

Derbyshire Police and Crime Commissioner

Summary of Accounts 2012/2013

Treasurer's Introduction

2012/13 was an important year for policing nationally. Introduction of the Police Reform and Social Responsibility Act 2011 changed the way in which the police in England and Wales are governed and held accountable. One of the key reforms was to replace the Derbyshire Police Authority with a Police and Crime Commissioner for Derbyshire (PCC). At the same time the Chief Constable was established as a legal body with responsibility for Derbyshire Constabulary. This took place on the 22 November 2012. The Government outlines five key roles for the role of the PCC as:

- Representing all those who live and work in the communities in their force area and identifying their policing needs.
- Setting priorities that meet those needs by agreeing a local strategic plan for the force.
- Holding the Chief Constable to account for achieving these priorities as efficiently and effectively as possible.
- Setting the force budget and setting the precept.
- Hiring and if necessary dismissing the Chief Constable.

The Commissioner will be overseen by a new Police and Crime Panel, which will primarily consist of representatives of all Local Authorities in a Force's geographical area. The Panel is intended as a check and balance on the Police and Crime Commissioner, rather than on the Force itself.

For accounting purposes the PCC and Chief Constable together are known as the PCC Group.

This document provides a summary of the PCC Group Accounts for the financial year ended 31st March 2013. The figures supporting this summary were compiled having regard to proper accounting practice but to provide simplified and more meaningful information, some figures have been combined and modified.

A full copy of the Statement of Accounts for the PCC and PCC Group is available on the Derbyshire PCC website www.derbyshire-pcc.gov.uk and click on Public information/How your money is spent.

Financial Review – Revenue Budget

Revenue expenditure is generally spent on day-to-day expenditure and is financed from Police Precept collected through Council Tax, and Government Grants and other income.

During the financial year 2012/13, the net revenue spending of the PCC Group was £165.740m, representing a decrease of 2.68% when compared to the previous financial year. The budget decrease was in response to the reduction in Government funding. Funding of £165.740m set out in the accounts was the total of central government formula funding of £111.207m and Police Precept of £54.533m. In addition £14.221m funding was received from the Home Office to cover the pensions deficit for Police Officers, which is transferred to the pension fund account. The policing element of Council Tax for an average band D remained at £163.74, as the former Police Authority decided not to approve an increase in Council Tax for 2012/13.

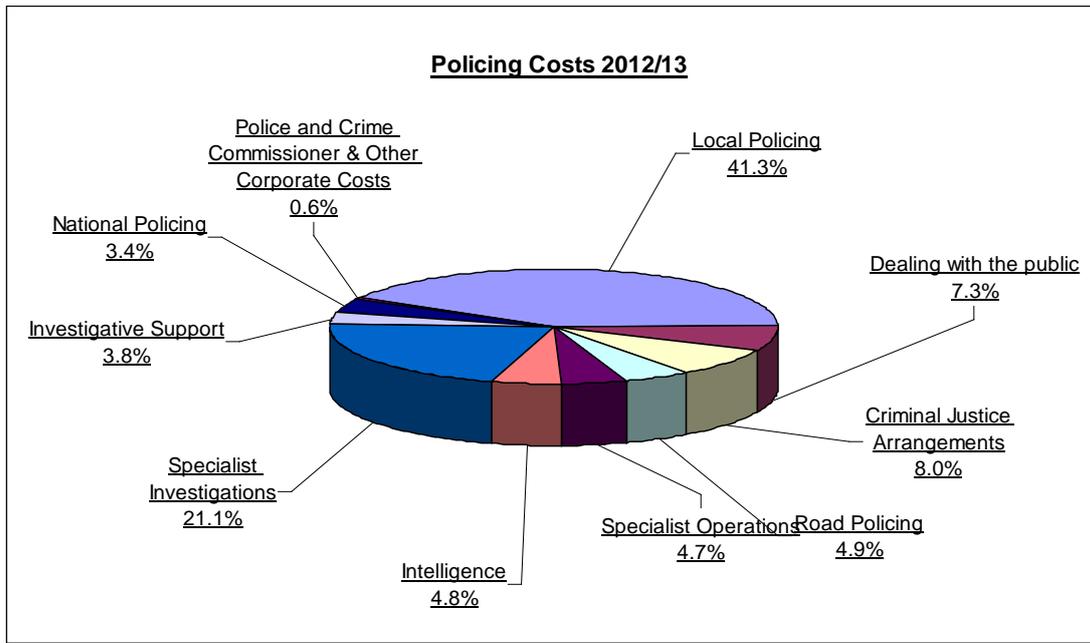
The balance on the General Reserve as at 31st March 2013 was £3.3m, which represents 2% of the net revenue budget. The year-end balance on the General Reserve was in line with budget forecasts and the Medium Term Financial Strategy.

The Income and Expenditure Account below presents the cost of running policing services between April 2012 and March 2013, identifies where the money came from to finance those costs and also illustrates the financial position at the year-end.

Income & Expenditure Account for the year ended 31 March 2013

<u>Policing Costs</u>	<u>£'000</u>
Local Policing	79,820
Dealing with the public	14,108
Criminal Justice arrangements	15,555
Road Policing	9,440
Specialist Operations	9,127
Intelligence	9,216
Specialist Investigations	40,879
Investigative Support	7,300
National Policing	6,665
Police and Crime Commissioner	882
Other Corporate Costs	<u>354</u>
Total Policing Costs	<u>193,346</u>
 Non Distributed Costs	 456
 Cost of Services	 193,802
 <u>Other Income</u>	
Other Income	(20,416)
 Net Cost of Police Services	 <u>173,386</u>
	 <u>£'000</u>
<u>Other Costs</u>	
Other Running Costs	(34)
Capital financing and Interest	734
Pensions Adjustments	(11,169)
Net Contributions to/(from) Earmarked Reserves	<u>2,823</u>
 Amount met from Government Grants & Council Tax	 <u>165,740</u>
 Financed by: -	
Police Precept from Council taxpayers	54,533
Police Grant from Government	65,039
Business Rates redistributed by Government	43,689
Revenue Support Grant from Government	847
Council Tax Freeze Grant (2012/13 only)	<u>1,632</u>
Total	<u>165,740</u>
 Net General Reserve Surplus for the Year	 -
General Reserve brought forward	3,300
General Reserve carried forward	3,300

* Note: Non Distributed Costs relate to a past service costs from commitments from previous early-retirements, this has no impact on the General Reserve as it is reversed under Pensions Adjustments.



Members' allowances

Included within the Income and Expenditure account is an amount of £150,305 paid to former Police Authority members and other persons assisting in the governance of the authority as Expenses and Allowances. The payments are until the 21 November 2012, the date the Police Authority ceased to be:-

	£
Travel and Subsistence	
Fares	450
Car (mileage) Allowance	5,665
Allowances	
Basic	91,536
Daily	336
Special Responsibility	44,417
National Insurance	<u>7,901</u>
Total	<u>150,305</u>

Balance Sheet at 31 March 2013

The Balance Sheet presents the financial position of the PCC Group at the end of March 2013. It shows what assets and balances the PCC Group holds, what it is owed and what it owes. It excludes pension liabilities, full details of which can be found in the full accounts.

Assets	£'000
Buildings, Land and Equipment	55,019
Money owed to the PCC Group	14,719
Cash, investments & stock	41,542
Sub Total	111,280
Liabilities	
Borrowing (including Private Finance Initiatives (PFI))	(21,917)
Amounts owed by the PCC Group	(17,877)
Sub Total	(39,794)
Total	71,486
Financed By:-	
Reserves for accounting purposes only	21,161
Capital Grants Unapplied	7,265
Reserves allocated for specific purposes *	39,760
General Reserve	3,300
Total	71,486

* The intended use of these reserves is detailed in the full accounts

Capital Expenditure

Capital expenditure represents money spent on purchasing, upgrading and improving assets such as land, buildings, equipment and infrastructure. The PCC Group receives the benefit from capital expenditure over a long period of time.

In 2013/14, the PCC Group spent £5.497 million on capital items, financed by income from capital grants (£1.112million), revenue contributions and reserves (£3.857 million), Contributions from other bodies (£0.088million) and proceeds from the sale of buildings (£0.440million).

The Capital spend for 2012/13 was made up as follows: -

	£'m
Buildings	1.239
Equipment and Vehicles	2.000
IT and Communications	1.438
'Invest to Save' Schemes	0.343
East Midlands Counter-Terrorism Intelligence Unit	0.295
Total	5.315
Derbyshire's share of regional assets	0.182
	<u>5.497</u>

Cash Flow

The PCC Groups transactions with suppliers, taxpayers and employees, lead to cash moving in and out. The Cash Flow Statement summarises the movements in cash and cash equivalents. The cash and cash equivalents figures comprise of cash in hand, cash at the bank and deposits that are repayable on demand.

	£'000
Cash and Cash Equivalents 31 March 2012	5,012
Net Cash flow from Operating Activities	10,539
Net Cash Flow from Investing Activities	(5,298)
Net Cash Flow from Financing Activities	(1,017)
Cash and Cash Equivalents 31 March 2013	<u>9,236</u>

Pensions

The PCC Group participates in 2 different pension schemes;

a) Police Officers' Pension Scheme

This scheme is unfunded. This means it provides pensions and other retirement benefits for employees based on final salaries but there are no investment assets built up to meet the pensions liabilities.

The funding arrangements for the police officers pension scheme changed on 1 April 2006. A new Pensions Fund Account was set up from this date. The amounts that must be paid into and paid out of the Pension Fund Account are specified by regulation. Officers' contributions (24.2% of pensionable salary) and an employer's contribution are paid into the Pensions Fund Account from which pension payments are made. The account is topped up each year by the Home Office if the contributions in that year are insufficient to meet the cost of pensions paid. Any surplus is repaid to the Home Office. This Pensions Fund Account is shown in the full accounts. Injury awards and ill health retirements will continue to be paid from the PCC Group's Income and Expenditure Account.

The Pension Fund Account does not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year.

b) Employees' Pensions

Employees subject to certain qualifying criteria are eligible to join the Local Government Pension Scheme administered by Derbyshire County Council. It is a funded scheme. Pensions and other retirement benefits, based on final salaries, are paid from the fund. Employers and employees make regular contributions into the fund so that the liabilities are paid for evenly over the employment period. Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

Looking Ahead to 2013/14

The 2013/14 was the first year when the budget for policing Derbyshire was set by the PCC.

The good progress that the Constabulary has already made in meeting the unprecedented financial challenges, including savings of some £21m over the last three years has put Derbyshire Police in a strong financial position and in particular enabled the former police authority to build up reserves to help manage future budget cuts and austerity.

The financial outlook continues to be uncertain, while it is clear that there are likely to be deeper cuts for 2015/16 and austerity will be extended until 2017/18, the precise impact on the police service is still unclear.

Throughout this period of austerity the Constabulary has placed great emphasis on maintaining performance even during a time of unprecedented budget cuts, in fact crime continues to fall and public confidence in the police has increased.

Despite this good performance it would be unrealistic to expect that funding cuts can continue to be made without impacting on performance. This was recognised by the former Police Authority last year when they agreed to recommence police officer recruitment based on a managed use of reserves. This has helped the Constabulary maintain its strong performance and indeed for last year, Derbyshire has seen one of the biggest reductions in crime nationally.

The PCC took the decision to raise Council Tax by 1.96%, equivalent to an additional £3.21 per year for a Band D householder, bringing the total bill to £166.95. This increase equates to an additional £1m to help maintain frontline resources and police officer posts.

The PCC set a budget of £170.593million in 2013/14. The key features of the Commissioner's first budget include: -

- Saving £100,000 from the costs of running his own office which has been reinvested to provide an additional four PCSOs.
- The creation of an annual £0.25m Crime Prevention Fund for groups to bid for funding to support local crime prevention initiatives.
- Investment in the Force through a revenue contribution to enhance the capital programme of £1m.
- Increased funding in neighbourhood engagement.
- Maintaining the current level of frontline policing at the current level of police officer numbers through recruitment.

The PCC also approved a capital budget of £6.548million in 2013/14.

Police Reform and Social Responsibility Act 2011

Following the Stage 1 transfer introducing Police and Crime Commissioners and abolishing Police Authority's the Act now requires a second 'Stage 2' transfer which refers to the subsequent movement of certain staff, property, rights and liabilities from the Commissioner to the Chief Constable to be completed by April 2014. The stage 2 transfer is designed to allow the Commissioner the freedom to make their own local arrangements about how their functions and those of the police force will be discharged in future. Work is now underway to establish these local arrangements as under the terms of the Act, the Commissioner must submit his proposals for Stage 2 transfers to the Home Secretary by September 2013 who will decide whether or not to approve it, with, or without modifications, in accordance with her statutory powers.

Further Information

We would welcome your feedback on these summary accounts or if you have any queries, please contact Helen Boffy, Treasurer to the PCC on 0300-122-6005 or by e-mail: helen.boffy.4808@derbyshire.pnn.police.uk.

If you would like more copies of this document or you would like the document in another language, please write to:

Corporate Development
Derbyshire Constabulary Headquarters
Butterley Hall
Ripley
Derbyshire, DE5 3RS

Or phone 0345 123 3333 and ask for Corporate Development.

Other useful information such as the policing plan is available on the Derbyshire PCC website www.derbyshire-pcc.gov.uk