

THE POLICE AND CRIME COMMISSIONER LINCOLNSHIRE GROUP SUMMARY STATEMENT OF ACCOUNTS 2016-2017

The Police and Crime Commissioner for Lincolnshire and the Chief Constable for Lincolnshire have a statutory requirement to produce and publish their annual Financial Statements.

This summary statement of accounts provides a consolidated overview of the 2016/17 finances relating to the Police and Crime Commissioner for Lincolnshire and the Chief Constable for Lincolnshire.

The full set of audited accounts of the PCC Group is available on the Police and Crime Commissioner website at www.lincolnshire-pcc.gov.uk. Copies of the documents can also be obtained from:

The Chief Finance Officer
Police Headquarters
Deepdale Lane
Nettleham
Lincoln
LN2 2LT

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Income and Expenditure Account

The table below sets out the costs of services for policing in Lincolnshire for the 2016-17 financial year with the 2015-16 shown for comparison. Pension costs and other adjustments for statutory reporting purposes are included.

| | 2015/16 £m | 2016/17 £m | 2016/17 % |
|---|----------------|----------------|---------------|
| Employees | 86.4 | 88.2 | 49.0% |
| Premises | 2.5 | 2.6 | 1.4% |
| Transport | 1.9 | 1.9 | 1.0% |
| Supplies and Services | 11.3 | 12.8 | 7.1% |
| Third party payments and contracted services | 20.6 | 23.3 | 12.9% |
| Capital Financing | 4.2 | 7.2 | 4.0% |
| Cost of Services | 126.8 | 136.0 | 75.5% |
| Other expenditure | 45.9 | 44.1 | 24.5% |
| Total Expenditure | 172.7 | 180.1 | 100.0% |
| Grant and other income | (146.7) | (151.4) | |
| (Surplus) / Deficit on the Provision of Services | 26.0 | 28.7 | |

Financial Performance

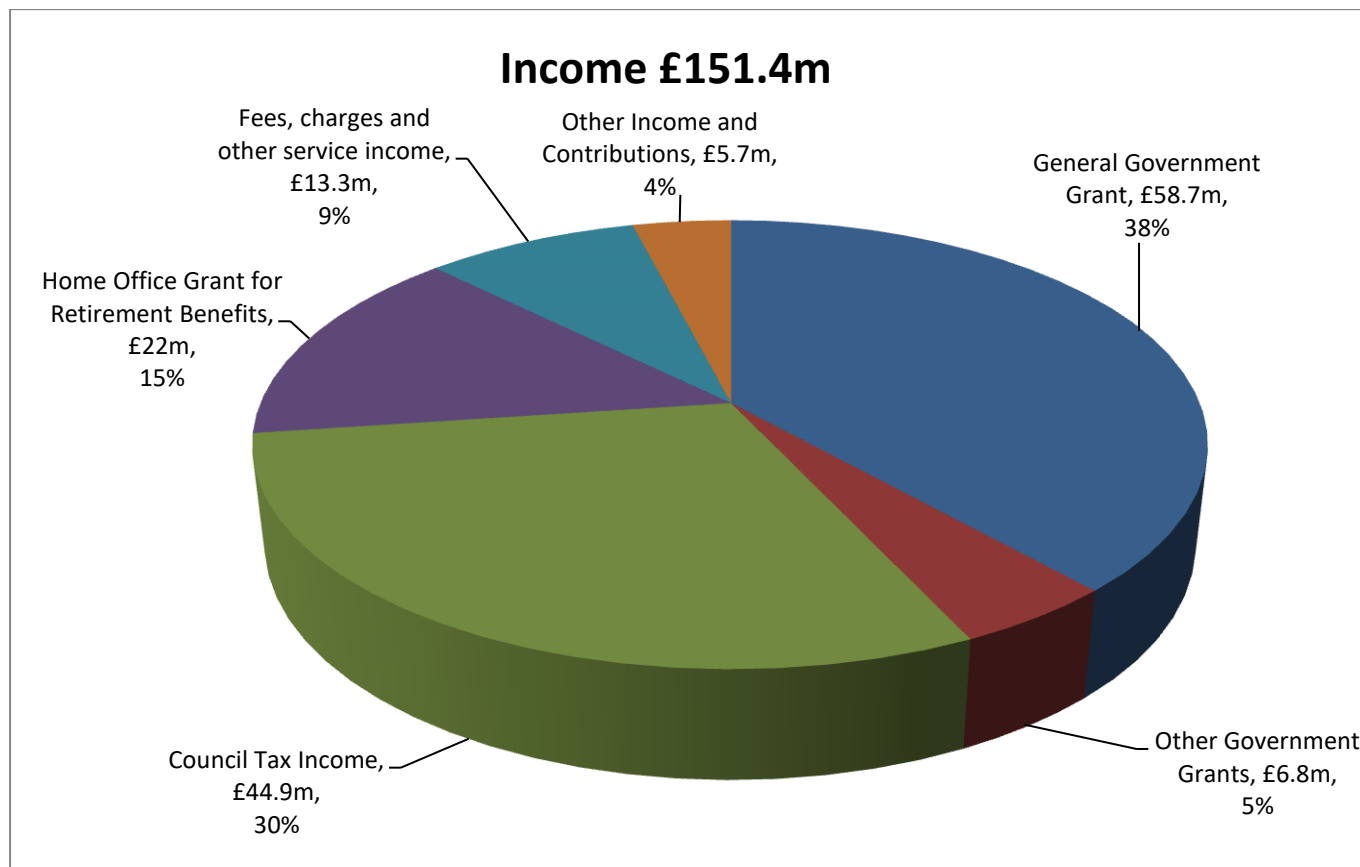
The actual net operational expenditure reported for the year is set out below and compared to the approved original budget for the year, pension costs and other adjustments are excluded.

| | Budget £m | Actual £m | Variance £m |
|--|--------------|--------------|----------------|
| Services | | | |
| PCC | 29.9 | 31.8 | 1.9 |
| Chief Constable Delegated Budget | 85.7 | 84.7 | (1.0) |
| Joint Services | 1.5 | 1.8 | 0.3 |
| Total Service Expenditure | 117.1 | 118.3 | 1.2 |
| Other Operating Costs | | | |
| Appropriation to Earmarked Reserves | 0.0 | 4.3 | 4.3 |
| Appropriation from Earmarked Reserves | (1.6) | (3.9) | (2.3) |
| Total Expenditure | 115.5 | 118.7 | 3.2 |
| Financed by: | | | |
| General Police Grant | 58.7 | 58.7 | 0.0 |
| Council Tax Precept | 45.3 | 45.3 | 0.0 |
| Innovation Funds | 1.6 | 0.6 | (1.0) |
| Police Transformation Fund | 0.0 | 1.6 | 1.6 |
| Regional Force Contributions | 0.0 | 2.6 | 2.6 |
| Custody Contract | 0.0 | 2.2 | 2.2 |
| Other Specific and Non-specific Grants | 9.9 | 7.7 | (2.2) |
| Total Financing | 115.5 | 118.7 | 3.2 |
| Total Surplus | 0.0 | 0.0 | 0.0 |

Income

Income received in 2016-2017 was £151.4 million. The majority of the income was from Central Government, with 30% from local Council Tax. The policing element of the Council Tax for a standard band D property was £201.51 and for a band A property, the most prevalent single band in Lincolnshire, amounted to £134.34.

Where the money came from:



The PCC's central funds for 2016-17 reflected the overall reductions being experienced in public sector expenditure.

Expenditure

The main elements of expenditure can be summarised as follows:

1. Employees:

Employee spend on police officers, police staff and police community support officers amounted to 49% of total spending.

2. Operational running costs:

Spending amounts to 9.6% for the premises, transport and operational consumables, including uniforms. Premises include 38 police stations and a force HQ. Transport includes a fleet of 438 operational vehicles.

3. Third party payments and contracted services:

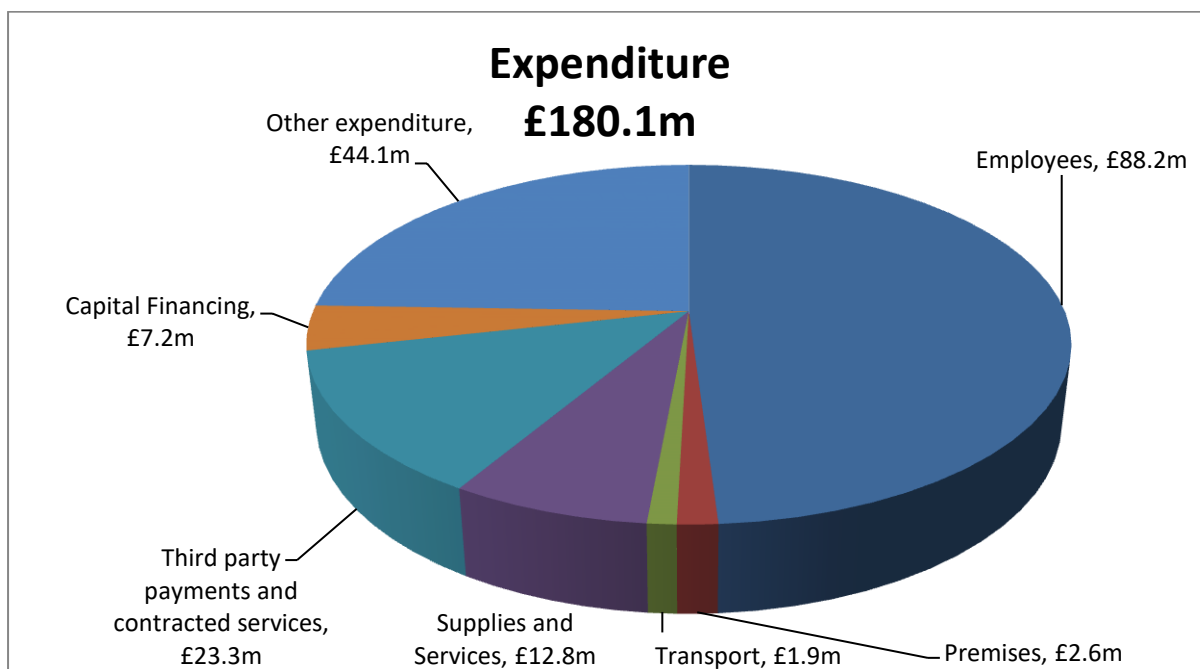
This represented 13% of the total spending and includes the G4S partnership payments, for the provision of mid and back office services that has been in place since April 2012.

4. Capital financing:

This supports the capital investment programme that covers the purchase of vehicles, new technology and work to the estate.

5. Other expenditure:

Other expenditure is predominantly made up of pension interest costs.



Balance Sheet as at 31 March 2017

The table below shows the overall financial position at the end of the financial year, with previous figures for comparison. It shows, in particular, the value of the assets owned and any sums owed to and by the PCC Group.

The figures are dominated by the inclusion of the pension liability of £1.3bn. This is explained in more detail in the published accounts.

| | 31 March 2016 £m | 31 March 2017 £m |
|---|---------------------------------|---------------------------------|
| Property, Plant and Equipment | 30.7 | 31.6 |
| Investment Property | 1.0 | 1.2 |
| Intangible Assets | 3.2 | 3.9 |
| Assets Held for Sale | 0.1 | 0.1 |
| Long-Term Assets | 35.0 | 36.7 |
| Inventories | 0.4 | 0.4 |
| Short-Term Debtors | 19.0 | 21.1 |
| Cash and Cash Equivalents | 4.6 | 6.4 |
| Short-Term investments | 4.0 | 0.0 |
| Current Assets | 28.0 | 27.8 |
| Short-Term Borrowing | (1.2) | (1.0) |
| Short-Term Creditors | (16.8) | (18.0) |
| Other Short Term Liabilities | (1.2) | (1.5) |
| Short-Term Provisions | (0.7) | (0.7) |
| Capital Grants Receipts in Advance (< 1 yr) | (0.1) | (0.1) |
| Current Liabilities | (20.0) | (21.2) |
| Long-Term Borrowing | (12.2) | (11.3) |
| Other Long-Term Liabilities | (6.2) | (5.9) |
| Long Term Provisions | (0.1) | (0.1) |
| Pension Liabilities | (1,143.6) | (1,332.1) |
| Long-Term Liabilities | (1,162.1) | (1,349.5) |
| Net Assets | (1,119.2) | (1,306.1) |
| Usable Reserves | 19.0 | 19.6 |
| Unusable Reserves | (1,138.1) | (1,325.7) |
| Total Reserves | (1,119.2) | (1,306.1) |

Usable Reserves 2016-2017

The table below shows the movement in usable reserves in 2016-17, together with the 2015-16 figures for comparison.

| | 2015/16 | | | | | 2016/17 | | | | |
|--|------------------|--------------------|--------------------------|--------------------------|-----------------------|------------------|--------------------|--------------------------|--------------------------|-----------------------|
| | General Reserves | Earmarked Reserves | Capital Grants Unapplied | Capital Receipts Reserve | Total Usable Reserves | General Reserves | Earmarked Reserves | Capital Grants Unapplied | Capital Receipts Reserve | Total Usable Reserves |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Balances b/f from previous years | (5.9) | (11.1) | (0.4) | | (17.4) | (5.7) | (12.8) | (0.4) | (0.1) | (19.0) |
| Deficit on the Provision of Services | 26.0 | | | | 26.0 | 28.7 | | | | 28.7 |
| Other items affecting Movement in Reserves | (27.5) | | | (0.1) | (27.6) | (29.0) | | (0.3) | (0.1) | (29.4) |
| Net transfers (to)/from Earmarked Reserves | 1.7 | (1.7) | | | 0.0 | 0.3 | (0.3) | | | 0.0 |
| Balances c/f to future years | (5.7) | (12.8) | (0.4) | (0.1) | (19.0) | (5.7) | (13.1) | (0.7) | (0.2) | (19.6) |

The actual net operating expenditure before pension liabilities resulted in a surplus for the year. The PCC agreed to carry forward the surplus to earmarked reserves for future investment in capital developments, reduce borrowing costs and to help fund performance improvements.

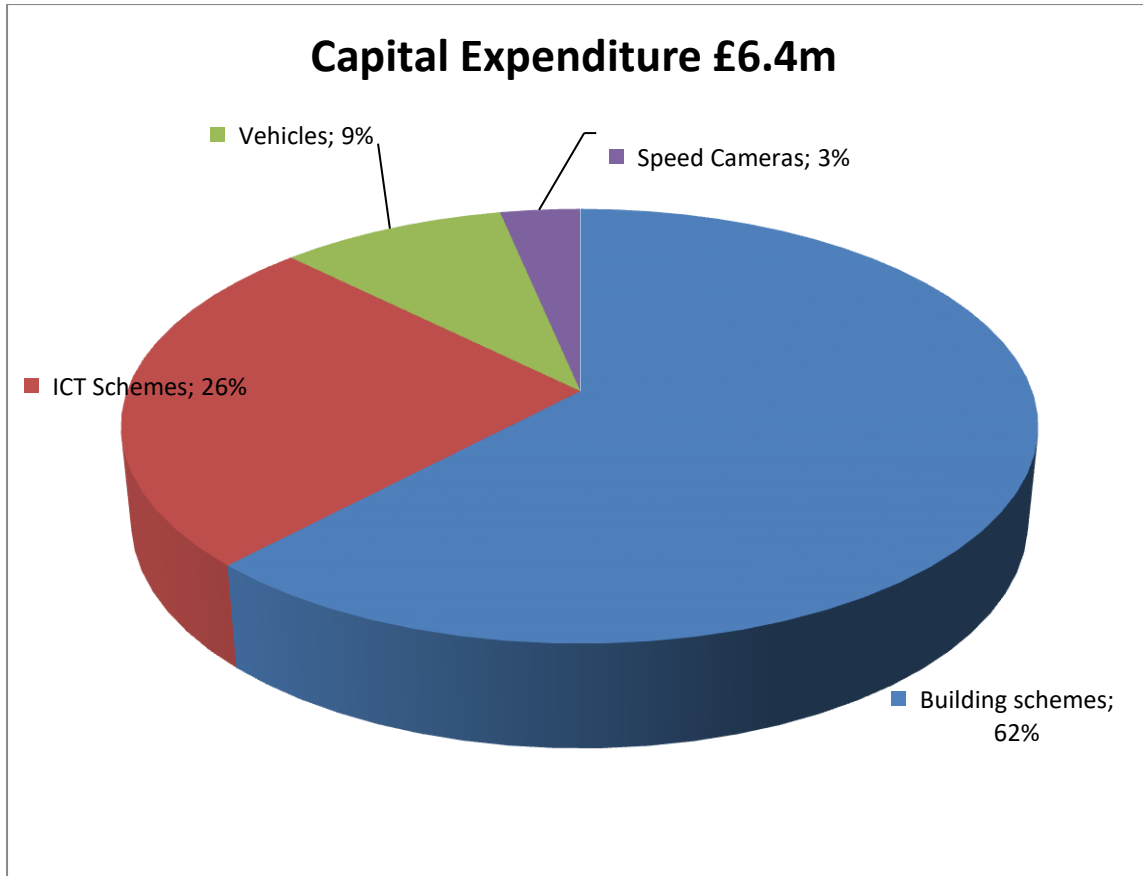
Cash Flow Statement

| | £m | £m |
|---|-------|------------|
| Cash in bank, in hand or in transit at 31 March 2016 | | 4.6 |
| Net Cash Movement from Operating Activities: | 8.4 | |
| Investing Activities: | (4.1) | |
| Financing Activities: | (2.5) | |
| Net Increase (decrease) in Cash Flow in year | | 1.8 |
| Cash in bank, in hand or in transit at 31 March 2017 | | 6.4 |

The balance of the cash includes cash equivalents which are held for the purpose of meeting short term cash commitments rather than for investment or other purposes, such as on call deposit accounts. Any surplus cash is invested in UK banking institutions and generates additional income to support policing in Lincolnshire.

Capital Expenditure

Capital expenditure represents money spent on acquiring, upgrading and improving assets and major operational equipment. It relates to the provision of assets which will bring long-term benefit to the PCC Group. The chart below sets out the capital investment made in 2016-17, which includes spend on the shared Lincolnshire Police and Lincolnshire Fire and Rescue headquarters and developing ICT functionality with the regional non-crime platform.



Capital Financing

The PCC Group's capital programme in 2016-17 was financed through grants, contributions from revenue and internal cash balances. External borrowing was not necessary in 2016-17 due to the level of level of cash balances being held.

