Service Centre was made redundant in March 2017.

2015/16 Senior Employee's Remuneration							
Post Title	Note	Salary	Expenses	Other	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		£000's	£000's	£000's	£000's	£000's	£000's
Chief Constable - Peter Fahy	a	128	0	0	128	0	128
Chief Constable - Ian Hopkins	b	90	0	0	90	20	110
Deputy Chief Constable - Ian Hopkins	c	80	0	20	100	19	119
Deputy Chief Constable	d	35	0	2	37	8	45
Assistant Chief Constable	e	119	0	16	135	26	161
Assistant Chief Constable		107	0	13	120	25	145
Assistant Chief Constable	f	62	0	24	86	14	100
Assistant Chief Constable	g	68	0	13	81	16	97
Assistant Chief Constable		102	1	8	111	25	136
Assistant Chief Constable		97	2	7	106	23	129
Assistant Chief Constable		95	1	4	100	22	122
Assistant Chief Constable		34	1	2	37	7	44
Chief Superintendent x 20	h	1,669	43	1	1,713	342	2,055
Assistant Chief Officer Resources		109	0	23	132	19	151
Head of Change		91	0	0	91	15	106
Acting Head of Information Services		83	2	0	85	14	99
Head of Legal Services		82	2	0	84	14	98
Head of Business Support		78	2	0	80	14	94
Head of External Relations & Performance		89	0	0	89	15	104
Head of Finance		72	1	0	73	12	85
Acting Head of Finance		69	0	0	69	12	81
Head of Corporate Communications		72	1	0	73	12	85
Head of Human Resources		66	0		66	11	77
Totals		3,497	56	133	3,686	685	4,371

Notes: 2015/16

- a) Chief Constable retired in October 2015
- b) & c) Chief Constable was appointed in November 2015, previously the Deputy Chief Constable
- d) New Deputy Chief Constable Appointed 6 January 2016
- e) Assistant Chief Constable who was Acting Deputy Chief Constable November 2015 to 6 January 2016
- f) Assistant Chief Constable left in October 2015
- g) Assistant Chief Constable retired in November 2015
- h) Chief Superintendent Posts have not been individually included due to numbers. Total costs are included in the table with salaries ranging from £64,000 to £90,000.

C - EXIT COSTS

Payments are made as a result of the departure of police officers and staff from the Police and Crime Commissioner and the Police Force. The total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2016/17 to 7th May 2017	2015/16	2016/17 to 7th May 2017	2015/16	2016/17 to 7th May 2017	2015/16 £000	2016/17 to 7th May 2017 £000
£0 - £20,000	6	12	17	33	23	45	238	470
£20,001 - £40,000	6	4	8	20	14	24	376	700
£40,001 - £60,000	0	1	7	8	7	9	373	466
£60,001 - £80,000	0	0	4	5	4	5	269	338
£80,001 - £100,000	0	0	1	1	1	1	82	84
£100,001 - £150,000	0	0	1	0	1	0	101	0
Total	12	17	38	67	50	84	1,439	2,058

D - TERMINATION BENEFITS

The Police and Crime Commissioner terminated the contracts of a number of employees in 2016/17, incurring liabilities of £2.058m (£1.439m in 2015/16). See note 21C for the number of exit packages and total cost per band. These amounts relate to redundancy pay, pay in lieu of notice and pension strain.

23. EXTERNAL AUDIT COSTS

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts, provided by the Commissioner's external auditors Grant Thornton UK LLP.

2015/16				2016/17 to 7th May 2017		
PCC £000	GMP £000	Group £000		PCC £000	GMP £000	Group £000
46	23	69	Fees payable with regard to external audit services carried out by the appointed auditor for the year.	46	23	69
46	23	69	Total Cost	46	23	69

24. GRANT INCOME

The Police and Crime Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

Credited to Services within cost of services continuing operations	2015/16 £000's	2016/17 to 7th May 2017 £000's
Counter Terrorism Hub	19,420	22,465
Counter Terrorism Prevent	3,052	2,794
PFI Grant	5,315	5,758
Asset Incentivisation	3,682	1,599
Security	4,360	4,147
PCC Commissioning Fund	6,668	5,645
Pre 1990 Debt Charge	793	774
Hillsborough	11,719	10,458
Other Revenue Grants	1,915	6,793
Total	56,924	60,433

25. GROUP RELATED PARTIES

The Police and Crime Commissioner was required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Police and Crime Commissioner or to be controlled or influenced by the Police and Crime Commissioner. Disclosure of these transactions allows readers to assess the extent to which the Police and Crime Commissioner might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Police and Crime Commissioner. In this context related parties include;

- Central Government
- Key Management Personnel including Senior Managers
- Close Family Member of Key Management Personnel
- Other Public Bodies
- Entities Controlled or significantly influenced by the Commissioner

Central Government

Central government has effective control over the general operations of the Police and Crime Commissioner – it is responsible for providing the statutory framework, within which the Police and Crime Commissioner operates, provides the majority of his funding in the form of grants and prescribes the terms of many of the transactions that he has with other parties (e.g. Precept Bills). Grants received from government departments are set out in Note 23 and on the face of the Comprehensive Income and Expenditure Statement.

The Police and Crime Commissioner, Chief Constable and Chief Officers

The Police and Crime Commissioner, Chief Constable and their respective Chief Officers are required to declare whether they or members of their close family have had any related party transactions (significant dealings) with the Police and Crime Commissioner or Chief Constable during the financial year. The Chief Finance Officers have written to the Police and Crime Commissioner, Chief Constable and chief officers to collect this information. In the Chief Finance Officers opinion's there are no material related party interests to declare for 2016/17.

26. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Police and Crime Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Police and Crime Commissioner that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

	31st March 2016	2016/17 to 7th May 2017
	£000	£000
Opening Capital Financing Requirement	233,788	226,515
Capital investment		
Property, Plant and Equipment (and 'Held for Sale')	16,652	29,079
Intangible Assets	0	153
	16,652	29,232
Sources of finance		
Capital receipts	(5,293)	(4,027)
Government grants and other contributions	(4,859)	(4,418)
Direct revenue contributions	(6,500)	(4,300)
MRP (Minimum Revenue Provision)	(7,273)	(5,570)
Closing Capital Financing Requirement	226,515	237,432
Movement in year	7,273	(10,917)
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	(7,273)	(10,917)
Increase/(decrease) in Capital Financing Requirement	(7,273)	(10,917)

27. LEASES

The Police and Crime Commissioner as Lessee

Operating Leases

The Police and Crime Commissioner occupied a number of leased properties. Rentals paid in 2016/17 to 7/5/17 amounted to £0.513. Property lease costs will be £0.914 in 2017/18. The maturity profile of the payments is as follows;

	2015/16 £000	2016/17 to 7th May 2017 £000
Not later than one year	726	259
Later than one year and not later than five years	82	246
Later than five years	106	8
	914	513

28. PFI AND SIMILAR CONTRACTS

2016/17 was the fourteenth year of a Private Finance Initiative (PFI) contract for the construction and maintenance of seventeen Police stations across the Greater Manchester area. The contractor will operate and service the stations for twenty-five years after which ownership will revert to the Mayor of Greater Manchester for nil consideration.

Property Plant and Equipment

The stations are recognised on the PCC's balance Sheet. Movements in their value over the year are detailed in the notes to the accounts.

Payments Due Under PFI Contracts

The Commissioner makes an agreed payment each year, which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. The commissioner only has the right to terminate the contact if he compensates the contractor in full for costs incurred and future profits. Payments remaining to be made under the PFI contract (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000's	Reimbursement of Capital Expenditure £000's	Interest £000's	Total £000's
Payable 2017/18	4,273	2,181	8,105	14,559
Between 1 to 2 years	6,642	1,306	8,218	16,166
Between 2 to 5 years	15,324	8,845	26,794	50,963
Between 6 to 10 years	29,567	21,221	43,007	93,795
Between 11 to 13 years	20,026	18,685	23,383	62,094
Total	75,832	52,238	109,507	237,577

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

Outstanding liability

The following table shows the outstanding liability to pay the contractor for capital expenditure incurred is as follows;

	2015/16 £000	2016/17 to 7th May 2017 £000
Balance at start of the year	55,655	53,403
Payments during the year	(2,252)	(1,165)
Balance at the end of the year	53,403	52,238
Short Term liability	1,073	2,181
Long Term liability	52,330	50,057
Total	53,403	52,238

29. DEFINED BENEFIT PENSION SCHEMES

Participation In pension schemes

As part of the terms and conditions of employment of their staff and officers the Police and Crime Commissioner and the Chief Constable make contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until staff and officers retire, the Police and Crime Commissioner and Chief Constable have a commitment to make the payments and this needs to be disclosed at the time that staff and officers earn their future entitlement.

All employees are, unless they have opted out, members of The Greater Manchester Pension Fund which is administered by Tameside MBC. This is a funded defined benefit final salary scheme, meaning that the Police and Crime Commissioner, Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Greater Manchester Pension Fund is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. The scheme is contracted out of the State Second Pension. The Investment managers of the fund are Hymans Robertson LLP.

The principal risks of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. 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.

All police officers, unless they have opted out, are members of the Police Pension scheme, an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. The scheme can be split into 3 components, old, injury and new. See note H to the Accounting Policies on page 74. The scheme is contracted out of the State Second Pension. The Police Pension Fund Account is disclosed on page 84.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by staff and officers, rather than when the benefits are eventually paid as pensions. However, the charge the Police and Crime Commissioner is required to make against precept is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2016/17 to 7th May 2017									
2015/16					2016/17 to 7th May 2017				
Police Pension Scheme					Police Pension Scheme				
LGPS		New		Total	LGPS		New		Total
PCC	£000's	£000's	£000's		PCC	£000's	£000's	£000's	
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
348	28,701	29,049	87,240	343	24,908	25,251	64,650	59,110	127,750
0	696	696	0	0	475	475	0	0	80
0	0	0	0	0	0	0	0	0	0
348	29,397	29,745	87,240	343	25,383	25,726	64,650	59,110	127,830
(208)	(19,137)	(19,345)	0	(259)	(23,369)	(23,628)	0	0	0
337	27,609	27,946	212,520	374	31,057	31,431	215,150	3,110	231,510
129	8,472	8,601	212,520	115	7,688	7,803	215,150	3,110	231,510
477	37,869	38,346	299,760	458	33,071	33,529	279,800	62,220	359,340
0	0	0							
(1,482)	(95,719)	(97,201)	(95,560)	34	2,904	2,938	(116,060)	0	(136,170)
(1)	(8,176)	(8,177)	(548,690)	2,415	147,987	150,402	1,226,940	50,740	1,388,370
245	22,634	22,879	(383,990)	146	(28,919)	(28,773)	(16,220)	(2,360)	(20,640)
(1,238)	(81,261)	(82,499)	0	(768)	(109,702)	(110,470)	0	0	0
(761)	(43,392)	(44,153)	(1,028,240)	1,827	12,270	14,097	1,094,660	48,380	1,231,560
(477)	(37,869)	(38,346)	(728,480)	2,285	45,341	47,626	1,374,460	110,600	1,590,900
215	18,420	18,635	(299,760)	(458)	(33,071)	(33,529)	(279,800)	(62,220)	(359,340)
0	419	419	0	284	20,793	21,077	27,026	33,351	61,287
215	18,839	19,054	29,123	284	21,250	21,534	27,026	33,351	61,287

Retirement Benefits

Comprehensive Income & Expenditure Statement

Cost of services

Current Service Cost

Past Service Costs (including curtailments)

Effect of settlements

Total Cost of Services

Financing & Investment Income & Expenditure

Interest income of plan assets

Interest cost on defined benefit obligation

Total Net interest

Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services

Other Post Employment Benefit Charged to the CIES

Changes in Demographic Assumptions

Changes in financial assumption

Other Experience

Return on assets

Total Other Post Employment Benefit Charged to the CIES

Total Post Employment Benefit Charged to the CIES

Movement in Reserves Statement

Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post employment benefits.

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

Employers' contributions payable to scheme pensioners

Retirement Benefits payable to pensioners

Total of Both Schemes

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2015/16	2016/17 to 7th May 2017
	Total All Schemes £000	Total All Schemes £000
Opening balance at 1st April	7,779,196	6,772,304
Current service cost	146,419	119,751
Interest cost	255,516	262,941
Contributions from scheme participants	39,078	40,468
Remeasurement (gains) and losses:		
Actuarial gains/losses arising from changes in demographic assumptions	(101,250)	(133,232)
Actuarial gains/(losses) arising from changes in financial assumptions	(703,611)	1,538,772
Other Experience	(438,247)	(49,413)
Past service cost	776	555
Benefits paid	(205,154)	(233,833)
Unfunded Benefits paid	(419)	(457)
Closing balance at 31st March/7th May	6,772,304	8,317,856

Pensions Assets and Liabilities Recognised in the Balance Sheet –

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

PCC	GMP	Total		PCC	GMP	Total
2015/16	2015/16	2015/16		2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017
£000	£000	£000	Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets	£000	£000	£000
6,144	592,091	598,235	Opening fair value of scheme assets	6,418	600,562	606,980
208	19,137	19,345	Interest Income	259	23,369	23,628
(245)	(22,634)	(22,879)	Remeasurement gain/(loss):	768	109,702	110,470
			The return on plan assets, excluding the amount included in the net interest expense			
215	18,420	18,635	Contributions from employer	284	20,793	21,077
107	6,901	7,008	Contributions from employees into the scheme	116	7,102	7,218
(11)	(13,353)	(13,364)	Benefits paid	(166)	(17,027)	(17,193)
0	419	419	Contribution in respect of unfunded benefits	0	457	457
0	(419)	(419)	Unfunded benefits paid	0	(457)	(457)
6,418	600,562	606,980	Closing fair value of scheme assets	7,679	744,501	752,180

Pension Liability

Pensions Liabilities	PCC	GMP	Funded LGPS Total	Unfunded scheme	Total
	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(12,548)	(965,878)	(978,426)	(7,339,430)	(8,317,856)
Fair value of plan assets	7,679	744,501	752,180	0	752,180
Sub-total	(4,869)	(221,377)	(226,246)	(7,339,430)	(7,565,676)
Net liability arising from defined benefit obligation	(4,869)	(221,377)	(226,246)	(7,339,430)	(7,565,676)

	PCC	GMP	Funded LGPS total	Unfunded scheme	Total
Pensions Liabilities	2015/16 £000	2015/16 £000	2015/16 £000	2015/16 £000	2015/16 £000
Present value of the defined benefit obligation	(9,286)	(797,848)	(807,134)	(5,965,170)	(6,772,304)
Fair value of plan assets	6,418	600,562	606,980	0	606,980
Sub-total	(2,868)	(197,286)	(200,154)	(5,965,170)	(6,165,324)
Net liability arising from defined benefit obligation	(2,868)	(197,286)	(200,154)	(5,965,170)	(6,165,324)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2016/17 to 7th May 2017								
	LGPS			Police Pension Scheme					Group
	PCC £000's	GMP £000's	Total £000's	Old £000's	Injury £000's	2006 £000's	2015 £000's	Total £000's	Total £000's
Opening balance at 1st April 2015	9,286	797,848	807,134	5,574,700	167,240	173,080	50,150	5,965,170	6,772,304
Current service cost	343	24,908	25,251	50,110	2,500	1,120	40,770	94,500	119,751
Interest cost	374	31,057	31,431	215,150	6,460	6,790	3,110	231,510	262,941
Contributions from scheme participants	116	7,102	7,218	14,540	0	370	18,340	33,250	40,468
Remeasurement (gains) and losses:	0	0	0	0	0	0	0	0	0
Actuarial gains/(losses) from demographic assumption changes	34	2,904	2,938	(116,060)	(20,130)	20	0	(136,170)	(133,232)
Actuarial gains/(losses) from financial assumptions changes	2,415	147,987	150,402	1,226,940	27,150	83,540	50,740	1,388,370	1,538,772
Experience gains and losses arising on the pension liabilities	146	(28,919)	(28,773)	(16,220)	(2,290)	230	(2,360)	(20,640)	(49,413)
Past service cost	0	475	475	0	80	0	0	80	555
Benefits paid	(166)	(17,027)	(17,193)	(209,940)	(7,020)	(230)	(50)	(217,240)	(234,433)
Transfers in	0	0	0	450	0	50	100	600	600
Unfunded Benefits paid	0	(457)	(457)	0	0	0	0	0	(457)
Closing balance at 31st March 2016	12,548	965,878	978,426	6,739,670	173,990	264,970	160,800	7,339,430	8,317,856

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2015/16								
	LGPS			Police Pension Scheme					Group
	PCC £000's	GMP £000's	Total £000's	Old £000's	Injury £000's	2006 £000's	2015 £000's	Total £000's	Total £000's
Opening balance at 1st April 2015	9,988	851,608	861,596	6,488,930	204,960	223,710	0	6,917,600	7,779,196
Current service cost	348	28,701	29,049	71,190	6,270	1,570	38,340	117,370	146,419
Interest cost	337	27,609	27,946	212,520	6,750	7,420	880	227,570	255,516
Contributions from scheme participants	107	6,901	7,008	16,050	0	330	15,690	32,070	39,078
Remeasurement (gains) and losses:	0	0	0	0	0	0	0	0	0
Actuarial gains/(losses) from demographic assumption changes	0	0	0	(95,560)	(2,040)	(2,870)	(780)	(101,250)	(101,250)
Actuarial gains/(losses) from financial assumptions changes	(1,482)	(95,719)	(97,201)	(548,690)	(13,650)	(39,460)	(4,610)	(606,410)	(703,611)
Experience gains and losses arising on the pension liabilities	(1)	(8,176)	(8,177)	(383,990)	(28,520)	(18,190)	630	(430,070)	(438,247)
Past service cost	0	696	696	0	80	0	0	80	776
Benefits paid	(11)	(13,353)	(13,364)	(186,880)	(6,610)	(180)	0	(193,670)	(207,034)
Transfers in	0	0	0	1,130	0	750	0	1,880	1,880
Unfunded Benefits paid	0	(419)	(419)	0	0	0	0	0	(419)
Closing balance at 31st March 2016	9,286	797,848	807,134	5,574,700	167,240	173,080	50,150	5,965,170	6,772,304

Local Government Pension Scheme assets comprised

Local Government Pension Scheme assets comprised	Fair value of scheme assets							
	2015/16				2016/17 to 7th May 2017			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of Total Assets %	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage of Total Assets %
Equity Securities:								
Consumer	53,451	0	53,451	9%	70,169	0	70,169	9%
Manufacturing	43,989	0	43,989	7%	71,851	0	71,851	10%
Energy and utilities	32,583	0	32,583	5%	57,470	0	57,470	8%
Financial institutions	58,880	0	58,880	10%	88,257	0	88,257	12%
Health and care	25,381	0	25,381	4%	30,974	0	30,974	4%
Information technology	13,637	0	13,637	2%	21,933	0	21,933	3%
Other	8,000	0	8,000	1%	14,706	0	14,706	2%
Sub-total Securities	235,921	0	235,921	39%	355,360	0	355,360	47%
Debt Securities								
Corporate Bonds (investment grade)	30,240	0	30,240	5%	40,956	0	40,956	5%
UK Government Bonds	4,812	0	4,812	1%	11,359	0	11,359	2%
Other	18,950	0	18,950	3%	27,273	0	27,273	4%
Sub-total Debt Securities	54,002	0	54,002	9%	79,588	0	79,588	11%
Private equity:								
All	0	15,166	15,166	2%	0	0	0	0%
Sub-total private equity	0	15,166	15,166	2%	0	0	0	0%
Real Estate:								
UK Property	0	19,112	19,112	3%	0	0	0	0%
Sub-total Real Estate	0	19,112	19,112	3%	0	0	0	0%
Investment funds and Unit Trusts:								
Equities	169,138	0	169,138	28%	216,141	0	216,141	29%
Bonds	47,157	0	47,157	8%	61,621	0	61,621	8%
Infrastructure	0	8,135	8,135	1%	0	0	0	0%
Other	11,927	29,521	41,448	7%	15,481	0	15,481	2%
Sub-total other investment funds	228,222	37,656	265,878	44%	293,244	0	293,244	39%
Derivatives:								
Other	1,598	0	1,598	0%	0	0	0	0%
Sub-total Derivatives	1,598	0	1,598	0%	0	0	0	0%
Cash and cash equivalents	15,303	0	15,303	3%	23,988	0	23,988	3%
Sub-total cash and cash equivalents	15,303	0	15,303	3%	23,988	0	23,988	3%
Total assets	535,046	71,934	606,980	100%	752,179	0	752,179	100%

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. The Local Government scheme has been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31st March 2013. The Police scheme liabilities have been assessed by the Government Actuary's Department (GAD), estimates have being made based on the latest full valuation of 31st March 2012. These estimates have been adjusted by summarised member data and cash flow information for 2015/16 and 2016/17. The significant assumptions used by the actuary have been:

Local Government Scheme PCC	Local Government Scheme GMP	Police Pension Scheme		Local Government Scheme PCC	Local Government Scheme GMP	Police Pension Scheme
2015/16	2015/16	2015/16		2016/17 to 7th May 2017	2016/17 to 7th May 2017	2016/17 to 7th May 2017
			Mortality assumptions:			
			<i>Longevity at 65 for current pensioners:</i>			
21.4	21.4	23.1	Men	21.5	21.5	23.2
24.0	24.0	25.1	Women	24.1	24.1	25.2
			<i>Longevity at 65 for future pensioners:</i>			
24.0	24.0	25.1	Men	23.7	23.7	25.2
26.6	26.6	27.2	Women	26.2	26.2	27.3
			Inflation			
3.2%	3.2%	2.2%	Rate of inflation	3.4%	3.4%	2.4%
3.5%	3.5%	2.5%	Rate of increase in salaries	3.2%	2.5%	4.4%
2.2%	2.2%	2.2%	Rate of increase in pensions	2.4%	2.4%	2.4%
3.6%	3.5%	3.6%	Rate for discounting scheme liabilities	2.8%	2.7%	2.7%

Sensitivity Analysis Local Government 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 longevity, for example assumes that life expectancy increase or decrease for men and women in the practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimates 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 approach taken in preparing the sensitivity analysis is consistent with that adopted in the previous year.

Sensitivity In Local Government Pension Scheme	PCC		GMP	
	Approx increase to Employer Liability	Approximate Value	Approx increase to Employer Liability	Approximate Value
	%	£000	%	£000
0.5% decrease/ increase in Real Discount Rate	13%	1,638	12%	117,000
Longevity increase/(decrease) in 1 year:	3 to 5%	359 to 598	3 to 5%	27,261 to 46,035
0.5% decrease/ increase in the Salary Increase Rate	3%	359	2%	23,071
0.5% Increase in the Pension Increase Rate	10%	1,249	10%	92,070

Sensitivity In Police Pension Scheme	Old Police Scheme		2006 Police Scheme		2015 Police Scheme	
	Approx Increase to Employer Liability	Approx Value	Approx Increase to Employer Liability	Approx Value	Approx increase to Employer Liability	Approx Value
	%	£000's	%	£000's	%	£000's
0.5% decrease/ increase in Real Discount Rate	-9.40%	(631,900)	-16.80%	(44,500)	-16.50%	(26,600)
Longevity increase/(decrease) in 1 year:	2.60%	175,800	2.10%	5,600	2.20%	3,500
0.5% decrease/ increase in the Salary Increase Rate	1.10%	70,900	7.50%	19,900	0.00%	0
0.5% Increase in the Pension Increase Rate	8.90%	600,700	10.60%	28,000	19.90%	32,000

Impact on the Police and Crime Commissioner's Cash Flows (Local Government Pension Scheme Only)

One of the key objectives of the Fund is to deliver a low stable employer contribution rate whilst maintaining the solvency of the Fund. Funding levels are monitored and contributions rates set via triennial valuations. The 31st March 2013 disclosed that the fund was in deficit and that the funds' assets were equal to 90.5% of the value of the liabilities. Contribution rates have been set to cover the cost of the future benefits earned by employees and to make good the deficit over a period of time. The effective date of the next triennial valuation is 31st March 2016 and this is required to be completed by 31st March 2017.

The scheme will need to take account of significant national changes to be made under Public Pensions Services Act 2013. Going forward benefits will be based on member average earning over their career rather than their salary at retirement, however benefits earned up to 31st March 2014 will continue to be based on final salary. Similar changes are also due to be made to the other main existing public service pension schemes in England and Wales. The Act also introduces measures to limit the increase in the cost of providing public service pension benefits in future.

The total contributions expected to be made to the Local Government Pension scheme by the Police and Crime Commissioner and the Chief Constable in the year to 31st March 2018 are £19.264m. Contributions to the Police scheme for the same period are expected to be £57.480m.

Information about the Defined benefit obligation	LGPS PCC Staff			LGPS Police Staff		
	Liability Split		Weighted Average Duration	Liability Split		Weighted Average Duration
	£000	%		£000	%	
Active members	7,425	59.0%	25.7	547,427	57.0%	24.9
Deferred members	2,587	21.0%	27.3	183,727	19.0%	25.1
Pensioner members	2,536	20.0%	15.0	234,724	24.0%	12.0
Total	12,548	100.0%	22.6	965,878	100.0%	20.7

Impact on the Police and Crime Commissioner's Cash Flows (Police Scheme Only)

At the request of the Home Office the Government Actuary's Department (GAD) carried out an actuarial valuation of the police pension scheme as at 31st March 2012. The valuation was undertaken in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation results specify the rate of employer contributions payable for the four year period from 1st April 2015. The employer contribution rate is expected to be reassessed at the next actuarial valuation to be carried out as at 31st March 2016, with the next revision to the employer contribution rate expected to take effect from 1st April 2019.

Information about the Defined benefit obligation	Old Police Scheme		Weighted Average Duration	Injury Police Scheme		New Police Scheme 2006		Weighted Average Duration	New Police Scheme 2015		Weighted Average Duration
	Liability Split			Liability Split		Liability Split			Liability Split		
	£000's	%		£000's	%	£000's	%		£000's	%	
Active members	2,881,920	42.70%		32,940	19.00%	250,990	95.0%		160,800	100.0%	
Deferred members	206,880	3.00%		0	0.00%	11,680	4.0%		0	0.0%	
Pensioner members	3,650,870	54.3%		141,050	81.00%	2,300	1.0%		0	0.0%	
Total	6,739,670	100.0%	20	173,990	100.0%	264,970	100.0%	38	160,800	100.0%	37

Readers of the accounts should be aware that the figures in the Statement of Accounts have been prepared for the purposes of IAS19 only and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under international accounting standards and for other statutory purposes under UK pension's legislation.

30. CONTINGENT LIABILITIES

The Police and Crime Commissioner has identified the following contingent liability as at 7th May 2017, a contingent liability is a potential liability which depends on an uncertain future event occurring:-

The Chief Constable of Greater Manchester, along with other Chief Constables and the Home Office, currently has 823 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension Regulations. In the case of the Judiciary claims the claimants were successful and in the Firefighters case the respondents were successful. Both of these judgements are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2016/17 Accounts.

31. PRIOR PERIOD ADJUSTMENTS

During the compilation of the 2016/17 accounts some minor amendments to last year's figures have been made, these are generally rounding and sub-totalling errors. Where changes have been made the title in the column of figures will have within the title 'restated'.

32. COLLABORATIONS

The Chief Constable works in collaboration with other forces in order to increase business resilience, efficiency and flexibility to make budget savings. Collaboration between forces is not new and has generally been defined as "all activity where two or more parties work together to achieve a common goal, which includes inter-force activity and collaboration with the public and private sectors, including outsourcing and business partnering."

The CIPFA Code of Practice 2016/17 introduces new requirements for the classification of collaborative arrangements based on International Financial Reporting Standards. Areas where the Chief Constable works with other entities need to be analysed on the basis of control, influence, governance arrangements, materiality and the rights to share in assets/liabilities. The results of this analysis drive the accounting arrangements required. The following table shows collaborations that the Chief Constable is part of that are classified as Joint Operations under the Code. The lead force provides the general management of the operation.

Joint Operation	Lead force	Contribution 2015/16 £m	Contribution 2016/17 £m
TITAN - Includes regional asset recovery, intelligence and crime. Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Staff are drawn from these forces with net costs apportioned between partners based on government grant allocations.	Merseyside	5.104	6.315
UNDERWATER SEARCH - Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Net costs are apportioned between partners based on government grant allocations.	Cheshire	0.345	0.853
NORTH WEST MOTORWAY POLICE GROUP Partners are Greater Manchester, Cheshire, Merseyside and Lancashire. Costs are apportioned based on a Service Level Agreement.	Cheshire	0.296	0.03

These policing costs are included in the Comprehensive Income and Expenditure Statement.

33. ACCOUNTING POLICIES

The purpose of this statement is to explain the accounting policies used in compiling the figures shown in the Police and Crime Commissioner's (PCC's) statement of accounts.

A. General Principles

The Statement of Accounts summarises transactions for the 2016-17 extended financial year and the position at the extended year-end of 7th May 2017. The PCC is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. For the purposes of these regulations the PCC has the status of a Local Authority.

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016-17, and the Service Reporting Code of Practice (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is primarily historical cost, modified by the revaluation of certain non-current Assets and financial instruments.

B. Accounting Concepts

The Statement of Accounts has been prepared in accordance with the following accounting concepts:

Financial information should be relevant, reliable, comparable and understandable;

- Materiality of information must be considered, i.e. information must be of sufficient significance to justify its inclusion
- Strict compliance to accounting policy has not been applied where the amounts involved are not considered to affect a true and fair presentation of the financial position and transactions of the PCC
- Accounting policies have been applied consistently within the year and between this and prior years; and
- The statements have been prepared to reflect the substance of the PCC's transactions over their legal form

Going concern

The accounts are prepared on a going concern basis. This assumes that the Police and Crime Commissioner (PCC) will continue in operation for the foreseeable future. The PCC carries out functions essential to the local community and is himself a revenue raising body (with limits on his revenue raising powers arising only at the discretion of central government). If the PCC were in financial difficulties, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services he provides or for assistance with the recovery of a deficit over more than one financial year. The abolition of the office of PCC and the transfer of functions to the Mayor does not negate the assumption of going concern.

Qualitative characteristics

The usefulness of financial statements is enhanced if they are comparable. The Code of Practice promotes comparability by designating the form and content of the financial statements which include a comparison with the previous financial period. The

2016/17 statements cover an extended financial year from 1st April 2016 to 7th May 2017 as set out in Article 9 of The Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017. These accounts, therefore, do not comply with the requirements of the Code of Practice in relation to the provision of comparative information. However, the Code of Practice acknowledges the primacy of legislative requirements which is that where an accounting treatment is required by law, then it must be applied, even if it contradicts any accounting concept or qualitative characteristic

C. Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. Particular situations are described below:

- **Revenue from the sale of goods** is recognised when the PCC transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC.
- **Revenue from the provision of services** is recognised when the PCC can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC.
- **Supplies** are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- **Expenses in relation to services received** (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- **Interest receivable on investments and payable on borrowings** is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- **Revenue and expenditure recognised but cash not received or paid.** A debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- **De minimis level.** The level above which individual expenditure/income transactions have been accrued is £5,000.

D. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are non-fixed term investments that are readily convertible to know amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Police and Crime Commissioner's cash management.

E. Exceptional Items

When items of income and expense 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 aid the understanding of the Police and Crime Commissioner's financial performance.

F. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors.

Prior period adjustments are the correction of material errors or changes required to reflect changes in accounting policies. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Police and Crime Commissioner's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. If material errors are discovered in a prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

G. Charges to Revenue for Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year:

- **Depreciation** attributable to the assets used by the relevant service.
- **Revaluation and impairment losses** on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

- **Amortisation of intangible fixed assets attributable to the service.**

The Police and Crime Commissioner is not required to raise Precept to fund depreciation, revaluation and impairment losses or amortisations. However, he is required to make an annual contribution from revenue towards the reduction in his overall borrowing requirement equal to a minimum revenue provision (MRP) amount calculated on a prudent basis determined by the Police and Crime Commissioner in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

H. Employee Benefits

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 and paid annual leave for current employees and are recognised as an expense for services in the year in which employees render service to the Police and Crime Commissioner. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner to terminate an employee's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate area in the Comprehensive Income and Expenditure Statement when the Police and Crime Commissioner is demonstrably committed to the termination of the employment of an employee, group of group of employees or making an offer to encourage voluntary redundancy.

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

Post-employment Benefits check wording

Police officers and staff are members of two separate pension schemes:

- The Police Pension Scheme administered by the Force on behalf of the Police and Crime Commissioner
- The Local Government Pensions Scheme, administered by Tameside Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Police and Crime Commissioner or the Chief Constable. The Police pension scheme administered is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Police Pension Scheme

The scheme is unfunded. Both the employer and employee pay pension contributions based on a percentage of pensionable pay into the Pension Fund Account. Pensions are then paid out of the Account. The amounts that must be paid into and out of the Pension Fund Account are specified by regulation. The Police and Crime Commissioner is liable for any surplus or deficit on the fund, which is repaid to The Police and Crime Commissioner via a Home Office Grant. There are four elements to Police Pensions which are accounted for in the Pension Fund Account;

- The 'old' Police pensions scheme open only to police officers in service before 1st April 2006
- The 'new police pension's scheme open to all officers who entered into service on or after 1st April 2006
- The 'new police pension's scheme open to all officers who entered into service on or after 1st April 2015
- A limited number of new entrants after 1st April 2006 as above but the employee cannot take advantage of the ill-health retirement provisions of the scheme
- In all schemes the Police and Crime Commissioner paid an employer's contribution and employee paid a contribution too

Injury awards are not part of the Police Pensions Scheme and are funded direct from the Comprehensive Income and Expenditure Account not from the Pension Fund Account. However, liabilities in respect of injury awards are disclosed in the Statement of Accounts as part of the Police and Crime Commissioners overall liability.

The Local Government Pension Scheme

The liabilities of the Greater Manchester pension fund attributable to the Police and Crime Commissioner are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of the yield available on long dated, high quality corporate bonds (as measured by the yield on iBoxx Sterling Corporate Index, AA over 15 years) at the valuation date.

The assets of The Greater Manchester pension fund attributable to the Police and Crime Commissioner are included in the Balance Sheet at their fair value:

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

The change in the net pension's liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for The Police and Crime Commissioner – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the end of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurement comprising:

- The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have update their assumptions – charges to the Pensions reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Greater Manchester pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Police and Crime Commissioner to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Police and Crime Commissioner also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

I. Events after the Balance Sheet Date

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

- **Conditions existing at the end of the reporting period:**
The Statement of Accounts would be adjusted to reflect such events
- **Conditions arising after the end of the reporting period:**
The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

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

J. Financial Instruments

Classification of Financial Instruments

The Police and Crime Commissioner's financial assets and liabilities have been classified as follows:

Financial Assets	Financial Liabilities
Loans and Receivables at Amortised Cost	Financial liabilities at amortised cost
Available for Sale Financial Assets	PFI and Finance lease liabilities

Accounting for Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised costs. Annual charges to the financing and investment income and expenditure line, in the CIES for interest payable, are based on the carrying amount of the liability, multiplied by the Effective Interest Rate (EIR). EIR is the rate that exactly discounted estimated future cash payments over the life of the instrument, to the amount at which it was originally recognised. For simple borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest; and interest charged to the CIES is the amount payable for the year according the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the financing and investment income and expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involved the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the CIES is spread over the life of the loan by an adjustment to the EIR.

In respect of all discounts arising after 31st March 2007, the gain is spread over 10 years as required by Regulation. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Adjustment Account in the Movement in Reserves Statement.

Accounting for Financial Assets

Loans and Receivables

Loans and receivables are recognised in the Balance Sheet when the Police and Crime Commissioner becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised costs. Annual credits to the financing and investment income and expenditure line in the CIES for interest received are based on carrying amount of the asset multiplied by the EIR for the instrument.

For most of the loans that the Police and Crime Commissioner has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest; and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the financing and investment income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the assets original EIR.

Any gains and losses that arise on derecognition of an asset are credited or debited to the financing and investment income and expenditure line in the CIES.

Available for sale Assets

Available for sale Assets are recognised on the Balance sheet when the Police and Crime Commissioner becomes a party to contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the financing and investment income and expenditure line in the CIES for interest

receivable are based on the amortised cost of the asset multiplied by the EIR for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CIES when it becomes receivable by the Police and Crime Commissioner.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices are value at the market price
- Other instruments with fixed and determinable payments are value by discounted cashflow analysis
- Equity shares with no quoted market prices are valued by independent appraisal of company valuations

Changes in fair value are balanced by an entry in the available-for-sale reserve and the gain/ loss is recognised in the surplus or deficit on revaluation of available-for-sale financial assets. The exception is where impairment losses have been incurred: these are debited to the financing and investment income and expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the available-for-sale reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the financing and investment income and expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument, net of any principal repayment and amortisation.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the available-for-sale reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

K. Foreign currency translation

Where the Police and Crime Commissioner has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the CIES.

L. Government Grants and Contributions

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

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

Amounts recognised as due to the Police and Crime Commissioner are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied and there is no event anticipated that would result in those conditions being breached. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

M. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Police and Crime Commissioner will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Police and Crime Commissioner's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Police and Crime Commissioner can be determined by reference to an active market. In practice, no intangible asset held by the Police and Crime Commissioner meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant area in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant area in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

N. Leases

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

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

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

The Police and Crime Commissioner as Lessee

Finance Leases

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

Lease payments are apportioned between:

- A change for the acquisition of the interest in the property, plant or equipment, applied to write down the lease liability on the Balance Sheet, and
- A finance charge, debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

The Police and Crime Commissioner is not required to raise Precept to cover depreciation or revaluation and impairment losses arising on lease assets instead a prudent annual contribution (the minimum revenue provision) is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjust Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Police and Crime Commissioner as Lessor

Finance leases

Where the Police and Crime Commissioner grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Police and Crime Commissioner's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, applied to write down the lease debtor on the Balance Sheet (together with any premiums received), and
- finance income, credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against the Precept, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the Police and Crime Commissioner grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

De minimis

Leases with an annual rental of £100,000 or less or a life up to 6 years will be classified as operating leases.

O. Overheads and Support Services

The costs of overheads and support services are included in the Cost of Policing Services line in the Comprehensive Income and Expenditure Statement.

P. Property, Plant and Equipment

These are assets having physical substance and being held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year.

Recognition

Assets are recognised in Property, Plant and Equipment on an accruals basis, at cost, provided that it is probable an economic benefit will flow to The Police and Crime Commissioner and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. Assets fall into one of the operational or development categories as follows:

- Other Land and Building
- Vehicles, Plant, Furniture & Equipment
- Assets under Construction
- Surplus assets (which includes assets awaiting development)

The Police and Crime Commissioner has a £20,000 de minimis limit for the recognition of Capital Expenditure, except for vehicles which are all capitalised.

Initial Measurement

Items which are capitalised are recognised at the cost of bringing the asset to its current location and condition necessary for it to be capable of operating in the manner intended by management.

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

Measurement after Recognition

All assets are shown in the Balance Sheet at their net book value. Properties are valued in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuations Standards (commonly known as the Red Book) and the IFRS Code of Practice. All land and property assets are valued at least every five years in line with our rolling valuation programme. The valuations are carried out by a qualified member of RICS.

Assets are then carried in the balance sheet using the following measurement bases:

- Assets under construction – historical cost
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. For non-property assets that have short useful lives or low values (or both), for example vehicles, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the balance sheet at fair value are revalued sufficiently regularly, as a minimum every five years, to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the comprehensive income and expenditure statement

The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Capitalisation of Interest

The Police and Crime Commissioner has a general policy of not capitalising interest costs in respect of the construction of non-current assets. The Police and Crime Commissioner will consider capitalisation of interest should the need arise.

Impairment

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

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the comprehensive income and expenditure statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised

Depreciation

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

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer, typically averaging to about 50 years for componentised assets and 99 years for other properties
- Plant, furniture and equipment – straight-line allocation over the useful life of the asset, typically averaging to 5 years although a small number of assets up to 15 years
- Vehicles – straight-line allocation over the useful life of the asset deemed to be 5 years with a 10% residual value

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and non-current assets held for sale

Assets are recognised as Held for Sale when it becomes probable that their future economic benefit will be recovered primarily through a sale transaction. Assets held for Sale are assets where the:

- Asset is immediately available for sale
- Sale is highly probable
- Asset is actively marketed
- Sale is expected to be complete within 12 months

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal of £10,000 or more are categorised as capital receipts, are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Police and Crime Commissioner's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the movement in reserves statement.

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

For a component to be separately identified it must meet the following criteria:-

- The entire assets current book value must be greater than £500k
- The components value must be at least 20% of the assets gross book value
- The components expected useful life must be 20% or less than the expected useful life of the asset

Major component categories have been identified as:

Component	No. of Years
Building	50
Roof and External	40
Plant and Services	20

Asset Components are derecognised on disposal, or when no future economic benefits are expected. The gain or loss arising from de-recognition is included in 'Other operating expenditure' as a loss on disposal, generally speaking the component is replaced.

Q. Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Police and Crime Commissioner is deemed to control the services that are provided under his PFI schemes, and as ownership of the property, plant and equipment will pass to the Police and Crime Commissioner at the end of the contracts for no additional charge, the Police and Crime Commissioner carries the assets used under the contracts on his Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. When establishing the recognition point of an asset, the Police and Crime Commissioner considers when probable and future benefits of the asset will flow to it and the extent to which the cost of the asset can be reliably measured.

PFI and similar contracts recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Police and Crime Commissioner.

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

Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

Finance costs – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

Contingent Rents – Increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

R. Provisions, Contingent Liabilities, and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the comprehensive income and expenditure statement in the year that the Police and Crime Commissioner becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

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

S. Contingent Liabilities

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

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

T. Contingent Assets

A contingent asset arises where an event has taken place that gives the Police and Crime Commissioner a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of The Police and Crime Commissioner. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

U. Reserves

The Police and Crime Commissioner sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement in that year to score against the surplus or deficit on the provision of services. The reserve is then appropriated back into the General Fund balance in the movement in reserves statement so that there is no net charge against Precept for the expenditure. The Chief Constable may access amounts held in reserves with the agreement of the Police and Crime Commissioner.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement benefits and employee benefits and do not represent usable resources for the Police and Crime Commissioner. These reserves are explained in the relevant notes.

V. Value Added Tax (VAT)

VAT is included within the accounts only to the extent that it is irrecoverable and therefore charged to revenue or capital expenditure as appropriate.

W. Precept

Precept income is accounted for as an agency arrangement. Billing authorities act as agents by collecting precept on behalf of the Police and Crime Commissioner with their own council tax.

X. Heritage assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. The only heritage asset held by the Police and Crime Commissioner is the contents of the Newton Street museum. As the value of the exhibits is de minimis no separate heritage asset entry has been made in the accounts. Further information on the museum can be found by visiting the museum website at <http://www.gmpmuseum.com>

THE POLICE PENSION FUND ACCOUNT

The scheme is an unfunded pension scheme. Both employers and employees pension contributions are based percentage of pay, which is paid into the Pension Fund. The amounts that must be paid into and out of the Pension Fund are specified by the Police Pension Fund Regulations 2007 and do not include injury awards.

Restated Year ended 31st March 2016 £000		Extended Year ended 7th May 2017 £000
	Contributions receivable	
	from Police & Crime Commissioner	
(49,780)	contributions at 21.3% of pensionable pay	(52,650)
(1,768)	early retirements	(2,562)
(11)	other (contributions from the Territorial Army)	(5)
(32,078)	Officers' contributions	(33,818)
	Transfers in	
(1,881)	transfers in from other Police & Crime Commissioners & other schemes	(609)
	Benefits payable	
143,081	pensions	163,381
41,691	commutations & lump sum retirement benefits	50,317
	Payments to & on account of leavers	
1,572	individual transfers out to other Police & Crime Commissioners & other schemes	152
24	refunds of contribution	23
(56)	other (tax & interest)	131
100,794	Net amount payable for the year	124,360
(6,777)	Additional 2.9% funding payable by the Police and Crime Commissioner to meet the deficit for the year	(7,168)
(94,017)	Additional contribution from the Police & Crime Commissioner	(117,192)
0	Balance at year end	0

The 2016 comparator has been restated to disclose separately the additional 2.9% funding payable by the Police and Crime Commissioner.

Contribution rates

	2015/16 %	2016/17 %
Employer	24.20%	24.20%
Employee:		
- 'Old' scheme	Between 14.25 and 15.05%	Between 14.25 and 15.05%
- 'New' schemes: 1.4.2006	Between 11% and 12.75%	Between 11% and 12.75%
- 'New' schemes: 1.4.2015	Between 12.44% and 13.78%	Between 12.44% and 13.78%

NOTES TO THE POLICE PENSION FUND ACCOUNT

1. The Fund was established under the Police Pension Fund Regulations 2007 (SI 2007 no. 1932) and is administered and managed by the Chief Constable on behalf of the Police and Crime Commissioner.
2. The Police Pension scheme is an unfunded, defined benefit scheme. There are no investment assets. The fund is balanced to nil each year by a transfer from the Police and Crime Commissioner which he reclaims from central government.
3. The Fund receives contributions from the Police and Crime Commissioner as the employer and from scheme members based on a percentage of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. See the contribution rates table above. At the last revaluation the employer's contribution was reduced by 2.9% from 24.2% to 21.3%. However, the effective rate remains at 24.2% as the saving has been recovered by central government.
4. Benefits payable to scheme members are made from the Fund with the exception of injury awards which are payable by the Police and Crime Commissioner. Administrative costs are met by the Police and Crime Commissioner. Inward transfer values are paid into the Fund and outward transfer values are paid from the Fund.
5. The fund is balanced to zero each year. If income to the fund exceeds expenditure then the excess is paid to the Police and Crime Commissioner. If expenditure exceeds income then the Police and Crime Commissioner must fund the deficit. The Police and Crime Commissioner pays any excess income to the Home Office and receives Police Pension Fund top up grant from the Home Office to fund any deficit.
6. The contributions receivable from the Police and Crime Commissioner shown in the account are debited to the Comprehensive Income and Expenditure Statement. The additional contribution from the Police and Crime Commissioner is debited in his accounts together with a matching grant from the Home Office.
7. The amount of Home Office grant outstanding at 7th May 2017 has been accrued and is shown in the Police and Crime Commissioner's Balance Sheet.
8. The Fund's financial statements do not take into account liabilities to pay pensions after 7th May 2017. Liabilities to pay future payments are included in the IAS19 charges and notes to the Police and Crime Commissioners Financial Statements.
9. The Fund's Accounting Policies are set out in the Consolidated Statement of Accounts.
10. Following a consultation exercise a new pension scheme has been introduced for Police Officers based on Career Average Revalued Earnings (CARE). All officers recruited on or after 1/4/2015 will become members of the 2015 scheme and all earlier schemes have been closed to new members from that date. Members of the older schemes will either be fully protected if they were within 10 years of retirement, or transfer to the 2015 scheme on different tapering dates up to 31/3/2022 subject to individual circumstances around age and remaining length of service.

GLOSSARY

A

Accounting Policies – within the range of possible methods of accounting, a statement of the actual methods chosen locally and used to prepare these accounts.

Accruals – the method of including amounts in accounts to cover income or expenditure attributable to an accounting period but for which payment has not been received or made by the end of the accounting period. This is based on the concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Remeasurements – Actuaries assess financial and non-financial information provided by The Police and Crime Commissioner to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise, leading to a loss or gain because:-

- events have not coincided with the actuarial assumptions made for the last valuation
- the actuarial assumptions have changed

Adjustment between accounting basis and funding basis – these are adjustments that are made to the total comprehensive income and expenditure recognised by The Police and Crime Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to The Police and Crime Commissioner to meet future capital and revenue expenditure.

AGMA (Association of Greater Manchester Authorities) – AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

Asset – something of value which is measurable in monetary terms.

Assets Held for Sale - Assets which are being actively marketed and expected to sell within the next 12 months.

Authorised Limit – this represents the legislative limit on the Police and Crime Commissioners's external debt under the Local Government Act 2003.

B

Bad (and doubtful) debts – debts which may be uneconomic to collect or unenforceable.

Balances – the reserves of the Police and Crime Commissioner, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the funds

Balance sheet – a statement of the recorded assets, liabilities and other balances at the end of an accounting period.

C

Capital Adjustment Account (CAA) – The balance on this Account represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure – expenditure on the acquisition of a non-current asset or expenditure, which adds to and not merely, maintains the value of an existing non-current assets.

Capital Financing Requirement – this is a measure of the Police and Crime Commissioner's underlying need to borrow to finance his capital investments. The requirement is calculated from the balance sheet.

Capital Financing Charges – this is the annual charge to the revenue account in respect of interest and principal repayments, together with leasing rentals.

Capital Grants – Grants received towards capital expenditure either generally or for a particular project.

Capital Grants Unapplied – proceeds received from Government Grants, Other Grants and Contributions, which have not yet been used to finance capital expenditure.

Capital Receipts – monies received from the sale of assets, which may be used to finance new capital expenditure or to repay outstanding loan debt, but cannot be used to support revenue expenditure.

Carrying Amount – the balance sheet value recorded of an asset or a liability.

Cash and Cash Equivalents – this comprises cash in hand, cash overdrawn and short-term investments, which are readily convertible into known amounts of cash.

Cash Flow – movement in money received and paid by the Police and Crime Commissioner in the accounting period.

CIPFA (The Chartered Institute of Public Finance and Accountancy) – CIPFA is the leading professional accountancy body for public services.

Comprehensive Income and Expenditure Statement – this statement details income and expenditure relating to the Police and Crime Commissioner as a whole, and the source of funding for all his expenditure.

Consolidated – added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration e.g. debtors, creditors as a result of trading between the Greater Manchester Police force and the Police and Crime Commissioner, which are reported on as a whole in the Group Accounts

Contingent Assets – potential assets at the balance sheet date which depend on the occurrence or non-occurrence of one or more uncertain future events. The assets should be included in the

balance sheet where it is probable that a loss will be incurred which can be estimated reasonably accurately at the time the accounts are prepared. Otherwise, where the contingencies are likely to be material, the fact that they exist are disclosed as a note to the accounts.

Contingent Liabilities – potential liabilities at the balance sheet date which depend on the occurrence or non-occurrence of one or more uncertain future events. The liabilities should be included in the balance sheet where it is probable that a loss will be incurred which can be estimated reasonably accurately at the time the accounts are prepared. Otherwise, where the contingencies are likely to be material, the fact that they exist are disclosed as a note to the accounts.

Creditors – amounts owed by the Police and Crime Commissioner for work done, goods received or services rendered where payment has not been made by the balance sheet date.

Current Assets - An asset where the value changes because the volume held varies from day to day, for example, stock. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period.

Current Liabilities – An amount which will become payable or could be called in within the next accounting period.

Current Service Cost – The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee services in the current financial year. It is the ultimate pension benefits "earned" by employees in the current year's employment which will eventually entitle them to received pension benefits when they arise.

Curtailment – For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

D

Debtors – amounts due to the Police and Crime Commissioner that relate to the accounting period and have not been received by the balance sheet date.

Deferred Capital Receipts – amounts derived from asset sales, which will be received in instalments over a period of years.

Defined Benefit Scheme – this is 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 investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation – the measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset.

E

Earmarked Reserves - these reserves represent the monies set aside that can only be used for a specific usage or purpose.

Exceptional Items – material items deriving from events or transactions that fall within the ordinary activities of The Police and Crime Commissioner, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts.

Expenditure – costs incurred by the Police and Crime Commissioner for goods received services rendered or other value consumed during the accounting period, irrespective of whether or not any movement of cash has taken place.

External Audit – The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative

requirements and proper practices and to ensure The Police and Crime Commissioner has made proper arrangements to secure value for money in its use of resources.

F

Fair Value – the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of an asset.

Finance Lease – a lease that transfers the risks and rewards of ownership of a non-current asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amount to substantially all the fair value of the leased asset.

Financial Instruments – any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Instrument Adjustment Account – provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under IFRS and are required by statute to be met from the General Fund.

Financial Liabilities at amortised cost – the balance Sheet value of the liability, usually a loan, after taking account of future changes in the internal rate payable on the liability.

Financial Liabilities at Fair Value – the balance sheet value of the liability, usually a loan, after taking account of adjustments to reflect fair value at the balance sheet date.

Financial Regulations – these are the written code of procedures approved by The Police and Crime Commissioner, intended to provide a framework for proper financial management.

G

Government support/grants – assistance by Government and inter-

government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets in return for past or future compliance with certain conditions relating to the activities of the Police and Crime Commissioner.

GMCA (Greater Manchester Combined Authority) – the GMCA assumed its powers on 1st April 2011 and took over functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA).

H

Historical Cost - the actual cost of assets, goods or services, at the time of their acquisition.

I

Impairment – the amount by which stated capital is reduced by quality and value. Examples include evidence of obsolescence or physical damage to an asset.

Income – amounts due to the Police and Crime Commissioner in respect of services performed or grants receivable during the accounting period, irrespective of whether or not any movement of cash has taken place.

Intangible Assets - are defined as assets that are not physical in nature.

International Accounting Standard 19 (IAS 19) – IAS 19 sets out the treatment of pensions and other forms of retirement benefits in an organisation's statutory accounts.

International Financial Reporting Standards (IFRS) - a set of international financial accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board to make international comparisons as easy as possible.

Inventories - raw materials and consumable items which The Police and Crime Commissioner has procured to use on a continuing basis and have not

been used by the end of the accounting period.

Investments – items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts).

L

Leasing – a method of acquiring the use of an asset by paying a rental for a specified period of time, rather than purchasing it outright.

Liabilities – amounts due to individuals or organisations, which will have to be paid at some time in the future.

Loans and Receivables – financial assets that will not be traded and where amounts due to the Police and Crime Commissioner are known. These assets arise when money, goods or services are provided to an external organisation or individual customers.

M

Material – the concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP) – the Police and Crime Commissioner is required by statute to set aside minimum revenue provision for the redemption of external debt. The method of calculating the provision is also defined by statute.

Movement in Reserves Statement - the movement in the year on the different reserves held by The Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

N

Net Book Value – the amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost – the cost of replacing or recreating the particular asset in its existing condition and in its existing use, that is, the cost of its replacement or of the nearest equivalent asset adjusted to reflect the current condition of the existing asset.

Net Debt – The Police and Crime Commissioner's borrowing less cash and liquid resources.

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

Non-Current Assets – assets which have value to The Police and Crime Commissioner for more than one year. These can be tangible (e.g. land, buildings, equipment) or intangible (e.g. Software or licences) assets.

Non-Operational Assets – non-current assets held by the Police and Crime Commissioner but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements pending sale or redevelopment.

O

Operating lease – a lease where the risks and rewards of ownership of a non-current asset remain with the lessor. Such a lease will be for a fixed period, which is significantly less than the useful economic life of the asset.

Operational assets – non-current assets occupied, used or consumed by the Police and Crime Commissioner in direct delivery of his services.

P

Payments in Advance - amounts actually paid in an accounting period prior to the period in which they are due

Pension Strain – pension strain arises when an employee retires early without actuarial reduction of pension.

Post Balance Sheet Event - events both favourable and unfavourable which occur between the balance sheet date and the date on which the financial statements are approved

Precept – an amount Levied by The Police and Crime Commissioner on the Local Electorate which is collected on his behalf by a billing authority e.g. Manchester City Council.

Premium/ Premia – where the prevailing current interest rate is lower than the fixed rate of a long term loan, which is being repaid early, the lender can charge the borrower a premium, the calculation being based on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender may charge the premium, as their investment will now earn less than when the original loan was taken out.

Prior Year Adjustments – material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI) – a Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

Provisions – amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur but where there is uncertainty as to the amounts involved or the dates on which they will arise.

Public Works Loan Board (PWLb) – a central Government agency, which lends money to local authorities at lower, rates than those generally available from the private sector. Local authorities are able to borrow a proportion of their requirements to

finance capital expenditure from this source.

R

Receipts in Advance - amounts actually received in an accounting period prior to the period in which they are due.

Reporting Standards – the Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Commissioner. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves – amounts set aside in the accounts to meet expenditure which the Police and Crime Commissioner may decide to incur in future periods, but not allocated to specific liabilities which are certain or very likely to occur. Earmarked reserves are allocated to a specific purpose or area of spending.

Revaluation Reserve – this reserve shows the accumulated gains on the non-current assets held by The Police and Crime Commissioner arising from upwards revaluations due to factors such as inflation on asset by asset basis. Any downwards revaluation will initially be charged to the revaluation reserve if one exists for that asset.

Revenue Contributions – the method of financing capital expenditure directly from revenue.

Revenue Expenditure – day to day expenses, mainly salaries and wages, and general running costs.

Revenue Support Grant (RSG) – a central Government grant paid to each Police and Crime Commissioner to help to finance his general expenditure. The distribution of the grant between authorities is intended to allow the provision of similar standards of service throughout the country for a similar level of local taxation.

S

Service Reporting Code of Practice (SeRCOP) – prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices which it propounds as proper practices under the Local Government Act 2003.

T

Temporary Loans – this represents money borrowed for an initial period of less than one year.

Treasury Management – this is the process by which The Police and Crime Commissioner controls his cash flow and borrowing and lending activities.

Treasury Management Strategy (TMS) – a strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Police and Crime Commissioner.

W

Work In Progress – the cost of work done up to a specified date on an uncompleted project

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ANNUAL GOVERNANCE STATEMENT

2016/17

To 7th May 2017

ANNUAL GOVERNANCE STATEMENT

POLICE AND CRIME COMMISSIONER ANNUAL GOVERNANCE STATEMENT 2016-2017

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Police and Crime Commissioner's primary responsibility is to secure an efficient and effective policing service for everyone in the Greater Manchester Police (GMP) area and to hold the Chief Constable to account for the exercise of his functions and those of persons under his control. This ensures that the organisation's business (which for this purpose includes the direct activity of each organisation as well as all the functions of GMP) is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.2 The Chief Constable of GMP is responsible for the direction and control of GMP and in discharging his function shall have regard to the Commissioner's Police and Crime Plan 2014-2017. The Chief Constable is responsible for ensuring GMP's business is conducted in accordance with the law and proper standards and that public money is safeguarded.
- 1.3 In discharging their overall responsibilities, the Commissioner and Chief Constable are responsible for establishing and maintaining appropriate risk management processes, governance arrangements and ensuring that there is a sound system of internal control which facilitates the effective exercise of their functions.
- 1.4 This statement has been prepared for the 2016-2017 financial year to state the Commissioner's current governance arrangements, to report on their effectiveness during the year, and to outline future actions planned to further enhance the arrangements.
- 1.5 Statements of Assurance underpin this Annual Governance Statement and they have been signed by the Monitoring Officer, and the Section 151 Officer (Chief Finance Officer). These statements are attached as Annexes to this document.

2. THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the Commissioner directs and controls the conduct of business and the activities through which the organisations account to and engage with the community. The framework enables the Commissioner to monitor the achievements of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to identify the risks to the achievement of the Commissioner's policies, aims and objectives, and to manage them effectively, efficiently and economically; to evaluate the likelihood of those risks being realised and the impact should they be realised. The Commissioner aims to provide a reasonable assurance of the effectiveness of the control systems GMP employs on his behalf.
- 2.4 The detailed controls outlined below represent those in place at 31 March 2017, and up to the date of approval of the Statement of Accounts and, subject to comments at section 5 concerning areas for improvement, accord with proper practice.
- 2.5 Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel and for putting in place proper arrangements for the governance of GMP, the Commissioner is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the Commissioner must satisfy himself that GMP has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

2.6 This statement is informed by assurances relating to the seven principles of the CIPFA Framework, Delivering Good Governance, and by audit and inspection opinions. The seven CIPFA core principles were updated following the changes in 2016:

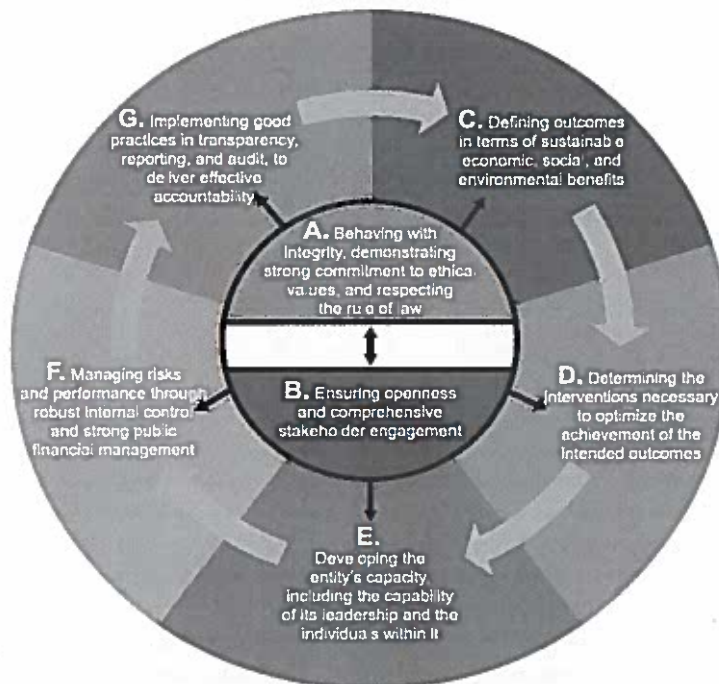
- A. Behaving with integrity, demonstrating strong commitment to ethical values, respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

2.7 Greater Manchester Police will produce their own Annual Governance Statement as part of their Annual Statement of Accounts.

2.8 In 2014 CIPFA and IFAC² published an International Framework: Good Governance in the Public Sector. The structure of the International Framework, and the core principles, are summarised below.

2.9

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

² International Federation of Accountants

3. RELIABILITY FINANCE REPORTING AND INTERNAL FINANCIAL CONTROLS

- 3.1 Financial controls exist to ensure that all resources are used as efficiently and effectively as possible to achieve the Commissioner's overall objectives and financial targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of the Commissioner's assets and limited resources.
- 3.2 The Commissioner's financial management framework follows national and/or professional best practice and its key elements are set out below:
- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts his financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set out the rules to be followed in respect of contracts for the supply of goods and services.
 - The Commissioner's scheme of governance is designed to ensure that responsibility and accountability for resources rest with local financial managers who are responsible for service provision.
 - The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring him to approve an annual treasury management strategy including an annual investment strategy.
 - The GMP's three year financial planning is conducted under the Strategic Financial Outlook. This 'affordability' exercise aims to determine the financial requirements over the medium term at a strategic level and is reviewed annually.
 - The Strategic Financial Outlook includes full provision for contractual inflation, known commitments, indicative funding announcements and other expenditure items which the Commissioner and Chief Constable has identified as necessary to deliver both national and local policing priorities.
 - The revenue budget provides an estimate of the annual income and expenditure requirements for GMP and sets out the financial implications of the Commissioner's policies. It provides Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of the Commissioner.
 - The Commissioner is required to set the budget and levy a precept by the end of February prior to the start of the relevant financial year.
 - Capital expenditure is an important element in the development of the Commissioner's services since it represents major investment in new and improved assets. The Commissioner approves the capital programme for each year.

4. IMPLEMENTING THE PRINCIPLES OF GOOD GOVERNANCE

CORE PRINCIPLE A

BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW

- 4.1 The Commissioner and Deputy Commissioner each signed a written undertaking to abide by the code of conduct when they were appointed.
- 4.2 A code of conduct for the Members of the Joint Audit and Accounts Committee, joint internal audit arrangements, Human Resources Governance Panel and Ethics Committee have also been produced, and each has signed a similar written undertaking.
- 4.3 The Commissioner, Deputy Commissioner, and members of committees and panels are required to complete a register of interests form within 28 days of their appointment, and this information is published on the website. The Monitoring Officer signed each form and he must be notified of any changes within 28 days.
- 4.4 The Commissioner established an Ethics Committee which reviews and reports on matters concerning ethics in policing. The Ethics Committee provides advice and challenge in respect of the ethical dilemmas that modern policing may encounter. The work of the Committee was reported to the Commissioner's public forum in March 2017. The report also set out the Committee's work programme for the next three years and was jointly agreed by the Chief Constable and the Commissioner.

- 4.5 The Commissioner receives regular reports from GMP's Professional Standards Branch enabling him to have oversight, and scrutiny of GMP's complaints process, and to ensure issues of conduct are dealt with appropriately.
- 4.6 The Joint Audit and Accounts Committee has been established to:
- oversee the operation and implementation of recommendations made by the internal and external audit providers
 - oversee the implementation of the agreed audit plan and to provide the Commissioner and the Chief Constable with assurance on the effectiveness of the audit function
 - scrutinise the statements of accounts and identify any areas of concern to the Commissioner
- 4.7 The Commissioner's staff are all subject to policies and procedures covering discipline, grievance, standards of conduct and professional behaviour. Procedures for declaring any gifts and hospitality are included in the code of conduct. The Commissioner's staff have been asked to declare any business interests and these are included in their personal details.
- 4.8 The Commissioner and the Chief Constable have agreed an Anti-Fraud and Corruption policy and have confidential integrity reporting (whistle-blowing) arrangements in place together with a formal protocol between the two parties on the reporting and investigation of irregularities.

CORE PRINCIPLE B

ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER MANAGEMENT

- 4.9 The Commissioner has a statutory responsibility to consult with the public of Greater Manchester on policing issues. To date, this has been achieved through a variety of methods such as the Commissioner holding public meetings in each local authority area in Greater Manchester, engaging with the public, victims of crime and partners on the production of the Police and Crime Plan and the development of the police and crime objectives, as well as the services provided to the victims of crime. The Commissioner also carries out engagement activity on specific themes liaising with the public, partners and other key stakeholders.
- 4.10 The Commissioner has held a number of public meetings which have been focused on specific topics, such as the future of policing and hate crime. Members of the public, victims, and partner agencies have attended these meetings to provide an insight into their experience, or highlight how their service operates.
- 4.11 The Commissioner has developed a communications and engagement strategy to ensure effective engagement with all sections of the community and stakeholders. This strategy will help to inform the public of the role of the Commissioner and his activities.
- 4.12 Delivering high quality policing services is a key objective of the Commissioner's Police and Crime Plan. Working with local people and partners, the Commissioner is providing the challenge and scrutiny to encourage service improvement.
- 4.13 The Police and Crime Commissioner works closely with both the Police and Crime Panel and the Police and Crime Steering Group whose membership includes the Crime and Disorder portfolio holders from the ten local authorities and also two independent members.
- 4.14 The Commissioner, in setting his precept for the 2016-17 budget, took account of the views from the public and businesses through online consultation.

CORE PRINCIPLE C

DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

- 4.15 The Commissioner aims to support the Chief Constable to deliver his and their vision in a way that provides value for money to people, and see GMP continuously improving their services and how they are provided.

- 4.16 The Commissioner is required to publish a Police and Crime Plan, which sets out his local policing priorities in the form of police and crime objectives, and specifies the resources the Commissioner will provide to the Chief Constable. The Police and Crime Plan is produced in consultation with GMP taking into consideration any objectives set by the Government (including the Strategic Policing Requirement), and the views of the public and partners. The current published plan covers the period 2014-2017, and the plan has been refreshed to cover the period May 2016 to December 2017, at which point the plan will become the responsibility of the Mayor under Greater Manchester Devolution.
- 4.17 The Commissioner works closely with GMP to determine the police and crime objectives which focus their direction and align GMP's work to ensure services are delivered effectively. This is determined through the production of the Police and Crime Plan. In determining his plan, the Commissioner and GMP needed to identify and take into account those issues and factors which would substantially affect it. Feedback from community engagement and consultation activities was captured during the formalised planning process to help inform the contents of the plan.
- 4.18 Many sources of information were taken into account to determine the priorities within the current Police and Crime Plan for 2014-2017. These included the strategic policing requirement set out at national level, issues identified through strategic threat assessments, and the performance picture in Greater Manchester. The development process for the plan included extensive consultation with key partners, including the Association of Greater Manchester Authorities (AGMA), Community Safety Partnerships, and the Police and Crime Panel.
- 4.19 Most importantly, residents of Greater Manchester provided the Commissioner with their priorities through various consultations. This ensures that the police and crime objectives reflect the issues of most concern to local communities.
- 4.20 The priorities for GMP in the Police and Crime Plan for 2014-2017 are to:
- tackle anti-social behaviour
 - put victims at the centre
 - protecting vulnerable people
 - dealing with terrorism, serious organised crime and maintaining public safety
 - investing in and delivering high quality policing services
 - building and strengthening partnerships

These priorities are supported by a set of challenges and measures, which provide a way of monitoring performance and ensuring that GMP progresses towards its aim of becoming the most effective police force in the UK. In addition, the Commissioner undertakes quarterly monitoring against his own business plan.

- 4.21 The Commissioner agreed his budget for 2016-2017 which outlines the vision for neighbourhood based policing which works in partnership with other agencies to improve services for the communities across Greater Manchester. The Commissioner reviewed current plans and achievements, in financial terms, and set aspirations for the coming year, taking account of the likely resources available, identified key priorities and the impact on the Police and Crime Plan. This process informed the refresh of the Commissioner's commissioning framework, which has secured the delivery of key priorities over the coming year.

CORE PRINCIPLE D

DETERMINING THE INTERVENTION NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

- 4.22 The Independent auditors report concluded that, on the basis of the work undertaken, having regard to the guidance on the specified criteria issued by the Controller and Auditor General in November 2015, it was satisfied that in all respects the Police and Crime Commissioner has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.
- 4.23 There is a Procurement Governance Group that meets on a monthly basis and considers all business cases for the procurement of services and equipment. The group uses the HMIC Value for Money Principles as part of its challenge process.
- 4.24 The Commissioner makes certain that stakeholder feedback is an integral element of the approach to the commissioning of services to ensure that the outcomes meet the needs of service users. The findings of a Victim Satisfaction survey

provided clear evidence of desired outcomes needed in the re-shaping of victim services. Similarly, stakeholder engagement events were critical in the commissioning of a groundbreaking healthcare in custody service which commenced in February 2017.

- 4.25 The collaborative approach to ensuring the achievement of intended outcomes is extended beyond the commissioning process through multi-agency governance arrangements. This can be evidenced through the Health and Justice Board which receives quarterly performance reports on the Healthcare in Custody service and provides appropriate challenge and strategic direction for the service. Reports to the Board include a register of assessed risks and controls.
- 4.26 The Commissioner has a robust business case and decision making process in place which incorporates appropriate challenge to approach and finance and identification of risks. In all cases, legal and financial advice is sought prior to decisions being considered.

CORE PRINCIPLE E

DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

- 4.27 The Commissioner has clearly outlined who is responsible for the discharge of functions, on his behalf, within the Scheme of Governance, Contract Standing Orders and Financial Regulations. The Commissioner has appointed a Deputy Police and Crime Commissioner, and has an independent Joint Audit and Accounts Committee, Ethics Committee and a Human Resources Governance Panel in place, each of which has clear terms of reference.
- 4.28 The Commissioner has his statutory officers in place, all of whom have received details of their responsibilities as outlined in the Scheme of Governance:

Chief Executive

As outlined in Schedule 1 of the Police Reform and Social Responsibility Act 2011, the Commissioner must appoint a Chief Executive. The Chief Executive is the head of paid staff.

The Chief Executive is also appointed as the Monitoring Officer, and has a statutory duty to highlight any proposals, decisions or omissions by the Commissioner which constitute, have given rise to, or are likely to give rise to either a breach of the law, a breach of a statutory code, or which constitute maladministration or injustice.

4.29 Chief Finance Officer

As outlined in Schedule 1 of the Police Reform and Social Responsibility Act 2011, the Commissioner must appoint a Chief Finance Officer. Under Section 113 of the Local Government Finance Act, 1988, the Chief Finance Officer has responsibility for the administration of financial affairs. The duties of the role takes account of CIPFA guidance.

- 4.30 In addition to those statutory officers appointed by the Commissioner, the Scheme of Governance outlines the role of the Deputy Police and Crime Commissioner, the Chief Constable, and also the responsibilities of GMP's Chief Finance Officer.
- 4.31 Organisational, team and individual level development and training needs for staff were brought together in Commissioners Workforce Development Plan, which aligned training and development with business priorities and challenges. In addition, training needs for staff are reviewed and discussed with individual managers during one to one supervision meetings and ongoing development of skills and competencies is encouraged.
- 4.32 The Commissioner's office has an appraisal system in place to set objectives and monthly one to ones with line managers and staff to manage service delivery against key priorities.
- 4.33 The Independent Custody Visitors Scheme and the Appropriate Adults Scheme continues to be delivered across Greater Manchester, and regular training for the volunteers is provided. It is a statutory requirement for the Commissioner to ensure proper arrangements are in place for the provision of an Independent Custody Visitors Scheme. Greater Manchester Directors of Adult's and Children's social care, commissioners of the Appropriate Adult service have

developed alternative commissioning arrangements for 2017 onwards for which the Commissioner has ensured quality and safeguarding are maintained at current levels.

- 4.34 The Commissioner has regular leadership meetings with service heads at which key/emerging issues are discussed, informed by the Commissioner's business plan and risk register.
- 4.35 The Commissioner recognises the importance of identifying occasions when independent expert advice is needed. Judicial advice has been sought on legal matters and expertise in the development of the Commissioner's Social Value Strategy are examples.

CORE PRINCIPLE F

MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

- 4.36 The Commissioner has formal and informal mechanisms for monitoring and scrutinising the performance of GMP. The Commissioner has a forum meeting every month, at which members of the public are entitled to attend. The agenda for these meetings are published on the website. In addition, the Commissioner publishes a forward plan which details items to be included on the agenda for future meetings. Decisions made by the Commissioner, and Deputy Commissioner, outside the formal meeting process, are also published on the website.
- 4.37 Reports submitted to the Commissioner will include appropriate legal, financial, and other professional advice to enable this to be considered as part of the decision making process. Areas of potential risk and measures to mitigate identified risks are also included in the reports.
- 4.38 The Commissioner has established a Joint Audit and Accounts Committee with its responsibilities including reviewing the provision of an independent assessment on the office's and GMP's corporate risk management strategy and providing assurance that an appropriate, effective framework is in place for assessing and managing the key risks to both organisations. On appointment all members of the committee received training on their roles and responsibilities.
- 4.39 The Equality Act 2010 required all public bodies to produce information for the public, relating to how the organisation is complying with the general equality duties. Information relating to equality in the workplace, and the Commissioner's equality objectives are published on his website.
- 4.40 Updates on performance and progress relating to achieving the objectives set in the Police and Crime Plan are reported to the Commissioner on a regular basis, at his forum meeting, at which the public are able to attend. Over the course of 2016-17, GMP have refined the way performance is reported to the commissioner to better reflect the position against strategic plans and priorities.
- 4.41 The Healthcare in Custody contract is a tripartite arrangement between the Commissioner, the Greater Manchester Health and Social Care Partnership and NHS England. A Memorandum of Understanding has been signed off by each organisations and sets out their roles and responsibilities in the management of risk and responsibilities.
- 4.42 Strategic multi-agency governance arrangements have been established in order to scrutinise the effectiveness of the work of partnerships. The Greater Manchester Justice and Rehabilitation Executive is one such example providing strategic leadership for the whole of the criminal justice system. The Board also acts as a monitoring, policy development and commissioning body for initiatives which seek to improve outcomes for victims in Greater Manchester aligned to the Commissioner's approach to Victim Services Commissioning.

CORE PRINCIPLE G

IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

- 4.43 The Police and Crime Commissioner's formal business is conducted at a number of meetings. In the interests of openness and transparency, the Police and Crime Commissioner opens meetings up to the public where possible.

- 4.44 A forward plan has been produced that sets out the key decisions which are due to be made by the Police and Crime Commissioner, and decisions to be made by Chief Officers. Those Chief Officers are the Chief Executive, Chief Finance Officer and/or Chief Constable. The forward plan is updated on a regular basis.
- 4.45 The Commissioner has also established a number of independently chaired committees. The Ethics Committee, Protest Panel and the Joint Audit and Accounts Committee. Led by the chair, each has independent membership and terms of reference which are periodically reviewed. The independence ensures sufficient and appropriate challenge on a range of policing and ethical matters and report directly to the commissioner. Minutes of the meetings are publicly available through the Commissioners website.
- 4.46 The Commissioner publishes an Annual report as part of the precept setting process. The report is publicly available sets out the work that has taken place in the preceding year alongside forthcoming priorities.

5. REVIEW OF EFFECTIVENESS

- 5.1 The Commissioner has responsibility for conducting a review of the effectiveness of the governance framework including:
- The effectiveness of Internal Audit
 - The system of internal control
- 5.2 As required by the Public Sector Internal Audit Standards, a review of the effectiveness of Internal Audit is conducted on behalf of the Chief Finance Officer and will be submitted to the Audit and Accounts Committee. Regular monitoring reports and an annual report is received from the Chief Finance Officer.
- 5.3 The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the Commissioner's office and GMP who have responsibility for the development and maintenance of the internal control environment.
- 5.4 Audit and inspection actions arising from all the audit and inspection activities are reported to the Commissioner and Members of the Audit and Accounts Committee and appropriate action is taken to address actions arising from these reports.

Her Majesty's Inspector of Constabulary (HMIC)

- 5.5 Whilst the Police and Crime Commissioner is not formally inspected by Her Majesty's Inspector of Constabulary (HMIC), he has a duty to respond to the Home Secretary in relation to relevant inspection findings within 30 working days of the report being issued. These responses are published. The Commissioner is therefore made aware of inspections and visits which have been made to GMP during 2016-2017, and those planned for 2017-2018. The Commissioner scrutinises GMP's response to HMIC recommendations and calls for regular progress reports to be presented at his Forum.

Internal Audit

- 5.6 Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. Internal Audit work to a code of practice and prepares a plan of activities that is submitted to the Commissioner for approval. The focus is to examine, evaluate and report on the adequacy of systems of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 5.7 Although the responsibility for maintaining and reviewing the systems of internal control rests with the Commissioner, he takes significant assurance from the work of internal audit. In fulfilling this responsibility each year the Commissioner will receive an Annual Report on the overall adequacy and effectiveness of its internal control environment. In 2014/15 the report concluded that the Commissioner's systems of internal control were considered to be good.

External Audit

- 5.8 The external auditor's annual audit letter for 2015 - 2016 reported that in all significant respects, the Police and Crime Commissioner has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

5.9 **Review of progress 2016-17**

Areas for development 2016-17	Progress at April 2017
<p><u>Commissioning Framework and Grant Arrangements</u></p> <p>A review of the Commissioning framework and grant award process will be undertaken</p>	<p>The Commissioning framework for 2017/18 has been updated and approved</p> <p>A review of the grant awards process was completed and further improvements made to strengthen the control environment. This has now been incorporated as business as usual.</p>
<p><u>Cyber security</u></p> <p>A mapping exercise will be undertaken in relation to the various assurances provided from adhoc audit from the previous 12 months in relation to Cyber Security in order to identify any gaps and possible areas for Audit review</p>	<p>To be undertaken in 2017/18 as part of the IT audit plan</p>
<p><u>Value for Money (VFM) Review</u></p> <p>A review of the PCCs processes and working practices will be carried out in 2016/17. To ensure that they are being carried out in the most economic, efficient and effective way.</p>	<p>Review of the complaints process and Business support completed and reported within the internal audit annual report.</p>
<p><u>Governance</u></p> <p>Governance arrangements for the PCCs office specifically will be reviewed further during 2016/17 to ensure they are fit for purpose and provide value</p>	<p>The Independent auditors report concluded that, on the basis of the work undertaken, having regard to the guidance on the specified criteria issued by the Controller and Auditor General in November 2015, it was satisfied that in all respects the Police and Crime Commissioner has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.</p>
<p><u>Good Governance Standards</u></p> <p>The Police and Crime Commissioners governance arrangements will be benchmarked against the revised CIPFA Good Governance standards for local government, and associated guidance.</p>	<p>The CIPFA Good Governance standards for local government, and associated guidance has been used in the preparation of the Annual Governance statement for 2016/17</p>

5.10 It is acknowledged that further progress needs to be made in 2017/18 and the Commissioner has identified the following areas:

Development Area for 2017-18	Action for 2017-18
<p><u>Business Continuity</u></p>	<p>In the transition to the combined authority the business continuity plan for the function of Police, Crime, Criminal Justice and Fire will be reviewed and updated. This will be informed by a refreshed risk register.</p>
<p><u>Audit function</u></p>	<p>Collaborative peer review will be undertaken and reported to the Joint Audit and Accounts committee</p>
<p><u>Review of governance (CA)</u></p>	<p>The current OPCC Scheme of Governance has been reviewed and is considered fit for purpose. In light of forthcoming statutory transfer of the PCC function to the Greater Manchester Combined Authority it is recommended that the current scheme of governance remains in place and a full review is undertaken</p>

	<p>following transfer which can take account of the broader Combined Authority functions.</p> <p>To contribute to the refresh of the GMCAs Code of Corporate Governance to reflect the powers of the new Mayoral GMCA</p>
<u>Code of Conduct</u>	Annual sign off by staff
<u>GMCA approach to risk and assurance</u>	<p>To develop a shared and consistent approach to the co-ordination of risk and assurance across the Combined Authority.</p> <p>To develop a consistent and co-ordinated approach to counter fraud and whistle blowing arrangements.</p>
<u>Cyber Security</u>	To be scoped for inclusion in 2017/18 audit plan

6. Assurance Summary

No system of internal control can provide absolute assurance against material misstatement or loss; this statement is intended to provide reasonable assurance. However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Office of the Police and Crime Commissioner have in place satisfactory systems of internal control which facilitate the effective exercise of their functions.

7. Events post balance sheet which impact on Governance

- 7.1 The events of 22 May 2017 were unprecedented in Manchester with emergency responders and the community mounting their biggest ever response to a terrorist attack. Manchester has had first-hand experience of terrorist bombings, with the IRA bomb of 1996 still fresh in many minds. However, whilst the 1996 event caused extensive damage to the city centre, the Manchester Arena Terrorist Attack caused irreparable loss of life, many being young people enjoying a night out at a concert. Despite the atrocity which unfolded, the response to this event by both responders and the wider community has been astounding and has shown the strength and resilience of the city region.
- 7.2 The Mayor of Greater Manchester in his role as the Police and Crime Commissioner (PCC) is commissioning an Independent Review of the events and aftermath of the Manchester Arena Terrorist Attack.
- 7.3 This Independent Review is tasked with identifying the elements of the preparation and response that have worked well, as well as quickly identifying where improvements can be made. This will help responders be better prepared in the future and protect the lives of Greater Manchester's residents and visitors in the months and years to come. Wider sharing of this learning will be important for similar reasons. The review will be part of an ongoing process and any recommendations that are made will be followed up so that any lessons identified are not lost.

Signed

Baroness Beverley Hughes
Deputy Mayor for Policing and Crime
Greater Manchester Combined Authority

Date: 29th September 2017

Monitoring Officer Assurance Statement 2016/17

The Commissioner is responsible for ensuring that the business of his office is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for the governance of the affairs of his office, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

As Monitoring Officer, I have responsibility for maintaining a system of sound internal control and risk management processes that supports proper governance in order to achieve the Commissioner's objectives, and for reviewing the effectiveness of his office.

The Commissioner's Annual Governance Statement is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

My review of the effectiveness of Governance has taken into account the following: -

- Adequacy and effectiveness of management review processes
- Outcomes from the formal risk assessment and evaluation
- Relevant internal audit reports and results of follow ups regarding implementation of recommendations
- Outcomes from reviews of services by other bodies including Inspectorates, external auditors etc.

I certify that I am confident that systems of internal control as a part of proper governance arrangements exist within my area of responsibility, which enables the Commissioner's objectives to be met. A sound system of internal control has been in place throughout the period of account and remains so.

Signed:



Eamonn Boylan
Chief Executive of Greater Manchester Combined Authority

Date: 29th September 2017

Chief Finance Officer's Assurance Statement 2016/17

The Commissioner is responsible for ensuring that the business of his office is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for the governance of the affairs of his office, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

As the Combined Authority's Section 73 Officer I have responsibility for the proper administration of the financial affairs of his office that feed directly into the Annual Governance Statement. I am charged with ensuring that financial management arrangements are sound and effective, including a system of sound internal control and relevant risk management processes that support proper governance in order to achieve the corporate objectives, and for reviewing their effectiveness.

The Annual Governance Statement is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

This Assurance Statement is intended to complement the assurance statement provided by the Monitoring Officer, and together with this statement provide an underlying layer of assurance that supports the Commissioner's Annual Governance Statement.

My review of the effectiveness of governance has taken into account the following: -

- Relevant internal audit reports and results of follow ups regarding implementation of recommendations.
- Advising on corporate risk profiling and management, including safeguarding assets, risk avoidance and insurance.
- Ensuring there is an effective system of internal financial control.
- Ensuring a prudent financial framework is in place.
- Ensuring that any partnership arrangements (or other innovative structures for service delivery) are underpinned by clear and well-documented internal financial controls.
- Securing effective arrangements for prudent borrowing, including ensuring compliance with the relevant codes for Treasury Management.
- Ensuring there is an effective internal audit function and assisting management in providing effective arrangements for financial scrutiny.
- Advising on anti-fraud and anti-corruption strategies and measures.
- Ensuring that effective whistle-blowing policies are implemented.
- Securing effective systems of financial administration.
- Ensuring that statutory and other accounts present fairly the financial position and transactions of the Commissioner.

I certify that I am confident that relevant systems of internal control, as a part of proper governance arrangements, exist across the Commissioner's office, which enables the Commissioner's objectives to be met. A sound system of internal control has been in place throughout the period of account and remains so.

Signed:



Date: 29th September 2017

Name : Richard Paver
Treasurer of GMCA