

Keeping People Safe



# Police Service of Northern Ireland

## **Annual Report and Accounts**

for the year ended 31 March 2016





**POLICE SERVICE OF  
NORTHERN IRELAND**

## **Annual Report and Accounts For the year ended 31 March 2016**

Laid before the Northern Ireland Assembly under Section 12(3) of Part 2  
to the Police (Northern Ireland) Act 2000 as amended by the  
Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998  
(Devolution of Policing and Justice Functions) Order 2010

On

01 July 2016





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## **PERFORMANCE REPORT**

### **OVERVIEW REPORT**

#### **INTRODUCTION BY CHIEF CONSTABLE**

In March 2015, we knew we were going to have to reshape our organisation, to allow us to continue to deliver a policing service that was there for the vulnerable when they need us most. Over the course of the last 12 months, significant effort has been invested into doing just that.

Through the Review of Public Administration project we established 11 Districts and three Area Command structures so that we could be co-terminus with the new council structures and fulfil our Patten obligations. We created 26 Local Policing Teams, reconfigured Neighbourhood Policing Teams into 34 teams. We set up Co-ordination and Tasking Centre structures across a range of functions; District Policing Command, Operational Support Department and Crime Operations. We created a new Public Protection Branch to progress ongoing collaborative working practices which are central to this area of business.

Initial estimates indicate that the realignment of resources through just one aspect of the ServiceFirst change programme – OPM, produced actual financial benefits of £3.66m in year one, with projected savings of £7.2m anticipated next year. To manage ongoing organisational change programmes we established The Corporate Support Branch.

We have also been working to support growth areas of demand with additional resources. At the start of 2016, we introduced 57 new trainee investigators into the Reactive and Organised Crime Branch. We transferred nine officers into our Cyber Crime Centre which doubled its capacity and we consolidated Tactical Support Group (TSG) units, and completed recruitment processes to bolster unit strength. We have also sought to invest in our staff, to ensure that we can continue to retain the expansive and specialised skillset that drives our organisation. Generic promotions for officers and staff are ongoing.

In terms of our workforce composition, we have been considering how we deliver on our social corporate responsibilities, while integrating innovation and diversity. This year we will be providing 17 University of Ulster students with 12 month placements through a pilot programme. Not only will this alter the dynamic of our workforce but it will provide additional capacity in key areas of business.

Resource is a constant consideration. In terms of numbers of police officers, we've been working to get the figure to 6,963, a level identified in The Resilience and Capability Review as the minimum number of PSNI officers required to police a post conflict society. Student officer training processes have been ongoing in 2015-16. In April and May 2016 alone 96 officers graduated from the Policing College.

In relation to police staff, the Voluntary Exit Scheme (VES) has impacted on our resourcing. In Tranches 1-3 of this process 175 members of staff accepted the offer to

## PERFORMANCE REPORT (CONTINUED)

leave via the scheme. The final Tranche will see further staff exiting the organisation at the end of September. In total, up to 400 staff will potentially leave through VES. Work streams such as; Priority Based Resourcing, the People Strategy and the Review of Service Policy, will assist in reshaping processes and reducing bureaucracy to allow remaining staff to focus on core policing issues.

In 2015-16 we delivered required budget cuts of £26.2m despite a range of pressures and we are working to deliver 2% cuts to the overall policing budget as outlined in the 2016/17 Executive budget. Protecting Police numbers and achieving a balanced budget for 2016-17 will require a cut in the region of 10% to non-staff budgets.

Crime is changing, which is clear from the annual crime statistics for 2015-16 which showed a slight increase in overall crime of 1.8% on 2014/15 figures. The statistics indicated significant reductions in crime types such as; robbery, burglary and vehicle offences, each of which has fallen to their lowest levels recorded since the series began in 1998/99. Increases were noted in criminal offences linked to vulnerability in particular serious sexual assaults, domestic abuse and in the volume of drug seizures.

Given the change in the nature of crime and where it is happening, the blueprint or framework which outlines the direction of policing for the next number of years is important. In May, we launched the Corporate Plan which sets out our vision and Strategic Work Areas for the next four years. The Corporate Plan is the delivery mechanism to help realise the DOJ Programme for Justice 2020 and the wider Northern Ireland Programme for Government.

We are committed to driving forward collaborative working practices that are based on an outcomes based approach to service delivery and we are working with government to do this.

It is important that our communities can have confidence in the type of policing service that is being delivered. Encouragingly, the most recent Northern Ireland Crime Survey indicated that, the proportion of people who expressed overall confidence in policing in the 12-months to December 2015 was 80.9 per cent, which is very positive.

We want to maintain this confidence and we are working with criminal justice partners to support Justice Reform that will deliver speedier justice. Accountability mechanisms are also central to building public confidence in policing. Since 2008, over 4,668 recommendations, made by over 40 oversight bodies have been actioned and completely discharged. At present we have less than 200 recommendations which are being monitored and managed towards discharge through the system. Technological developments also support accountability and the phased roll out of body worn video to all front line officers, which will start in June 2016, is a further indication of our commitment to supporting accountability and victims of crime. In the coming 12 months, our focus will remain on keeping people safe and we will do that by policing with the community.



## **PERFORMANCE REPORT (CONTINUED)**

### **Background Information**

The Police (Northern Ireland) Act 2000 and subsequent amendments in the Police (Northern Ireland) Act 2003, made specific provision about policing in Northern Ireland. Section 12(4) of the Act, as amended by Section 7 of the 2003 Act, refers specifically to the requirement for the Chief Constable to submit the statement of accounts to the Northern Ireland Policing Board (in regard to amounts put at disposal of the Chief Constable by the Policing Board) within such period after the end of the financial year to which they relate as the Department of Justice may determine. This is to allow the Policing Board to meet its own specific requirements under Section 12(1)(a) of the Act.

### **Nature of the business**

The Northern Ireland Policing Board (NIPB) is an independent public body established under the Police (Northern Ireland) Act 2000. Made up of 19 Political and Independent Members, the NIPB aims to ensure an effective, efficient, impartial, representative and accountable police service for all the people of Northern Ireland.

Each year the PSNI and the Policing Board publish an annual Policing Plan in accordance with the Police (Northern Ireland) Act 2000. The plan sets out specific outcomes indicators and measures and takes a strategic view of policing in Northern Ireland over the next five years. PSNI, on behalf of the NIPB, are legislatively responsible for drafting the Policing Plan. This is done in close consultation with the NIPB and the Department of Justice (DoJ) through regular tripartite meetings. Ultimately, outcomes, indicators and measures can be revised by Northern Ireland Policing Board as it is their plan.

The Chief Constable is accountable to the NIPB for delivery of outcome indicators and measures detailed in the Policing Plan.

District Commanders are responsible for producing a Local Policing Plan. These plans are drafted in consultation with the local community and the local Policing and Community Safety Partnership. Local plans highlight local issues, and include associated outcome indicators and measures.

A copy of the annual Policing Plan is available on the Policing Board's website [www.nipolicingboard.org.uk](http://www.nipolicingboard.org.uk), or the PSNI website [www.psni.police.uk](http://www.psni.police.uk), as well as being available in a number of other formats.

## PERFORMANCE REPORT (CONTINUED)

Keeping People Safe by Policing with the Community is the core purpose of the Police Service of Northern Ireland. The vision of the PSNI is set out below.

### The **Vision** of the Police Service of Northern Ireland

*'Keeping People Safe is what we do; Policing with the Community is how we do it ...'*



Policing with the Community is about creating real participation between the police and the community - a partnership in which policing reflects and responds to the community's needs and in which the community play an active part in delivering a solution. PSNI are committed to achieving all that is laid out in the challenging Policing Plan.

### Principal Activities

The Police Service of Northern Ireland (PSNI) will work with communities and partners to make Northern Ireland safe, confident and peaceful. It aims to do this by working closely with, and in, the whole community. The key themes, which continually drive forward the development of policing services, are partnership and co-operation, both with the community served and with other agencies in the private, public and voluntary sectors. This is all done against a background of ongoing change, improvements and with a determination to make best use of finite resources, whether financial or human, to provide the best value services possible.

The Annual Report and Accounts also provides details of the activities of the Police Fund and Police Property Fund, which are separate Funds administered by the PSNI. The PSNI administer the Police Fund in association with the RUC Benevolent Fund and ex members who volunteer their services. It was established by regulations under section 28 of the Police Act (NI) 1970 which consist of PSNI Grant and fines imposed on police officers as a result of disciplinary action. This together with investment income is applied by PSNI for the welfare of police officers and their dependants.

## **PERFORMANCE REPORT (CONTINUED)**

The Police Property Fund was established by regulations under section 2 of the Police (Property) Act 1987, and comprises unclaimed receipts arising from criminal investigations by the PSNI, which the Policing Board donate to charities.

### **Accounts Direction**

The Annual Report and Accounts for 2015-16 have been prepared in a form directed by the Department of Justice in accordance with Section 12 (3) of Part 2 to the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

PSNI complies with the corporate governance and accountability framework arrangements (including Managing Public Money Northern Ireland) issued by the Department of Finance and Personnel and the Department of Justice.

In accordance with the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Annual Report and Accounts of the PSNI for the year ended 31 March 2016, will be laid in the Northern Ireland Assembly.

### **Risks and uncertainties**

There are a number of potential risks and uncertainties which could have a material impact on the PSNI's long-term performance. These risks are managed within the PSNI risk and control framework.

The key risk priorities detailed in the Corporate Risk Register, which are currently facing the organisation, include the following areas; Terrorist Attack, Historical Cases, Future Funding, Sickness Absence, Property, Resourcing and Policy review. Further information on risk management is contained within the Governance Statement.

### **Interest rate and currency risk**

PSNI has no borrowings, relying primarily on Departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits. As all significant assets and liabilities are determined in sterling, it is not exposed to material interest rate or currency risk.

### **Going concern**

PSNI forms part of the Department of Justice (DOJ) and is funded via DOJ through supply grants from the Northern Ireland Consolidated Fund other than that required to provide the specified services of the specified year, or retained in excess of that need.

The Statement of Financial Position at 31 March 2016 shows net current liabilities of £82.1m. This reflects the inclusion of liabilities already incurred which are due for

## **PERFORMANCE REPORT (CONTINUED)**

payment in future years. These liabilities will be financed from the Northern Ireland Consolidated Fund. Such drawings will be from Grants approved annually by the Northern Ireland Assembly.

The future financing of the PSNI's liabilities will be met by future Grants to the Department of Justice and the application of future income. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the PSNI's financial statements for 2015-16.

### **Performance Summary**

As part of its statutory duty, throughout the year the Policing Board monitors and reviews PSNI's performance against the measures set out in the Northern Ireland Policing Plan. This function is carried out at quarterly public meetings at which the Chief Constable updates the Board on progress against agreed areas in the Policing Plan.

Whilst overall crime has shown a downwards trend over the past 12 years, there was an increase in 2015-16 when compared to the previous financial year; 105,023 crimes recorded in 2015-16, compared to 103,176 in 2014/15. Crime increased in seven of the nine main crime classifications. Within these classifications are types and categories of crimes for which underreporting is an issue. This is particularly applicable to sexual offences and crimes that are hate or domestically motivated resulting in initiatives to increase reporting of these offence types. This has had a positive effect on reporting of sexual offences and domestically motivated crime. However, these increases have also contributed to the rise in overall crime, violence against the person, sexual and criminal damage offences. Police activity and operations have an impact on the levels of recorded crime; this has had a noticeable effect on the increase in drugs offences and seizures and also possession of weapons offences.

The overall crime outcome rate increased to 28.7% in 2015-16, this is an increase of 1.2 percentage points from the outcome rate of 27.5% in 2014/15. The majority of Districts (seven of the eleven Districts) achieved an increase in their crime outcome rates.

### **Financial Results for the 201516**

The Statement of Comprehensive Expenditure is set out on page 65 and shows a deficit for the year of £665.6m (£720.1m in 2014-15).

## PERFORMANCE REPORT (CONTINUED)

### PERFORMANCE ANALYSIS

#### Recorded Crime

Crime has shown an overall downward trend over the last 12 years. There were 105,023 crimes recorded in 2015-16 compared with 103,176 in 2014/15, an increase of 1,847 offences (1.8%). Crime increased in seven of the nine main crime classifications. Within these classifications are types and categories of crimes for which underreporting is an issue. This is particularly applicable to sexual offences and crimes that are hate or domestically motivated resulting in initiatives to increase reporting of these offence types. This has had a positive effect on reporting of sexual offences and domestically motivated crime. However, these increases have also contributed to the rise in overall crime, violence against the person, sexual and criminal damage offences. Police activity and operations also have an impact on the levels of recorded crime; this has had a noticeable effect on the increase in drugs offences and seizures and also possession of weapons offences.

- Offences of violence against the person increased by 4.2% (1,454 offences).
- Sexual offences increased by 11.3%, an increase of 308 offences. Offences of rape increased by 53 to 780, the highest level recorded since 1998/99<sup>1</sup>.
- Criminal damage offences were up by 3.5% (686 crimes).
- Drug offences were up by 10.5% (529 offences). In 2015-16 there were 5,597 drug seizure incidents, an increase of 9.7%. This is the highest seizure figure for ten years.
- Possession of weapons offences were up by 19.6% (151 crimes).
- Public order offences were up by 1.6% (23 crimes).
- Miscellaneous crimes against society were up by 4.8% (131 crimes).
- Crimes with a domestic motivation increased by 5.4% (717 offences) from 13,356 to 14,073. This represents just over 13% of all crime. There were increases in domestically motivated violence against the person (6.1%, 579 crimes), sexual offences (17.6%, 79 crimes) and criminal damage (8.3%, 116 crimes).

There were decreases in the remaining two crime classifications and in hate crime.

- Robberies decreased by 16.8%, a reduction of 148 offences.
- Theft offences decreased by 3.6%, a reduction of 1,287 crimes. Within this classification there were reductions in burglary, vehicle crime and bicycle theft. However, there were increases in theft from the person and shoplifting.
- Crimes with a hate motivation decreased by 4.9% from 2,281 to 2,169. The main area of decrease was in respect of criminal damage.

**Outcome Rates:** The overall crime outcome rate increased to 28.7% in 2015-16, this is an increase of 1.2 percentage points from the outcome rate of 27.5% in 2014/15. The majority of districts (seven of the eleven districts) achieved an increase in their crime outcome rates whilst the remaining four districts recorded a decrease.

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<sup>1</sup> The first year for which crime data comparable under the revised Home Office counting rules is available.

## PERFORMANCE REPORT (CONTINUED)

### Anti-social Behaviour (ASB)

ASB has reduced from 60,982 incidents in 2014/15 to 59,502 (-2.4%) in 2015-16. This maintains the downward trend from a position of over 65,000 incidents experienced in 2012/13. Public perceptions of the level of ASB are tested through the Northern Ireland Crime Survey (NICS). NICS 2014/15 findings estimate that 7.7% of respondents perceived there to be a high level of anti-social behaviour in their local area, a statistically significant decrease from that observed in 2013/14 (9.8%). This maintains the continuing reduction in this figure since a high of 14.4% in 2009/10.

### Confidence in Policing

Confidence in policing is measured using information from the Northern Ireland Crime Survey. The survey is reported on a quarterly basis by NISRA statisticians and is based on a random sample of households selected from the Land and Property Services domestic property database.

In the year to September 2015 there was a 2 percentage point increase (not statistically significant) in the level of overall confidence in local policing. In a year which has seen considerable challenges for policing and the significant re-structuring of frontline services, it is encouraging that confidence in policing has continued to increase.

Table 1: The level of confidence in the local police

% agreeing that the local police...	Oct 10 to Sep 11	Oct 11 to Sep 12	Oct 12 to Sep 13	Oct 13 to Sep 14	Oct 14 to Sep 15
<b>Overall confidence in the local police<sup>2</sup></b>	63.9	64.0	66.8	66.6	68.6
Can be relied to be there when you need them	50.0	50.4	54.1	52.8	53.4
Would treat you with respect if you had contact with them	83.3	84.2	84.6	82.6	86.1
Treat everyone fairly regardless of who they are	65.6	65.8	66.0	64.8	68.2
Can be relied on to deal with minor crimes	50.2	49.4	52.7	50.3	53.0
Understand the issues that affect this community	62.6	62.0	62.0	63.9	66.2
Are dealing with things that matter to this community	48.4	50.2	51.4	51.8	54.7

<sup>2</sup> Based on respondents agreeing with the statement, 'Taking everything into account, I have confidence in the police in this area'.

**PERFORMANCE REPORT (CONTINUED)**

**Most Similar Force Comparisons**

Most similar force percentage change comparisons for some of the main crime areas are provided in the following table. The comparisons cover the 2014 and 2015 calendar years as the England and Wales' figures for 2015-16 will not be published until 21<sup>st</sup> July 2016. The green text represents performance better than PSNI and the red text indicates that performance in that force was worse than PSNI's in that area. With the exception of domestic burglary the Northern Ireland figures compare favourably with the overall figures for England and Wales with Devon and Cornwall as the only force to have performed better than PSNI across the nine crime categories considered. Two of the forces have substantial increases in all nine areas, particularly violence against the person and sexual offences.

	England & Wales	GMP	Merseyside	Northumbria	West Yorkshire	Northamptonshire	West Midlands	Devon & Cornwall	PSNI
<b>All Crime</b>	9%	14%	4%	20%	26%	1%	3%	-5%	1.4%
<b>Violence against the Person</b>	27%	31%	39%	43%	77%	13%	15%	9%	1.6%
<b>Sexual Offences</b>	29%	29%	22%	42%	57%	29%	23%	13%	12.7%
<b>Domestic Burglary</b>	-3.0%	-1%	1%	15%	14%	-19%	-4%	-19%	6.9%
<b>Theft</b>	0%	6%	-2%	12%	9%	-3%	-1%	-13%	-2.1%
<b>Vehicle Offences</b>	3%	10%	9%	11%	12%	2%	4%	-11%	-7.8%
<b>Criminal Damage</b>	6%	15%	2%	21%	20%	0%	1%	-7%	2.6%



## PERFORMANCE REPORT (CONTINUED)

### Performance against the 2015 – 2016 Policing Plan

The following table provides an overview of progress against 28 numeric targets from the 2015-16 Policing Plan. Fifteen of these numeric targets were achieved.

There were notable successes in a number of areas including –

- victim updates
- increased reporting of domestically motivated crime
- drug seizures
- activity against organised crime groups
- reductions in allegations.

The increase in domestic burglaries and robberies of older people is of continuing concern. This area has been the focus of activity throughout the year and as a result is currently on a downward trend. Reporting of hate crime reduced during the financial year despite extensive efforts, however the five year trends show a consistent increase in reporting across the differing strands.

Police Performance at a Glance	
Outcome/Indicator	Progress against 2014/15 performance
Increase <b>Confidence</b> (by 3% points). <small>(Oct 13 to Sep 14 compared to Oct 14 to Sep 15)</small>	Increased by 2.0% <sup>3</sup>
Decrease <b>Crime</b> prioritised for reduction.	Increased by 0.2%
Increase the overall rate of <b>Outcomes</b> (by 2% points).	Increased by 1.2% <sup>3</sup>
Reduce <b>ASB</b> (by 2%).	Reduced by 2.4%
Reduce percentage of people who <b>perceive ASB</b> to be high <small>(Oct 13 to Sep 14 compared to Oct 14 to Sep 15)</small>	Reduced by 2.1% <sup>3</sup>
Reduce <b>Domestic Burglaries and Robberies in which Older People are Victims</b> (by 2%).	Increased by 4.0%
Increase Outcome rate for Domestic Burglary in which Older People are Victims (by 2% points).	Increased by 0.8% <sup>3</sup>
Reduce <b>Rural Crime</b> (by 2%).	Reduced by 8.5%
Increase 10 day <b>Victim Updates</b> (by 5% points).	Increased by 35.5% <sup>3</sup>
Increase reporting of <b>Domestically Motivated Crime</b> (by 3%).	Increased by 5.4%
Increase the outcome rate for <b>Domesically Motivated Crime</b> (by 5% points).	Increased by 0.1% <sup>3</sup>

<sup>3</sup> This increase is not statistically significant



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**PERFORMANCE REPORT (CONTINUED)**

Increase the outcome rate for <b>Rape Crime</b> (by 2% points).	Increased by 1.5%pts
Increase reporting of <b>Hate Crime</b> (by 3%).	Reduced by 4.9%
Increase Outcome Rates for:	
– <b>Sectarian Hate Crime</b> (by 3% points).	Increased by 0.6%pts
– <b>Homophobic Hate Crime</b> (by 3% points).	Increased by 5.1%pts
– <b>Racist Hate Crime</b> (by 3% points).	Increased by 4.7%pts
– <b>Disability Hate Crime</b> (by 3% points).	Reduced by 6.8%pts
Reduce alcohol related violent crime (by 3%).	Reduced by 4.6%
Reduce non-domestic violent crime involving injury (by 2%).	Increased by 4.2%
Increase <b>Drug Seizures</b> (by 2%).	Increased by 9.7%
Increase the outcome rate for <b>Drugs Offences</b> (by 2% points).	Increased by 4.9%pts
Increase the number of <b>OCGs</b> whose activities have been frustrated, disrupted or dismantled (by 5%).	Increased by 31.9%
Reduce <b>Paramilitary Style Attacks</b> (by 2%).	Reduced by 23.4%
Reduce allegations of <b>Failure in Duty</b> (by 2%).	Reduced by 12.5%
Reduce allegations of <b>Oppressive Behaviour</b> (by 2%).	Reduced by 14.6%
Reduce allegations of <b>Incivility</b> (by 2%).	Reduced by 10.6%
Reduce the <b>AWDL</b> for Police Officers (by 25%).	Reduced by 7.33%
Reduce the <b>AWDL</b> for Police Staff (by 15%).	Increased by 8.18%

**PERFORMANCE REPORT (CONTINUED)**

**Police and Criminal Evidence (PACE) Order – Article 5 Persons and Vehicles Searched**

**Table 2: Police and Criminal Evidence (PACE) Order – Article 5 Persons and Vehicles Searched 2015-16**

		Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
Stolen Property / Articles	Searches	271	267	372	322	342	454	559	488	385	389	476	355	<b>4,680</b>
	Arrests <sup>1</sup>	41	40	78	52	39	66	55	53	36	38	55	31	<b>584</b>
Offensive Weapon / Blade or Point	Searches	111	91	121	108	112	113	124	105	87	107	82	69	<b>1,230</b>
	Arrests <sup>1</sup>	33	29	30	33	31	28	30	27	29	24	29	14	<b>337</b>
Going Equipped / Prohibited Articles	Searches	185	129	184	144	181	180	267	203	167	125	187	157	<b>2,109</b>
	Arrests <sup>1</sup>	21	17	23	17	26	36	28	37	21	14	25	18	<b>283</b>
Fireworks	Searches	0	1	0	1	3	30	252	18	5	0	0	1	<b>311</b>
	Arrests <sup>1</sup>	0	0	0	0	0	2	3	0	1	0	0	1	<b>7</b>
<b>Total</b>	Searches	<b>567</b>	<b>488</b>	<b>677</b>	<b>575</b>	<b>638</b>	<b>777</b>	<b>1,202</b>	<b>814</b>	<b>644</b>	<b>621</b>	<b>745</b>	<b>582</b>	<b>8,330</b>
	Arrests <sup>1</sup>	<b>95</b>	<b>86</b>	<b>131</b>	<b>102</b>	<b>96</b>	<b>132</b>	<b>116</b>	<b>117</b>	<b>87</b>	<b>76</b>	<b>109</b>	<b>64</b>	<b>1,211</b>

<sup>1</sup> Arrests as a result of search

**Police and Criminal Evidence (PACE) Order – Article 6 Road Checks**

There were 41 road checks authorised in 2015-16, all of which were for the purpose of ascertaining whether a vehicle was carrying a witness to an indictable offence.

**Police and Criminal Evidence (PACE) Order – Detention statistics 2015-16**

**Table 3: Arrests under PACE by Gender and whether requests for friends / relatives or a solicitor were made, for each Quarter during 2015-16.**

	Arrests Under PACE			Requests	
	Totals*	Gender		Friend/Relative etc.	Solicitor
		Male	Female		
Quarter 1 April-June	6,175	5,263	910	1,493	3,620
Quarter 2 July-September	6,333	5,387	945	1,607	3,744
Quarter 3 October-December	6,097	5,126	971	1,529	3,564
Quarter 4 January-March	5,605	4,729	874	1,436	3,331
<b>TOTAL</b>	<b>24,210</b>	<b>20,505</b>	<b>3,700</b>	<b>6,065</b>	<b>14,259</b>

\* 5 transgender persons are included in "Totals"

**PERFORMANCE REPORT (CONTINUED)**

**Extended Detention:** During 2015-16 there were 63 persons who were detained in police custody for more than 24 hours and released without charge.

**Magistrate's Warrants:** There were 39 applications to Magistrates Courts for warrants of further detention, all of which were granted. Seven of these applications were for 24 hours or less, 5 were for between 25 and 35 hours and the other 27 were for a period of 36 hours. Of the 39 applications to Magistrates Courts for warrants of further detention 5 of these were for a second warrant of further detention. Of the 34 persons subject to a warrant of further detention, 8 spent less than 24 hours under its authority, while 22 spent between 24 hours and 36 hours and the remaining 4 persons were detained over 36 hours under the authority of these warrants. 22 persons were subsequently charged.

**Intimate Searches:** There were no intimate searches carried out by a suitably qualified person during 2015-16.

**X-rays & ultrasound scans:** During 2015-16 one x-ray was carried out. No ultrasounds were recorded.

**PACE Detention statistics by PSNI Custody Suite 2015-16**

**1st April 2015 – 31st March 2016**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Antrim Custody <sup>(1)</sup>	644	608	0	0	1,252
Armagh Custody	377	456	429	378	1,640
Banbridge Custody <sup>(1)</sup>	80	0	0	0	80
Bangor Custody <sup>(1)</sup>	68	307	506	433	1,314
Coleraine Custody	463	537	665	560	2,225
Dungannon Custody	325	326	315	301	1,267
Enniskillen Custody	244	259	250	256	1,009
Lurgan Custody	545	547	538	446	2,076
Musgrave Street Custody	2,455	2,241	2,381	2,310	9,387
Omagh Custody	233	235	268	233	969
Strabane Custody	199	219	151	107	676
Strand Road Custody	542	598	594	581	2,315
<b>Total</b>	<b>6,175</b>	<b>6,333</b>	<b>6,097</b>	<b>5,605</b>	<b>24,210</b>

- (1) Antrim Custody suite was closed for refurbishments during quarters 3 and 4.  
Banbridge Custody suite was closed for refurbishments during a period of quarter 1 as well as quarters 2, 3 and 4. Bangor Custody suite was closed for refurbishments for a period of time during quarter 1.

## **PERFORMANCE REPORT (CONTINUED)**

### **Financial Results for the 201516**

The Statement of Comprehensive Expenditure is set out on page 65 and shows a deficit for the year of £665.6m (£720.1m in 2014-15).

#### **The total cost of policing**

The total Resource DEL budget allocation (excluding costs of the Police Pension Scheme and AME impairments) available for 2015-16 was £735.4m. The DEL expenditure against this budget during the financial year was £732.7m, resulting in a reported underspend of £2.7m. Despite a turbulent year for financial planning, including an in year Resource DEL budget cut of £26.2m, PSNI reported an underspend for the year of £2.7m. This is less than 0.5% of Resource DEL budget.

The total Annually Managed Expenditure (AME) 2015-16 budget allocation (including Pension Scheme, AME impairments, Release and Movements in Provisions) was £367.2m. The AME expenditure against this budget during the year was £332.3m, resulting in an overall underspend of £34.9m.

This gives a total resource spend of £1,065m. The costs of Pensions are reported separately through the PSNI Pension Scheme Accounts and do not form part of the Statement of Comprehensive Expenditure in these Financial Statements.

The Capital budget was £25.5m (net) and an underspend of £0.03m was reported. This is a minor underspend with PSNI utilising all its available capital funding for the year. Details of Non-Current Asset expenditure movements are detailed in the notes to the financial statements.

#### **Payment of suppliers**

The PSNI's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

During the 2015-16 financial year, average overall performance showed 95.2% (92.85% 2014-15) of all invoices were paid within 10 days. In the 2015-16 financial year 99.3% of invoices were paid within the government prompt payment target of 30 days (98.98% 2014-15). At the year end the proportion of amounts owed to trade creditors in relation to the amounts invoiced by suppliers during the year equates to 7.33 creditor days (11.96 creditor days 2014-15).

## PERFORMANCE REPORT (CONTINUED)

### Environmental matters

The objective of the Police Service Northern Ireland is to Keep People Safe and the [PSNI Sustainability Strategy](#) helps the organisation play a responsible role in the community by reducing environmental impacts and costs as we deliver a world class policing service.

Every organisation has an impact on its environment. For a large organisation like the Police Service of Northern Ireland those impacts can be significant over time and they affect both our local community and have global impacts. We have over 9000 staff travelling to and from work, 154 buildings and sites, 950 photocopier/ printers and around 3000 vehicles patrolling over 19m miles around Northern Ireland every year. We use large amounts of resources such as water, energy, vehicle fuel , and paper, we create emissions, produce hazardous and non- hazardous waste which needs to be processed.

There are legislative targets which mean increasingly the Service must be able to identify and manage our environmental impacts, but the organisation recognises through its Sustainability Strategy that it also makes business sense for us to manage our resources effectively, minimising consumption and waste and reducing our costs.

The PSNI Sustainability Delivery Group (SDG) supported by the Sustainability Manager has been working for some time, jointly chaired by the Director of Finance and Support Services and ACC Operational Support to identify, manage and reduce PSNI impacts in a way that supports our business objectives and reduces our environmental impacts and financial pressures.

There have been significant successes this year PSNI achieved a Silver Award at the Arena Network Environmental Benchmarking Survey, we have reduced our water use by 18% in the past year and our water costs by 8%, with a reduction in water consumption of over 77% on 2005 levels. The amount of paper used by the PSNI has reduced by 43% since 2012 and flights taken are down 15% in the last year, resulting in 84 tonnes less CO<sub>2</sub> emissions.

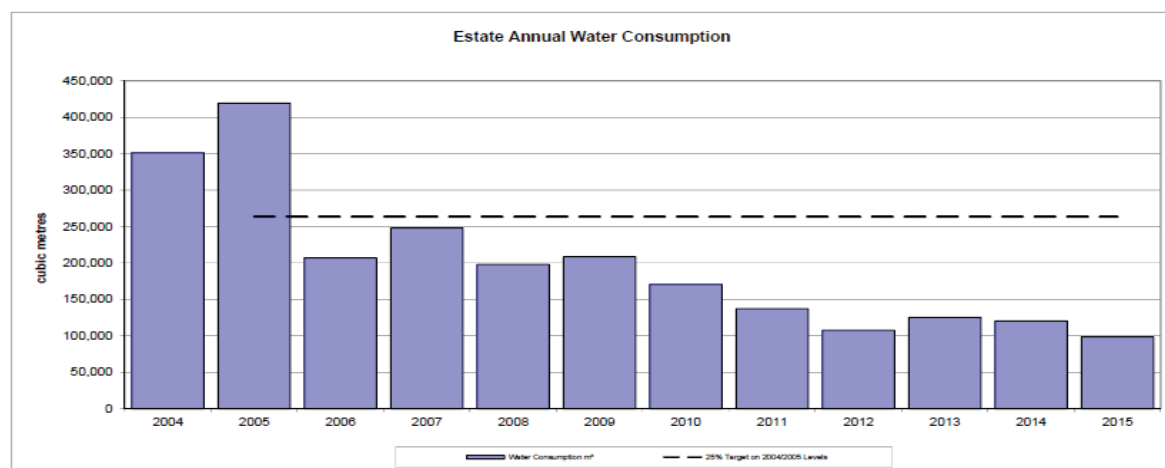
PSNI Estate Services Business Unit target five Sustainability measures, some with associated government targets, on an annual basis:

**PERFORMANCE REPORT (CONTINUED)**

Overview of PSNI sustainability performance against target.

	2015- 2016	2014-2015	% Change	Govt target
<b>Total Utility Energy Consumption GWh</b>	86.96 GWh	86.83	Up 0.15%	n/a
<b>Energy Efficiency per square metre kWh/ m<sup>2</sup></b>	274kWh/m <sup>2</sup>	271kWh/m <sup>2</sup>	Up 1.17% on last year. Down 24% on 99/00 base year.	15% Reduction by 2020. Achieved 2010.
<b>Carbon Dioxide Emissions CO<sub>2</sub></b>	31,361	32,856	Down 4.55% on last year. Down 14% on 99/00 base year	30% reduction on 99/00 levels by 2020. On track.
<b>Renewable Energy procured</b>	98%	98%	No change	Min of 20% renewable by 2015. Achieved. 40% by 2020, on track.
<b>Water Consumption m<sup>3</sup></b>	98,527	120,406	Down 18% on last year and 77% on 2005 levels.	25% reduction on 2004 levels by 2020. Achieved.

**PSNI Water Consumption against Government 2020 target**



During the year the PSNI began a baseline review or Initial Environmental Review (IER) as the first step in creating an organisational Environmental Management System. The PSNI IER is now under way.

**PERFORMANCE REPORT (CONTINUED)**

**Partners**

The Police Service of Northern Ireland plays an active role in the Department of Justice Sustainability Group sharing best practice with other agencies and works with a range of governmental and non- governmental partners to enhance our sustainability and improve our initiatives.

Life is better with trees and the PSNI has partnered up with the Woodland Trust for a pilot project to plant more trees across the police estate and encourage staff to do the same at home. Already 30 new trees, a mix which will encourage more biodiversity and year round colour, have been planted by staff volunteers at police head-quarters in Brooklyn. Work is already underway identifying new sites for Spring 2017.

**Social and community issues**

The tradition of generous charitable giving by officers and staff of the Police Service has continued, with £224k donated through Public Sector Payroll Giving in 2015-16.



**George Hamilton  
Chief Constable  
Police Service of Northern Ireland  
22 June 2016**

## **ACCOUNTABILITY REPORT**

### **CHIEF CONSTABLE'S REPORT**

#### **Members of the Service Executive Board (SEB)**

The Senior Executive Team who served throughout the 2015-16 year were as follows:

##### **Chief Constable**

George Hamilton

##### **Deputy Chief Constable**

Drew Harris

##### **Assistant Chief Constable Legacy and Justice**

Mark Hamilton<sup>1</sup>

##### **Assistant Chief Constable Crime Operations**

William Kerr

##### **Assistant Chief Constable District Policing**

Stephen Martin

##### **T/Assistant Chief Constable Organisational Support**

Alan Todd (appointed 15 March 2014). Substantively appointed 26 April 2016.

##### **T/Assistant Chief Constable Service Improvement Department**

Chris Noble (appointed 16 March 2015)<sup>2</sup>

##### **Director of Finance & Support Services**

David Best<sup>3</sup>

##### **T/Director of Finance & Support Services and HR**

Mark McNaughten<sup>4</sup>

##### **Director of Human Resources**

Joe Stewart<sup>5</sup>

##### **Head of Corporate Communications**

Liz Young

##### **Head of Legal Services**

Donna Scott<sup>6</sup>

##### **Head of Legal Services**

Ralph Roche<sup>6</sup>

##### **Non-Executive Member**

Dennis Licence



**ACCOUNTABILITY REPORT (CONTINUED)**

Further details are provided in the Remuneration Report section on page 42.

1. Assistant Chief Constable Mark Hamilton took over responsibility for Legacy and Justice Department on its formation in February 2016, having previously been responsible for Human Resources Department.
2. T/Assistant Chief Constable Chris Noble was appointed to Service Improvement Department during the period 16 March 2015 to 30 December 2015.
3. The Director of Finance and Support Services Department David Best retired from the Service on the 30 November 2015.
4. T/Director of Finance and Support Services Department Mark McNaughten was appointed on the 01 December 2015. In March 2016 he took on additional responsibility for Human Resources Department.
5. The substantive Director of Human Resources left the Service on the 13 April 2016.
6. The Head of Legal Services Donna Scott left the Service on the 30 November 2015. Mr Ralph Roche was appointed T/Head of Legal services from the period 01 October 2015.

## **ACCOUNTABILITY REPORT (CONTINUED)**

### **Corporate Governance**

Corporate Governance within PSNI operated through a formal structure of Corporate Governance Committees and Programme Boards. The PSNI currently has three key Governance Committees:

- Service Executive Board
- Service First Board
- Audit and Risk Assurance Committee

The Service Executive Board (SEB) sets the tone and direction of the organisation. SEB, chaired by the Chief Constable is the final decision making forum for the organisation.

The Service First Board aims to support and advance the tone and direction set for the Police Service by the Service Executive Board, by agreeing the extent of resource to be aligned to Strategic Priorities thereby enabling delivery of the Chief Constable's purpose of Keeping People Safe.

The role of the Audit and Risk Assurance Committee is to advise the Chief Constable on the adequacy of internal control arrangements including risk management, information assurance and governance. This committee consists of three Non-Executive Members, one as Chair, with members of the SEB, Internal and External Audit, the Policing Board and the Department of Justice in regular attendance.

### **Company directorships**

Members of SEB held no company directorships or other significant interests which conflict with their management responsibilities.

### **Non-current assets**

Details of the movement in non-current assets are set out in notes 6 and 7 to the Accounts. There are no significant differences between the market values and book values of land and buildings to be disclosed. Details of the PSNI Estate Strategy can be found at <https://www.nipolicingboard.org.uk/estate-strategy>

## ACCOUNTABILITY REPORT (CONTINUED)

### Research and development

PSNI has no activities in the defined field of research and development.

### Future developments

The Northern Ireland Policing Board, in conjunction with the PSNI, published the 2016-17 Policing plan and Strategic Outcomes for Policing 2016-2020. The 2016-17 plan sets both annual and longer term objectives and priorities for policing, together with a range of targets and measures for the PSNI to achieve by the end of March 2017. The 2016-2020 Strategic Outcomes for Policing Plan outlines 12 outcomes developed in partnership outlining what needs to be achieved in the next five years. The outcomes fall under five key themes;

- Communication and Engagement;
- Protection of people and communities;
- Reduction in Offending;
- More efficient and effective delivery of justice; and
- More efficient and effective policing.

As well as consultation with the Chief Constable, Policing and Community Safety Partnerships (PCSPs) and the public, the Board also analyse crime patterns, emerging strategic issues, resources and police performance information before setting policing objectives. Priorities set by the Board must also reflect the long term policing objectives as set out by the Minister of Justice.

To acknowledge the importance of Policing with the Community, the Plan has been revised to reflect a strengthened emphasis on quality of service, partnership working and a focus on policing priorities.

A copy of the Policing Plan 2016 -17 can be viewed on the Policing Board's website:  
<https://www.nipolicingboard.org.uk/outcomes-policing-annual-policing-plan>

## **ACCOUNTABILITY REPORT (CONTINUED)**

The Police Service look forward to continuing the progress already made in delivering these outcomes with the Northern Ireland Policing Board, other government agencies and with the community of Northern Ireland.

The Plan allows PSNI to prioritise some of the demands on policing. The key themes will provide focus on communication and engagement; how we maintain the trust of the community and ensure we are working in as open and transparent way as possible. By preventing harm, protecting people and detecting those who commit crime, we focus on reducing harm and protecting the most vulnerable in our society. We will continue to concentrate on reducing offending through collaborative working, particularly in relation to priority offenders, serious and organised crime and paramilitary activity. We will also continue to work towards the more efficient and effective delivery of justice and of policing in general.

### **Charitable donations**

PSNI made no charitable or political donations during the year.

### **Health and safety**

PSNI is committed to providing for staff an environment that is, as far as possible, safe and free from risk to health. In accordance with this commitment, PSNI has complied with the relevant legislation.

### **Personal data related incidents**

PSNI has self-referred a potential data protection breach involving possible unauthorised data sharing by members of its staff. The PSNI is currently working with the Information Commissioners Office to jointly investigate this matter and the circumstances surrounding it.

## **ACCOUNTABILITY REPORT (CONTINUED)**

### **Pension liabilities**

The pension liabilities of Police Officers are accounted for separately in the PSNI Police Pension Accounts. Pension benefits and liabilities for Police Staff are provided through the Principal Civil Service Pension Scheme (NI). (See further details in the Remuneration Report on page 42.)

### **Audit services**

The Financial Statements for 2015-16 are audited by the Comptroller and Auditor General for Northern Ireland (C&AG), who heads the Northern Ireland Audit Office and is appointed by statute and reports to Northern Ireland Assembly. His certificate and report is produced at pages 62 to 64.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. The audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of the Financial Statements was £79,000 (2014-15 £79,000). This includes the audit fees in respect of the Main Police Account including the Police Fund and Police Property Fund £64,000 (£64,000 2014-15), and the Police Pension Scheme Accounts £15,000 (£15,000 2014-15).

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports. During the year no reports were undertaken.

The Accounts of the PSNI for 2015-16 are required to be audited by the C&AG. The Department of Justice will lay the accounts on behalf of the C&AG.

### **Chief Constable's Annual Report**

A full certified copy of the Annual Report and Accounts will be available on the PSNI's website ([www.psni.police.uk](http://www.psni.police.uk))

### **Police Pension Scheme Accounts**

Financial Statements for the Police Pension Scheme Accounts are prepared separately and will also be available on the PSNI's website.

**ACCOUNTABILITY REPORT (CONTINUED)**

**STATEMENT OF RESPONSIBILITIES OF THE CHIEF CONSTABLE**

Under Part 2, Sections 12(1), 12(2) and 12(3) of the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Chief Constable of the PSNI is required to prepare a statement of accounts on behalf of the Northern Ireland Policing Board, in the form and on the basis directed by the Department of Justice. The annual financial statements are prepared on an accruals basis and must give a true and fair view of the net expenditure, changes in taxpayers' equity and cash flows for the financial year and the balances held at the year end.

In preparing the accounts, the Chief Constable of the PSNI is required to comply with the requirements of the Government Financial Reporting Manual in particular to:

- observe the Accounts Direction issued by Department of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosed and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Accounting Officer for the Department of Justice appointed the Chief Constable of the PSNI as Accounting Officer for the PSNI. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the PSNI, are set out in Managing Public Money Northern Ireland.

## **ACCOUNTABILITY REPORT (CONTINUED)**

### **GOVERNANCE STATEMENT**

#### **Scope of responsibility**

I have been appointed as the Accounting Officer for the Police Service of Northern Ireland (PSNI), by the Accounting Officer of the Department of Justice (DOJ) to whom I am directly accountable. My responsibilities as PSNI Accounting Officer are contained in the Police (Northern Ireland) Act 2000, the Department of Finance and Personnel (DFP) document Managing Public Money (NI), and the Management Statement and Financial Memorandum agreed with the DOJ.

As PSNI Accounting Officer I have responsibility for maintaining a sound system of internal control. The internal controls support the achievement of PSNI's policies, aims and objectives which are set by the Northern Ireland Policing Board (NIPB), while also safeguarding the public funds and assets for which I am personally responsible as Accounting Officer. This responsibility is undertaken in accordance with the requirements of the DFP document Managing Public Money (NI).

#### **The PSNI Governance Framework**

The governance structure of the PSNI reflects our unique statutory position, balancing the need for appropriate controls and oversight, while preserving the operational independence of the role of Chief Constable. This balance is recognised in the Police (Northern Ireland) Act 2000, and the Management Statement and Financial Memorandum issued by the DOJ.

It is essential that the PSNI is seen to uphold the highest standards in its own operations and, for this purpose, I am held to account on a regular basis by the NIPB. The NIPB is a statutory non departmental public body consisting of 10 locally elected political representatives and 9 independent members, to whom I have statutory responsibilities.

I recognise that the governance structures for the PSNI set out within the Police (Northern Ireland) Act 2000, incorporating the oversight functions of the NIPB and PSNI as two separate but linked organisations, are unique and not replicated for any other public sector body. Where the requirements of the Act and the Corporate Governance Code differ, PSNI will always seek to comply with the Act, which reflects the wishes of Parliament. I have assessed the PSNI governance arrangements against the Governance Code and found that the NIPB and the PSNI arrangements when taken together comply with the code to the extent that it is relevant and meaningful.

#### **Northern Ireland Policing Board (NIPB)**

The NIPB is a non-departmental public body and separate from the PSNI. It produces its own annual report and accounts, including a governance statement. The NIPB has a statutory role in "securing the maintenance of the Police in Northern Ireland, and

## ACCOUNTABILITY REPORT (CONTINUED)

shall secure that the Police, and the police support staff are efficient and effective”. Their governance structure in undertaking this role is contained in the NIPB governance statement, which can be found at: [www.nipolicingboard.org.uk](http://www.nipolicingboard.org.uk)

The NIPB is required to meet at least eight times each year for the purposes of receiving and considering a report on policing from the Chief Constable. The NIPB also has a structure of committees that meet on a regular basis to consider specific areas of Policing and PSNI business areas. One of the main roles that NIPB undertakes is to determine and revise objectives for the policing of Northern Ireland. The NIPB has a statutory requirement to secure continuous improvement in the way the Chief Constable functions in regard to economy, efficiency and effectiveness, and to monitor the performance of the police, trends and patterns in relation to complaints against the police, trends and patterns in crimes, and recruitment to the police and police staff.

This demonstrates the unique governance arrangements contained in the Police (Northern Ireland) Act 2000 that exist between PSNI and NIPB, and why the NIPB scrutinises the work of PSNI through its Board and Committee structure. There is a clear division of responsibility between the NIPB Chairperson and myself; the Chairperson is responsible for the leadership and effective working of the NIPB, and I am responsible as PSNI Accounting Officer for the implementation of PSNI strategy and making operational decisions relating to policing. The requirements in the Corporate Governance Code are provided for under these arrangements.

### Leadership Team

I am supported by the Service Executive Team (SET), which is the PSNI Senior Management Team, consisting of a Deputy Chief Constable, Assistant Chief Constables, and senior civilian staff Directors.

During the 2015-16 financial year there were a number of changes within SET.

- Assistant Chief Constable Alistair Finlay retired just before the start of the 2015-16 financial year, which led to ACC Mark Hamilton moving from Service Improvement Department to become interim Director of Human Resources
- Chief Superintendent Chris Noble was temporarily appointed to the rank of Assistant Chief Constable with responsibility for Service Improvement Department between 16 March and 31 December 2015
- Mr David Best, Director of Finance and Support Services, left the organisation under Voluntary Exit Scheme arrangements on 30 November 2015
- Mr Mark McNaughten became Temporary Director of Finance and Support Services on 1 December 2015
- Ms Donna Scott, Head of Legal Services, left the organisation under Voluntary Exit Scheme arrangements on 30 November 2015
- Mr Ralph Roche became Temporary Head of Legal Services on 1 October 2015.



**ACCOUNTABILITY REPORT (CONTINUED)**

In addition, changes to some SET Portfolios also took effect during the year.

- Assistant Chief Constable Mark Hamilton was interim Director of Human Resources until 29 February 2016, additionally he assumed the role of Assistant Chief Constable Service Improvement Department between 1 January 2016 and 1 February 2016. On 1 February 2016, Service Improvement Department was dissolved and a new Legacy and Justice Department was established with Assistant Chief Constable Hamilton as its lead.
- Mr Mark McNaughten was appointed T/Director of Human Resources on 1 March 2016. This is in addition to his role as T/Director of Finance and Support Services Department.

**Governance Structure**

The leadership team meets formally each month as the Service Executive Board (SEB) to provide executive management and governance to the operation and delivery of the PSNI. The SEB consists of PSNI Senior Management Team plus the Non-Executive Chair of the Audit and Risk Assurance Committee (ARAC). During 2015-16, SEB was supported by three other governance committees, ServiceFirst Board (SFB), ARAC, and the Strategic Tasking and Coordinating Group (STCG). Table 1 below is an outline of the PSNI Governance Schematic.

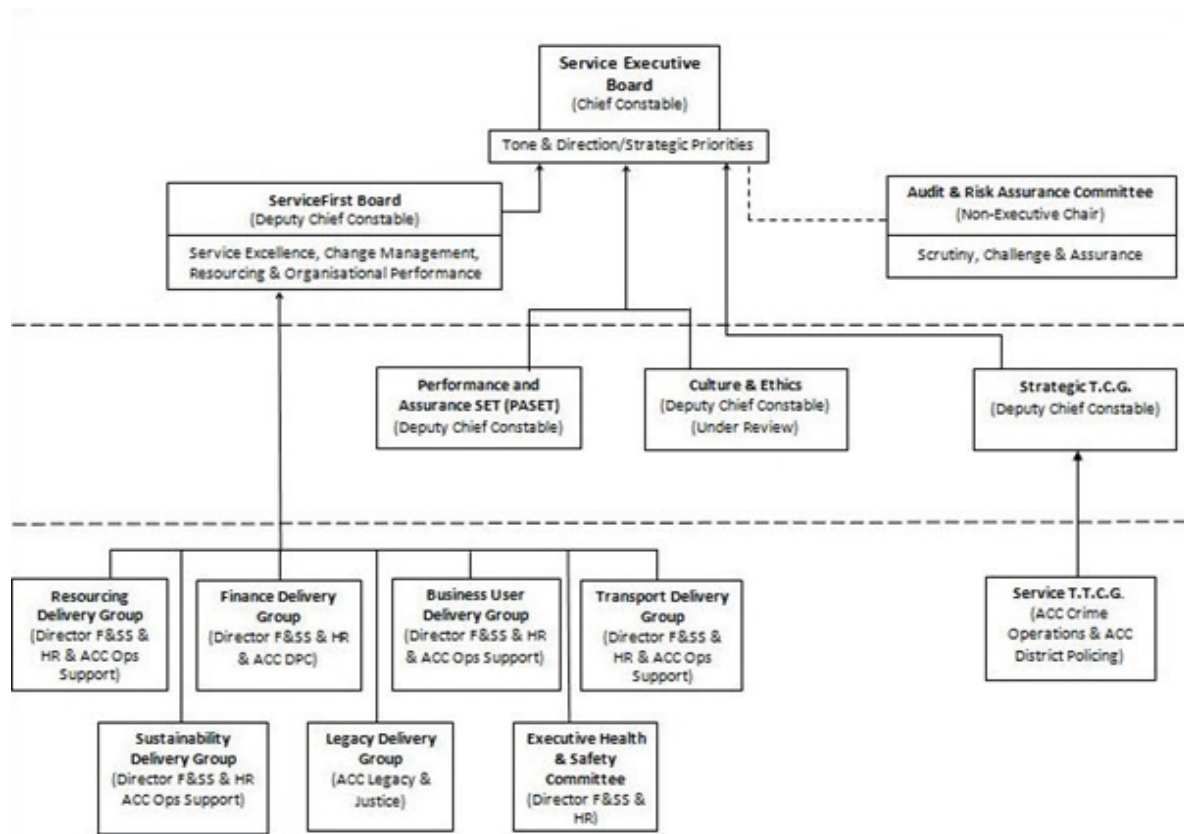


Table 1: PSNI Governance Schematic

**ACCOUNTABILITY REPORT (CONTINUED)**

The SFB, PASET, Culture and Ethics Committee and STCG committees are executive committees and support SEB by making strategic decisions in line with the tone and direction set by SEB.

SEB undertook a self-effectiveness review in May 2016 looking at its performance over the financial year 2015-16, and is satisfied with the level and type of information it received during the period. The SEB provided strategic direction for PSNI over the period.

**Attendance by the members during the year at SEB meetings is set out below:**

<b>Members as at 31 March 2016</b>	<b>Number of SEB meetings eligible to attend</b>	<b>Number of SEB meetings attended</b>
George Hamilton	12	12
Drew Harris	12	9
David Best (April – Nov 2015)	8	8
Mark McNaughten (Dec 2015-March 2016)	4	3
William Kerr	12	11
Mark Hamilton	12	11
Stephen Martin	12	8
Alan Todd	12	6
Chris Noble (April 2015 – Dec 2015)	9	7
Liz Young	12	11
Donna Scott* ( <i>represented by L.Crilly until 30/9/2015</i> )	6	6
Ralph Roche (from Oct 2015)	6	6
Dennis Licence	12	10

\*Member unable to attend. Represented by senior departmental colleague.  
The substantive director of Human Resources left the Service on 13 April 2016

ARAC consists entirely of independent members, chaired by an independent Chairperson with two other independent members, and is fully compliant with the National Audit Office’s Audit Committee Self-Assessment checklist, and the “HM Treasury Audit Committee Handbook”. ARAC met five times during 2015-16, providing me with assurance on issues of internal control, governance and risk. The Committee is informed from a number of sources, one being the Head of Internal Audit (Chief Audit Executive) who issues an independent opinion on the adequacy and effectiveness of PSNI’s system of internal control.

## **ACCOUNTABILITY REPORT (CONTINUED)**

Based on the work completed by Internal Audit, with the exception of those assignments which have received an “unacceptable” or “limited” assurance rating, a Satisfactory level of assurance has been provided by Internal Audit in relation to governance, risk management and control. Greater detail on specific areas is provided in the “Significant Internal Control Issues” section of this report.

Appropriate action will be taken by PSNI to address issues where “limited” or “unacceptable” assurance levels have been issued by Internal Audit, and where issues of a Priority 1 nature (using the prioritisation matrix for Internal Audit recommendation as classified by the Department of Finance and Personnel) have been raised.

### **Risk and Control Framework**

The SET and SEB assess how the achievement of our policies, aims and objectives might be affected by the risks we face, and the internal control framework is designed to mitigate those risks. The framework has been in place across the 2015-16 year. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, and it therefore provides reasonable rather than absolute assurance of effectiveness.

The internal control framework, which accords with DFP guidance and seeks to reflect best practise, is an ongoing live process identifying and prioritising the risks to the achievement of organisational policies, aims and objectives. I have put in place arrangements to ensure that a proper evaluation of the balance of the cost of control and the risk encountered is part of the PSNI decision making process. The internal control systems ensure that PSNI’s assets are utilised with regard to the overall value for money to public funds.

Within PSNI we manage our business with a view to the risks we face, using appropriate control systems. This process is embedded in how we undertake our responsibilities and includes clearly defined policies and processes, effective financial management and the identification and management of risks.

Our ability to handle risk can be clearly seen by the movements on the corporate risk register over the reporting period, ten new risks have been placed on the Corporate Risk Register (this includes risks which have been reviewed and rewritten) and one Corporate Risk was removed. There are currently 10 Risks on the Corporate Risk Register, with each one managed by a member of the SEB.

To ensure that we continue to respond to our changing environment, PSNI's strategic objectives are translated to our operations through working towards meeting the Northern Ireland Policing Plan, and by clearly defined accountabilities over the delivery of outputs and outcomes.

## ACCOUNTABILITY REPORT (CONTINUED)

We continue to refine management information and business reporting to provide SEB and the NIPB with appropriate and timely management information to allow them to identify and respond to emerging risks.

### Risk Management

Risk management is high on the business agenda and we manage risks in a structured manner. SET has reviewed the PSNI risk appetite using recognised classifications as follows: Averse, Neutral and Open and has agreed the organisational risk appetite across these categories of risk as provided in the following table:

Category	Appetite	Rationale
Reputation/ Confidence	Averse	The Minister's long term objective for policing is to improve confidence in policing, maintaining our reputation is of paramount importance in assisting us to work towards this objective. The avoidance of risk in this area is crucial.
Litigation	Averse	PSNI will seek at all times to act within the relevant legal and regulatory constraints. PSNI seeks to avoid intentional actions that will lead to litigation.
Resourcing	Open	The delivery of an efficient and effective policing service is key to improving confidence in policing. Whilst ongoing security issues often consume our resources we are open-minded and willing to consider all options that may result in improved and increased resources.
Continuous Improvement	Open	PSNI is committed to delivering an effective and efficient policing service whilst rising to the challenge of delivering substantial savings. Consideration will be given to all options that may result in an improved business benefit.
Service Delivery	Ranges from Averse to Open	PSNI recognises its responsibility to protect the public from the threat and risk of harm. When delivering a policing service PSNI appetite to risk ranges from 'Averse' when dealing with issues like Child Sexual Exploitation where risk will be avoided, to 'Open' when receiving and using intelligence that will help us combat the terrorist threat and deal with serious and organised crime.

Consideration and mitigation of risk is crucial to the effectiveness of the system of internal control.

Policies and instructions on PSNI service delivery and organisational management are developed, reviewed and communicated to staff through training and a variety of internal communications platforms. Following the findings from a number of pieces

## ACCOUNTABILITY REPORT (CONTINUED)

of work carried out by Internal Audit, PSNI are progressing a programme of work to restructure the policy framework and to ensure that policies and instructions are concise, user-friendly and risk-focussed. Adherence to service instructions is expected of staff and process failures can lead to recommendations regarding content review, training and/or discipline.

All Chief Officers and Service Managers, together with ARAC, have provided leadership to the risk management process throughout the reporting period. In addition the Corporate Risk Manager provides training, guidance and support across the organisation to enable all staff to manage risk.

PSNI has a risk management policy which clearly describes the various roles and responsibilities of relevant positions within PSNI. The monitoring and reporting of risk management arrangements are included in the policy.

Risk management is embedded into the organisation with each Department and District actively managing individual risk registers, and all have a common theme and link through to the Policing Plan objectives.

The Corporate Risk Register is managed by the Corporate Risk Manager and captures significant risks facing the organisation. The Risk Register is reviewed on a monthly basis at SFB, with changes to the register approved by SEB and reported to each ARAC meeting. The effectiveness of the risk management process is reported twice a year to SFB and ARAC, and is also used to assist in the Chief Officers Annual Performance Appraisal Process.

Stewardship reporting is a key assurance control for the accountability, ownership and management of risks throughout PSNI. All Senior Officers provide a statement of risk management assurance twice per year confirming they have reviewed the risks within their area of responsibility, and assessed the management of the risks identified. This is part of a hierarchy of stewardship reporting from Area Co-Ordinators and from ACCs through to the Stewardship Statement I provide to the Department of Justice at six monthly intervals. In addition during the year, control risk self-assessment processes were carried out within Finance and Support Services and formally reviewed by Internal Audit.

Processes to manage operational risks incorporate those risks identified through the operation of the National Intelligence Model (NIM). The NIM control strategies for each priority are aligned with the actions necessary to manage the identified risk.

ARAC, which consists of non-executive members, provides me with assurance that effective risk management, governance and control arrangements are in place. ARAC receives regular risk management updates, along with reports from internal and external audit. DOJ, NIPB and NIAO have standing invitations to attend the meetings of ARAC as observers, and also contribute to the business at the committee.

## ACCOUNTABILITY REPORT (CONTINUED)

### Areas of significant concern or risk

During the period PSNI has identified some areas of significant concern or risk that could impact on the delivery of policing. The following list has been updated with details from the most current Corporate Risk Register

**Terrorist Attack:** The terrorist threat level to PSNI remains at “severe”. Government has provided additional funding for this spending period to help deal with the threat, however it continues to affect conventional policing methods. There is an impact on the level of resources available to other core areas of policing, which could have a negative impact on public confidence.

**Historical Cases:** This involves several strands:

- (1) The review of Legacy cases, including
  - (a) those left unfinished or untouched by Historic Enquiries Team (HET) and
  - (b) those relating to the report by Lady Justice Hallett (2014)
- (2) Investigations into Legacy cases, arising from the reviews above, as well as from reports by Lord Saville (‘Bloody Sunday’) and legacy cases referred by the DPP.
- (3) Legacy Inquests. These require extensive preparation of both sensitive and non-sensitive material. Many of the Legacy Inquests have been or are subject to Judicial Review applications and/or Legacy litigation.
- (4) Legacy litigation. Legal Services Branch is dealing with a rapidly increasing number of civil litigation cases. A huge volume of documents must be considered for disclosure.
- (5) Legacy material. Paper and microfiche records need to be converted to a searchable digital database, but this will require significant funding. Related Freedom of Information (FOI) and Data Protection requests generate considerable work.

**Future Funding (Beyond 15/16):** A formal funding bid for the 3 year period to 2019/20 is yet to be commissioned by Government. However, our most recent expenditure projections makes clear that, even assuming a flat budget, there are very significant gaps in the years ahead. PSNI will continue to drive efficiency and, for example, is committed to implementing Priority Based Resourcing (PBR) across the whole organisation to help reduce costs and prioritise resources. However, despite plans for both transactional and transformational change, the current projections present serious concerns, and particularly in relation to Legacy where costs on investigation and inquests continue to rise. It is likely that decisions will be required that will have significant operational impacts in the years ahead. This highlights the criticality of work in producing a bid for the next Comprehensive Spending Review (CSR) period and in how the service is recalibrated to deliver an effective policing service with an organisation that is significantly smaller. The funding arrangements for PSNI continue to be restrictive and less flexible than those in place in England and Wales. The lack of a facility to carry over in-year underspends as part of a strategic reserve hampers the ability to improve policing and invest in long term effectiveness and efficiency. The considerable financial volatility affecting both the in-year budget and forecasts for future years make strategic financial planning very challenging. A fundamental review of the funding arrangements is long overdue.



## ACCOUNTABILITY REPORT (CONTINUED)

**Sickness Absence:** The level of sickness absence remains a key concern for the PSNI and is currently managed as a “critical incident”. A HR Strategic Lead has been allocated this as a defined portfolio of work and regular updates are provided to the Service Executive Team.

Work to date has had a positive impact on absence and this needs to be further developed therefore sickness remains on the corporate risk register. The actions on the risk register have recently been reviewed and will be refocused towards early intervention and a more effective use of the policies, procedures and resources.

**Property:** Evidence/property may be held by PSNI for investigatory work or to be used as evidence at court. There could be a negative impact on public confidence if the operation, control, and oversight of management of all items of property in the possession of police is not compliant with laws, appropriate regulations and internal controls. Internal Audit highlighted some issues which together with the wider concerns of lack of resourcing and lack of future storage particularly at the facility at Seapark which will be at capacity in 2 years, need to be addressed. The Corporate Property Management Group (CPMG) is co-ordinating the management response.

**Policy Review:** A risk was identified that the current Service Policy structure did not provide confidence that procedures were operationally effective, corporately consistent, and could withstand compliance and auditable scrutiny. As a result a comprehensive review of Service Policy has been implemented. The review has amended the defined corporate documentation set including a Service Policy Framework of key, high level and succinct Policy Statements covering all strategic business areas. Service instructions are being reviewed to ensure that content and templates focus on streamlined process, end-user friendliness and key risk control. A Prioritisation Matrix has been designed, reflecting the PSNI Strategic Priorities, to inform a timetable for review and roll out.

**Voluntary Exit Scheme:** VES is entering its final stage with 175 staff members having left the organisation via tranches 1, 2 and 3. The posts to be released in the final tranche are currently under consideration with an exit date of 30 September 2016. A planning exercise is currently underway to identify the optimum future staff distribution across the organisation based on the affordable number of staff as indicated in the one year resource plan for 1 April 2016 to 31 March 2017. In addition the Head of HR has tasked Workforce Planning to develop scenario planning for post VES and to identify HR solutions for the reduction of staff within the business. It is anticipated that this will assist in identifying priority areas for staffing within each area and department.

It is also anticipated that the implementation of Priority Based Resourcing will result in changes to processes which will also assist in managing service delivery with fewer staff.

## **ACCOUNTABILITY REPORT (CONTINUED)**

### **Security Funding**

As Chief Constable I receive funding relating to national security and reserved matters, which comes from the Northern Ireland Executive and HM Treasury. I receive the funding through the normal grant mechanisms, and I report back on the spend to the NIPB, DOJ, and DFP. I also provide detailed operational and financial reports to the Northern Ireland Office and Whitehall due to the nature of this funding. The SEB also receives monthly reports relating to this funding. Security funding is subject to the normal PSNI policies and procedures including external and internal auditing procedures. In addition, PSNI and the Northern Ireland Office form part of a working group which has recently been established to monitor security funding on a day by day basis. A previous costing exercise reported that PSNI also spends an estimated 27% of its main grant budget dealing with the current security situation. This diverts limited resources away from day to day policing and means that any reduction in main grant funding has a potentially direct impact on national security issues.

### **Statement of Information Risk**

Together with the staff of PSNI, I have privileged access to data and information to support the discharge of the policing function and ensure that the work undertaken by PSNI is factual, accurate and complete.

The Service adopts the principles of the Cabinet Office's Security Policy Framework achieving certified compliance with the Public Service Network and National Policing information security requirements on 24 October 2015. PSNI will move to adopt the Government Security Classification (GSC) policy with effect from 1 June 2016 in line with National Policing Chief Council's direction.

During 2015 both a new Information Security Strategy and Information Management Policy Directive were published. The Strategy's vision is to create a culture that is embedded across PSNI which enables the effective use of information to support our strategic policing aims. It supports our aim of Keeping People Safe by keeping information safe.

Assistant Chief Constable Operational Support Department fulfils the role of PSNI Senior Information Risk Owner (SIRO) and is supported by a dedicated Information Security Unit led by the PSNI Accreditor. A well-established network of Operational Business Owners (Information Asset Owners) oversee all of the information assets held by the Service.

A report on the activities of the Information Security Unit, including the accreditation status of all the Service's corporate information systems, is presented to the Business User Delivery Group (BUDG) quarterly with incremental reports to the SIRO on a monthly basis.



## **ACCOUNTABILITY REPORT (CONTINUED)**

The Service continues to work towards conforming with the Cabinet Office Information Assurance Maturity Model. At 31 March 2016 we can demonstrate 100% Compliance at Levels 1 and 2, and 96.8% Compliance at Level 3, in all six of the key risk areas of the Maturity Model. During 2015 we conducted an external supply chain assessment seeking assurance on risk management practices across 58 organisations who hold, process or transfer personal information related to policing in Northern Ireland.

### **Personal Data Related Incidents**

As PSNI Accounting Officer I have responsibility for ensuring the security of personal data and to respond if there has been a breach or potential breach of the Data Protection Act. Following on from reporting of a critical incident of notebook losses to the Information Commissioner's Office (ICO) last year, which I highlighted in last year's Governance Statement, the ICO has since investigated this matter. In that case the ICO has ruled that they would not take any formal enforcement action against PSNI and welcomed the remedial steps taken by PSNI including risk assessments and disciplinary action. They suggested PSNI ensure data protection training is provided to all staff. All staff have since been informed of the need to complete mandatory data protection and information security training. At present PSNI has self-referred a further potential data protection breach involving possible unauthorised data sharing by members of its staff. The PSNI is currently working with the ICO to jointly investigate this matter and the circumstances surrounding it. A corporate risk in relation to this matter has been raised and a Gold Group to manage this investigation convened. PSNI continues to meet regularly with the ICO and its Assistant Commissioner for Northern Ireland.

### **Review of Effectiveness**

As PSNI Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the Service Executive Officers (Chief Officers) within the organisation who have responsibility for the development and maintenance of the internal control framework, and the work undertaken by the Internal and External Auditors during the reporting period.

## ACCOUNTABILITY REPORT (CONTINUED)

### Significant Internal Control Issues

During the year a number of audits conducted by Internal Audit identified issues including a number regarding operational compliance with Service Procedures.

Among a number of audits which received a Limited rating were the following:

- Compliance with Service Procedure: Victim and Witness Care
- Managing Attendance
- Training and Development

#### **Compliance with Service Procedure: Victim and Witness Care**

A limited assurance opinion has been issued with respect to Compliance with Service Procedure : Victim and Witness Care, with a Priority 1 issue identified relating to update of victims.

A number of instances were identified where there was no evidence that PSNI had updated victims at key points as required by the Policy Directive. Failure to ensure that victims are updated on a regular and timely basis following the development of certain aspects of the case will undermine the care process intended by PSNI and could lead to a risk that victims will be unhappy with the service provided.

#### **Managing Attendance**

A limited assurance opinion has been issued with respect to Managing Attendance, with a Priority 1 issue identified relating to Line Manager non-compliance with the Attendance Management guidance.

Instances were identified where there was either failure to contact absent employees at the required time, or delay in undertaking this contact. Failing to comply with relevant guidance may lead to issues in management of sickness absence. This in turn may lead to missed opportunities to facilitate staff to return to work, thereby incurring additional cost to PSNI.

#### **Training and Development**

An unacceptable assurance opinion has been issued in respect of Training and Development- focusing on Refresher Training, with one critical Priority 1 finding and one further Priority 1 finding identified. The Critical Priority 1 finding relates to significant concerns identified regarding the governance of all training courses, particularly the lack of corporate oversight with regard to overdue training. Failure to appropriately identify what refresher training courses are mandatory could result in Officers receiving refresher training which is not required, leading to costs for PSNI, or not receiving refresher training that is required, resulting in an increased risk of harm to the Officers and members of the public.

An additional Priority 1 issue was identified relating to PSNI not including overdue training as a risk within the corporate risk register.

## **ACCOUNTABILITY REPORT (CONTINUED)**

A number of other Limited reports containing Priority 1 findings were also issued and are listed below:

### **Payroll**

A limited assurance opinion has been issued with respect to a Review of Payroll with one Priority 1 finding identified relating to pre-approval and subsequent authorisation of overtime.

### **Review of Legal Services Management Information to Northern Ireland Policing Board**

A limited assurance opinion has been issued with respect to Review of Legal Services Management Information to Northern Ireland Policing Board with one Priority 1 finding identified relating to preparation and review of information contained in the “General Purpose” (GP) Report which PSNI provide to the Policing Board. Notwithstanding this, there is no concern over the accuracy of data that has been provided to the Policing Board.

### **Serious Crime Expenditure**

A limited assurance opinion has been issued with respect to Serious Crime Expenditure with two Priority 1 findings identified relating to raising of purchase orders within Crime Operations Department and evidencing receipt of goods/services.

Although limited assurance ratings were received in Compliance Audits regarding Compliance with Service Procedure in respect of Unexpected, unexplained or suspicious deaths and human tissue retention and Compliance with Service Procedure in respect of Threats to Life, subsequent audit testing undertaken in the latter part of the year has delivered favourable results, resulting in an updated overall opinion.

All Internal Audit findings in respect of these reports have been placed on the PSNI’s Overview system to be addressed and progressed towards discharge.

The Northern Ireland Audit Office has undertaken external audit work on the organisation in addition to its annual financial audit on PSNI’s financial statements.

There is one report to consider:

## ACCOUNTABILITY REPORT (CONTINUED)

### Continuous Improvements in Policing

The Comptroller and Auditor General (NI) audited the NIPB's continuous improvement arrangements as required by Part V of the Police (NI) Act 2000. The report published on 8 March 2016 contains an unqualified audit opinion on the Policing Plan for 2015-16 and the performance of the Policing Board and PSNI in 2014-15. Within the report a number of recommendations were made covering issues such as reporting on performance, capturing benefits realised through Continuous Improvement projects and ensuring timescales for completion/implementation of such projects are realistic. A number of the recommendations have now been addressed and discharged, and those which remain current are managed through the PSNI Overview system to track progress being made towards discharging them.

PSNI staff worked closely with staff from the NIPB to develop a Policing Plan for 2016-17 which addressed the issues raised by the Comptroller and Auditor General (NI) in his audit report of the previous year.

No ministerial directions were received during the period.

There are a number of other sources from which I draw assurance on the system of internal control. These include the work of those independent external bodies which provide a challenge function to the work of PSNI including;

The Northern Ireland Policing Board  
The Department of Justice  
Northern Ireland Audit Office  
Her Majesty's Treasury  
The Criminal Justice Inspectorate of Northern Ireland  
Her Majesty's Inspectorate of Constabulary  
Surveillance Commissioner  
Human Rights Commission

Any issues of control weaknesses, identified from reviews carried out by these independent bodies in 2015-16, have been considered and action taken with progress on actions outstanding monitored through the "Overview" system.

SEB continues to keep its internal control arrangements under review in response to internal and external developments. SEB is independently advised by ARAC which meets five times per year, and reports through its annual report and regular meetings between the independent Chair of ARAC and the Deputy Chief Constable.

Internal Audit submits regular reports on the management of key business risks and the effectiveness of the system of internal control, making recommendations for improvement where appropriate. These are formally reported to ARAC at each meeting.

**ACCOUNTABILITY REPORT (CONTINUED)**

Those recommendations accepted by PSNI have been implemented, or are being implemented against agreed timetables, with those accepted recommendations past their initial planned end date reported to ARAC, and quarterly to SEB.

**Accounting Officer's Statement of Assurance**

I have considered the assurances provided by PSNI Senior Officers, ARAC, Internal Audit, External Audit and external scrutiny bodies.

As the PSNI Accounting Officer, I am satisfied with the overall effectiveness of the system of internal control and am content that adequate plans exist to address any weaknesses and to ensure continuous improvement.

## **ACCOUNTABILITY REPORT (CONTINUED)**

### **REMUNERATION AND PAY REPORT**

#### **Remuneration policy**

The remuneration of PSNI Chief Officers is set by the Northern Ireland Policing Board.

In reaching its recommendations, the Policing Board has considered the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments and other public bodies to meet the output targets for the delivery of services;
- the funds available to the organisation;
- the Government's inflation target; and
- the recommendation of the Senior Salaries Review Body and the Minister for Justice Recommendation on pay increases, and Chief Officer pay scales.

The Policing Board takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

#### **Service contracts**

The Policing Board is responsible for the appointment and service contracts of Chief Officers.

#### **Chief Constable & Deputy Chief Constable**

Chief Constable George Hamilton was appointed by the Policing Board on the 30 June 2014.

The Deputy Chief Constable was appointed by the Policing Board on the 13 October 2014.

## **ACCOUNTABILITY REPORT (CONTINUED)**

The PSNI Regulations 2005 specify a fixed term of five years for the post of Chief Constable or Deputy Chief Constable, which may be extended for a further term of a maximum of three years and for subsequent terms of a maximum of one year. Any extension or subsequent extension which is due to expire more than one year after the expiry of the original fixed term shall require the consent of the Department of Justice.

Should the Policing Board decide not to extend a contract of the Chief Constable or Deputy Chief Constable, it is required to give a minimum notice period of six months.

### **Assistant Chief Constables**

There is a requirement for the Policing Board to provide an annual review of appointment in respect of those Assistant Chief Constables with more than 30 years pensionable service and who have reached the age of 55, to determine whether their continuing service is in the interests of the service.

The appointment dates for current Assistant Chief Constables appointed by the Board are as follows:

William Kerr	16 August 2009
Mark Hamilton	5 August 2013
Stephen Martin	30 June 2014
Alan Todd	26 April 2016

### **Civilian Chief Officers**

There are currently no substantively appointed Civilian Chief Officers in post.

### **Senior Executives**

The appointment dates for current senior executives are as follows:

Liz Young	10 March 2008
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Unless otherwise stated, Civilian Chief Officers and Senior Executives hold appointments which are open ended or until they reach retirement age.

Provision for compensation on early termination, for anything other than misconduct, is subject to the advice of the Department of Justice.

There have been no awards made in respect of early termination during the 2015-16 year.

**ACCOUNTABILITY REPORT (CONTINUED)**

**Salary and pension entitlement: (Audited Information)**

Remuneration and pension information for the year ended 31 March 2016 is as follows:

	Salary 2015-16 £000's	Benefit in Kind 2015-16 £000's	Bonus 2015-16 £000's	* Pension Benefits 2015-16 £000's	Single Total Figure of remuneration £000's
Chief Constable George Hamilton	220-225	NIL	NIL	331	550-555
Deputy Chief Constable Drew Harris	180-185	NIL	NIL	368	545-550
Assistant Chief Constable Crime Operations William Kerr	125-130	NIL	NIL	67	190-195
Assistant Chief Constable Human Resources Mark Hamilton	115-120	NIL	NIL	72	185-190
Assistant Chief Constable District Policing Stephen Martin	115-120	NIL	NIL	119	235-240
T/Assistant Chief Constable Organisational Support Alan Todd	115-120	NIL	NIL	101	220-225
T/Assistant Chief Constable Service Improvement Chris Noble (Full Year Equivalent) <sup>1</sup>	80-85 (105-110)	NIL	NIL	101	180-185
Director of Finance & Support Services David Best (Full Year Equivalent) <sup>1</sup>	75-80 (115-120)	NIL	NIL	(73)	5-10
Director of Human Resources Joe Stewart	115-120	NIL	NIL	16	130-135
T/ Director of Finance & Support Services and Human Resources Mark McNaughten ( Full Year Equivalent) <sup>1</sup>	35-40 (105-110)	NIL	NIL	34	70-75
Head of Legal Service Donna Scott (Full Year Equivalent) <sup>1</sup>	40-45 (60-65)	NIL	NIL	35	75-80
T/Head of Legal Service Ralph Roche (Full Year Equivalent) <sup>1</sup>	30-35 (65-70)	NIL	NIL	25	55-60
Head of Corporate Communications Liz Young	75-80	NIL	NIL	25	100-105
Non-Executive Member Dennis Licence <sup>2</sup>	25-30	NIL	NIL	-	25-30

*\*The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights*

1. Details of Senior Executive Board Members start and end dates are provided on pages 18 and 19.
2. As a non-executive member it is not appropriate to include a full time equivalent figure, as the member is paid a per diem rate for attending Board meetings



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**ACCOUNTABILITY REPORT (CONTINUED)**

Comparative Remuneration and pension information for the year ended 31 March 2015 is as follows:

	Salary 2014-15 £000's	Benefit in Kind 2014-15 £000's	Bonus 2014-15 £000's	Pension Benefits 2014-15 £000's	Single Total Figure of remuneration £000's
Chief Constable George Hamilton (Full Year Equivalent) <sup>1</sup>	195-200 (215-220)	NIL	NIL	930	1,125-1,130
Chief Constable Matt Baggott (Full Year Equivalent) <sup>1</sup>	100-105 (195-200)	NIL	NIL	-	100-105
Deputy Chief Constable Drew Harris (Full Year Equivalent) <sup>1</sup>	150-155 (175-180)	NIL	NIL	310	460-465
Assistant Chief Constable Crime Operations William Kerr	125-130	NIL	NIL	58	180-185
Assistant Chief Constable Human Resources Alistair Finlay (retired 22 March 2015)	155-160	NIL	NIL	336	490-495
Assistant Chief Constable Human Resources Mark Hamilton	110-115	NIL	NIL	93	200-205
Assistant Chief Constable District Policing Stephen Martin	110-115	NIL	NIL	169	280-285
T/Assistant Chief Constable Organisational Support Alan Todd	105-110	NIL	NIL	174	280-285
T/Assistant Chief Constable Service Improvement Chris Noble (Full Year Equivalent) <sup>1</sup>	0-5 (105-110)	NIL	NIL	55	55-60
Director of Finance & Support Services David Best	115-120	NIL	NIL	(9)	105-110
Director of Human Resources Joe Stewart	115-120	NIL	NIL	19	125-130
Deputy Director of Human Resources Michael Cox ( Full Year Equivalent) <sup>1</sup>	50-55 (100-105)	NIL	NIL	61	110-115
Head of Legal Service Donna Scott	80-85	NIL	NIL	34	115-120
Head of Corporate Communications Liz Young	75-80	NIL	NIL	23	95-100
Non-Executive Member Dennis Licence <sup>2</sup>	0-5	NIL	NIL	-	0-5

'Salary' includes gross salary; performance pay; untaken leave allowance; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Bonuses are based on performance levels attained and are made as part of the appraisal process. No bonuses were paid in 2015-16 (None 2014-15).

**ACCOUNTABILITY REPORT (CONTINUED)**

**Salary and pension entitlement: Pay Multiples (Audited information)**

<b>2015-16</b>	<b>£000's</b>	<b>2014-15</b>	<b>£000's</b>
<b>Organisation Total</b>		<b>Organisation Total</b>	
Remuneration of Highest Paid all Employees		Remuneration of Highest Paid all Employees	
Total Remuneration	<b>220-225</b>	Total Remuneration	<b>215-220</b>
Median Total Remuneration	<b>39.67</b>	Median Total Remuneration	<b>38.52</b>
Ratio	<b>5.57</b>	Ratio	<b>5.69</b>
<b>Police</b>		<b>Police</b>	
Remuneration of Highest Paid Police Officer's		Remuneration of Highest Paid Police Officer's	
Total Remuneration	<b>220-225</b>	Total Remuneration	<b>215-220</b>
Median Total Remuneration	<b>41.84</b>	Median Total Remuneration	<b>41.44</b>
Ratio	<b>5.28</b>	Ratio	<b>5.29</b>
<b>Police Staff</b>		<b>Police Staff</b>	
Remuneration of Highest Paid Director's		Remuneration of Highest Paid Director's	
Total Remuneration	<b>115-120</b>	Total Remuneration	<b>115-120</b>
Median Total Remuneration	<b>24.95</b>	Median Total Remuneration	<b>24.66</b>
Ratio	<b>4.75</b>	Ratio	<b>4.78</b>

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Executives in their organisation and the median remuneration of the organisations workforce.

The banded remuneration of the highest paid Executives in the PSNI in the financial year 2015-16 was £220,000-225,000 (2014-15 was £215,000-220,000). This was 5.69 times (2014-15, 5.69) the median remuneration of the workforce, which was £39,672 (2013-14 £38,518).

No employees in 2015-16 or 2014-15 received remuneration in excess of the highest paid Executive. Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The ratio of the highest paid Executive has only marginally changed since 2014-15. As PSNI has two distinct pay structures, one for police and one for police staff, the median and pay multiples for each of these two pay structures has also been provided above.

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ACCOUNTABILITY REPORT (CONTINUED)

Pension Benefits (Audited Information)

Audited Information	Accrued pension as at 31 March 2016 £000's	Real increase in pension and related lump sum at 31 March 2016 £000's	CETV at 31 March 2016 £000's	CETV at 31 March 2015 <sup>2</sup> £000's	Real increase in CETV £000's
George Hamilton <sup>1</sup>	130-135	15.0-17.5	3,120	2,559	470
Drew Harris <sup>1</sup>	105-110	17.5-20.0	2,490	2,068	429
William Kerr <sup>1</sup>	55-60	2.5-5.0	1,340	1,209	77
Mark Hamilton <sup>1</sup>	45-50	2.5-5.0	656	581	44
Stephen Martin <sup>1</sup>	65-70	5.0-7.5	1,506	1,316	135
Alan Todd <sup>1</sup>	55-60	5.0-7.5	968	846	85
Chris Noble <sup>1</sup>	35-40	5.0-7.5	511	432	55
David Best	40-45 plus 285-290 lump sum	(10-12.5) plus 127.5-130 lump sum	1,146	1,235	(52)
Joe Stewart	15-20 plus 50-55 lump sum	0-2.5 plus 2.5-5.0 lump sum	414	385	15
Mark McNaughten	15-20 plus 50-55 lump sum	0-2.5	307	259	12
Donna Scott	15-20	0-2.5	206	181	17
Ralph Roche	0-5	0-2.5	30	14	10
Liz young	10-15	0-2.5	233	193	19

Note:

1. PSNI Police Officers have the option of electing for a lump sum paid on retirement (up to 25% of their total accrued pension benefits). The figures shown are the gross pension figures assuming no lump sum payment.
2. Due to a revision of factors for CETV for the Police Pension Schemes by the Government Actuary, 2014-15 has been restated to provide consistency.

These pension benefits are provided through two pension schemes depending on the employment status of the individual.

## ACCOUNTABILITY REPORT (CONTINUED)

### PRINCIPAL CIVIL SERVICE PENSION SCHEME (NI)

Pension benefits for PSNI Police Staff are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (Classic, Premium, and Classic Plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI Figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

The Alpha Pension Scheme members pay contributions at a rate in the range of 4.6% to 8.05% dependent on pensionable pay. On death the scheme pays a lump sum of two times pensionable earnings and a half rate assumed upper tier medical retirement as a pension to a spouse or partner. Spouse/partner benefits paid following retirement is half of accrued pension at date of retirement and protected by Consumer Price Index.

The Northern Ireland Civil Service pension schemes are unfunded multi-employer defined benefit schemes but PSNI is unable to identify its share of the underlying

## ACCOUNTABILITY REPORT (CONTINUED)

assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £13,408,320 were paid to the PCSPS (NI) (2014-15: £11,835,599) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of the new career average earning scheme, alpha, from April 2015. For 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners

Employee contributions are payable at a rate in the range of 3% to 8.05% of pensionable earnings for Classic and 4.6% to 8.05% for Premium, Classic Plus and Nuvos dependent on pensionable pay. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Employee contribution rates for all members for the period covering 1 April 2016 – 31 March 2017 are as follows:

Annual pensionable earnings (full-time equivalent basis)	New 2016 contribution rate before tax relief for Members:	New 2016 contribution rate before tax relief for Classic plus, premium, nuvos, and Alpha
Up to £15,000.99	3.8%	4.6%
£15,001 - £21,210.99	4.6%	4.6%
£21,211-£48,471.99	5.45%	5.45%
£48,472-£150,000.99	7.35%	7.35%
Over £150,001	8.05%	8.05%

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.7% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

## ACCOUNTABILITY REPORT (CONTINUED)

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

There were no contributions due to the partnership pension providers at the reporting date. There were no contributions prepaid at that date.

No individual retired early on ill health grounds during 2015-16.

## POLICE PENSION SCHEMES

Pension benefits for PSNI officers, including Full Time Reserves, are provided through the PSNI Police Pension Scheme, the New Police Pension Scheme (NPPS) and from April 2015 the 2015 Police Pension Scheme.

### Police Pension Scheme (PPS)

This is a statutory scheme that provides benefits on an "Average Pensionable Pay (APP)" basis at age 55 regardless of rank. It is a defined benefits final salary scheme. All officers are entitled to work to age 60 and can apply for 5 yearly extensions after age 60.

For the year to 31 March 2016, employer's contributions of £27,080,259 have been paid at the rate of 25.1% of pensionable pay. For 2014-15, employers' contributions of £44,744,525 were paid to the PSNI PPS. In addition employers' contributions totalling £4,038,462 have been paid for the year to 31 March 2016 in respect of ill-health retirements (2014-15 £3,643,890). To qualify for an ordinary retirement pension, an officer has to complete 25 years' service and attain 50 years of age. Benefits accrue at the rate of 1/60th of APP for each year of service up to 20 years, and 2/60th for each year thereafter, up to a maximum of 40/60th of APP. There is an option for a lump sum to be paid on retirement, if the officer elects to give up (commute) up to 25% of the pension. Actuarial tables are used to calculate the lump sum. Members pay contributions of 11% of basic pay. Pensions increase in line with the Consumer Prices Index effective 1 April 2011 (previously Retail Prices Index).

On death, pensions are payable to the surviving spouse or children, subject to provisions within the scheme.

## **ACCOUNTABILITY REPORT (CONTINUED)**

On death in service that is not as a result of an injury on duty (IOD) the scheme pays a lump sum benefit of twice pensionable pay, and there are also pension benefits for the spouse and/or children of the deceased. On death as a result of IOD, or death within 12 months of retiring as a result of an injury, a lump sum benefit of 5 times pensionable pay is payable, subject to scheme conditions. Medical retirement is possible in the event of serious ill health. Officers with less than 2 years' service receive a lump sum benefit (gratuity), and those with more than 2 years' service receive an ill-health pension, depending on the number of years of actual pensionable service. This scheme is now closed to new recruits from the 6 April 2006. Existing officers had a one off opportunity to transfer to the New Police Pension Scheme.

### **New Police Pension Scheme (NPPS)**

For the period to 31 March 2016, employer's contributions of £1,039,149 have been paid at the rate of 25.1% of pensionable pay. For 2014-15, employers' contributions of £14,659,660 were paid to the PSNI NPPS.

To qualify for an ordinary retirement pension, an officer must serve to age 55. Benefits accrue at the rate of 1/70th of APP for each year of service up to a maximum of 35/70th of APP.

In addition to the pension a defined lump sum of four times pension is payable. Members pay contributions of 9.5% of basic pay. Pensions increase in line with the Consumer Prices Index. On death, pensions are payable to the surviving spouse, civil partner, unmarried partner or children, subject to provisions within the scheme. On death in service, that is not as a result of an injury on duty (IOD), the scheme pays a lump sum benefit of three times pensionable pay, and there are also pension benefits for the spouse, civil partner, unmarried partner and/or children of the deceased.

On death as a result of IOD, or death within 12 months of retiring as a result of an injury, a lump sum benefit of 5 times pensionable pay is payable, subject to scheme conditions. There is a 2 tier medical retirement pension for officers with over 2 years' service. If an officer is permanently disabled for the ordinary duties of a member of PSNI a standard ill health pension is awarded. If an officer is disabled from the ordinary duties of a member of PSNI and permanently disabled for any regular employment an enhanced top-up ill health pension could be awarded.

### **The 2015 Police Pension Scheme (Northern Ireland)**

From 1 April 2015 a new Career Average Revalued Earnings pension scheme was introduced. Existing members of the 1988 and 2006 schemes moved over or will move over at a future date to the 2015 if they do not have pension protection.



## **ACCOUNTABILITY REPORT (CONTINUED)**

For the period to 31 March 2016, employer's contributions of £33,268,530 have been paid at the rate of 25.2% of pensionable pay. For 2014-15, there were no employers' contributions paid to the PSNI 2015 Pension Scheme. Benefits accrue at 1/55.3 of annual pensionable pay and receive annual uprating of Consumer Price Index (CPI) plus 1.25%. Benefits are payable in full from age 60 or on an actuarially reduced basis from age 55. A lump sum on retirement is not automatic but an officer can opt to commute up to a maximum of 25% of gross pension into a lump sum.

Members pay one of three contributions ranging from 12.44% to 13.78% of basic pay dependent on pensionable pay. On death, pensions are payable to the surviving spouse, civil partner, unmarried partner or children, subject to provisions within the scheme. On death in service, that is not as a result of an injury on duty (IOD), the scheme pays a lump sum benefit of three times pensionable pay, and there are also pension benefits for the spouse, civil partner, unmarried partner and/or children of the deceased.

On death as a result of IOD, or death within 12 months of retiring as a result of an injury, a lump sum benefit of 5 times pensionable pay is payable, subject to scheme conditions. There is a 2 tier medical retirement pension for officers with over 2 years service. If an officer is permanently disabled for the ordinary duties of a member of PSNI a standard ill health pension is awarded. If an officer is disabled from the ordinary duties of a member of PSNI and permanently disabled for any regular employment an enhanced top-up ill health pension could be awarded.

### **Pension Protection**

Following the introduction of the 2015 Police Pension Scheme for Police officers and the Alpha Pension Scheme for Police Support Staff, protection of pension rights were given to some existing members of staff. For police officers and police support staff within 10 years of retirement they received full protection which meant they remained in their existing pension scheme. Some police officers and police support staff received tapered protection which means they move or moved to the respective new scheme at a date later than 1 April 2015. This tapered protection was dependent on age, service or a mixture of both. Any police officers or police support staff who did not have full or tapered protection moved to either the 2015 Police Pension Scheme or The Alpha Scheme from 1 April 2015

### **EMPLOYER PENSION COSTS**

Pension costs for employer contributions noted above are stated as the actual cash payments made in 2015-16 (total £78,835k).

Employer pension costs disclosed on page 54 of £74,894k are reported on an accrual basis.



## **ACCOUNTABILITY REPORT (CONTINUED)**

### **SEVERANCE PAYMENTS**

Severance Payments have been made from 1 January 2001 to officers leaving the PSNI under the Voluntary Severance or Full Time Reserve programmes for the PSNI. The Schemes were developed in line with the recommendations of the Independent Commission on Policing (Patten) and it was necessary to fulfil Government commitments, to permit officers to leave from the planned date of 1 January 2001.

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the PCS (NI) or PSNI Police Pension Scheme arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The actuarial factors used to calculate CETVs changed during 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. However, the real increase calculation uses common actuarial factors at the start and the end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

**ACCOUNTABILITY REPORT (CONTINUED)**

**Compensation for loss of Office (Audited Information)**

The Director of Finance and Support Services and the Head of Legal Services both left the service on 31 October 2015 under the terms of the PSNI Voluntary Exit Scheme, receiving £50k and £55k compensation payments respectively.

**STAFF NUMBERS AND RELATED COSTS (AUDITED INFORMATION)**

Details of the total staff costs and breakdown of staff between permanently employed and other staff are shown below:

	2015-16 Permanently Employed Staff	2015-16 Others	2015-16 Staff Costs Total	2014-15 Staff Costs Total
	£000's	£000's	£000's	£000's
Wages & salaries	400,131	789	400,920	407,549
Social security costs	34,318	-	34,318	34,203
Pension Costs	<u>74,894</u>	<u>-</u>	74,894	71,237
<b>Total staff costs</b>	<b>509,343</b>	<b>789</b>	<b>510,132</b>	<b>512,989</b>
Less recoveries in respect of outward secondments	<u>(45)</u>	<u>-</u>	<u>(45)</u>	<u>(121)</u>
<b>Total net costs</b>	<b><u>509,298</u></b>	<b><u>789</u></b>	<b><u>510,087</u></b>	<b><u>512,868</u></b>

**Average numbers of persons employed:**

The average number of persons employed during the year was as follows:

	Total	2015-16 Permanent Staff	2015-16 Others	2014-15 Total Staff
Directly Employed	9,478	9,478	-	9,429
Other	13	-	13	219
Staff Engaged in Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>9,491</u></b>	<b><u>9,478</u></b>	<b><u>13</u></b>	<b><u>9,648</u></b>

**ACCOUNTABILITY REPORT (CONTINUED)**

**Reporting of Compensation and Exit Packages for all Staff 2015-16  
(Audited information)**

Details of all compensation and exit packages for Police Officers and police staff are outlined below:

<b>Exit Package Cost Band</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other departures agreed</b>	<b>Total number of Exit Packages by cost band</b>
< £10,000	-	5	5
£10,000 - £25,000	-	91	91
£25,000 - £50,000	-	53	53
£50,000 - £100,000	-	2	2
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
£200,000 - £250,000	-	-	-
£250,000 - £300,000	-	-	-
<b>Total number of Exit Packages</b>	-	151	151
<b>Total Resource Cost (£)</b>	-	<b>3,313,913</b>	<b>3,313,913</b>

**Assumptions:**

Exit costs are accounted for in year of departure. The costs above reflect the leavers under the PSNI voluntary Exit Scheme in 2015-16.

Where early retirement has been agreed, the additional costs are met by the PSNI.

Ill-health retirement costs are met by the pension scheme and not to be included in the above, these costs are set out on page 50.

**ACCOUNTABILITY REPORT (CONTINUED)**

**Reporting of Compensation and Exit Packages for all Staff 2014-15  
(Audited Information)**

<b>Exit Package Cost Band</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other departures agreed</b>	<b>Total number of Exit Packages by cost band</b>
< £10,000	1	-	1
£10,000 - £25,000	-	2	2
£25,000 - £50,000	-	-	-
£50,000 - £100,000	-	-	-
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
£200,000 - £250,000	-	-	-
£250,000 - £300,000	-	-	-
<b>Total number of Exit Packages</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Total Resource Cost (£)</b>	<b>9,648.56</b>	<b>26,166.84</b>	<b>35,815.40</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure.

Where early retirement has been agreed, the additional costs are met by the PSNI. Ill-health retirement costs are met by the pension scheme and not to be included in the above, these costs are set out on page 50.

The compulsory redundancy relates to a dismissal due to inefficiency.

## ACCOUNTABILITY REPORT (CONTINUED)

### Employees

PSNI places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting performance of the organisation. This is achieved through formal and informal meetings, regular briefings, information bulletins, intranet updates/blogs and staff newsletters.

Employee representatives are consulted regularly on a wide range of matters affecting current and future interests.

PSNI has a policy of equal opportunities which applies in relation to recruitment of all new employees and to the management of existing personnel. All staff are offered training relevant to their roles and this has contributed to the overall performance of the organisation.

A breakdown of PSNI employees as at 31 March 2016 by Gender is shown below;

	Gender Breakdown as at 31 March 2016	
	Female	Male
Senior Executive Team	1	9
Senior Managers	4	16
PSNI Officers/Staff	3,508	6,008
<b>Total</b>	<b>3,513</b>	<b>6,033</b>

### Disabled persons

PSNI is an equal opportunity employer and took full cognisance of the Northern Ireland Civil Service Code of Practice on the employment of people with disabilities.

### Employee involvement

PSNI maintains regular communications and contact with managers and staff through meetings, team briefings, internal blogs, intranet, seminars, circulars, information bulletins and staff newsletters. It also has well established arrangements for formal consultation with recognised Trade Union representatives on all significant developments and issues affecting staff.

**ACCOUNTABILITY REPORT (CONTINUED)**

**Sickness absence data**

The reported average number of working days lost due to sickness for 2015-16 are shown below. The figures show an overall decrease in days lost for police officers, but a rise on average working days lost for police staff. PSNI continues to robustly manage sick absence and has targets for reduction in line with Government policy.

	<b>Average Working Days Lost 2015-16</b>	<b>Average Working Days Lost 2014-15</b>
<b>Police Officers</b>	<b>13.14</b>	<b>14.18</b>
<b>Police Staff</b>	<b>10.71</b>	<b>9.90</b>

**Off Payroll Engagements**

PSNI had no 'off-payroll' engagements in place as at 1 April 2015, and no engagements were made during the year.

**Consultancy**

PSNI had no spend on External consultancy during 2015-16 (Nil 2014-15).

**ACCOUNTABILITY REPORT (CONTINUED)**

**ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT**

**Long Term Expenditure Trends**

The charts below show details of PSNI budget and expenditure patterns across the period 2013-14 to 2015-16;

**Chart 1: Resource Del Budget 2013-14 to 2015-16**

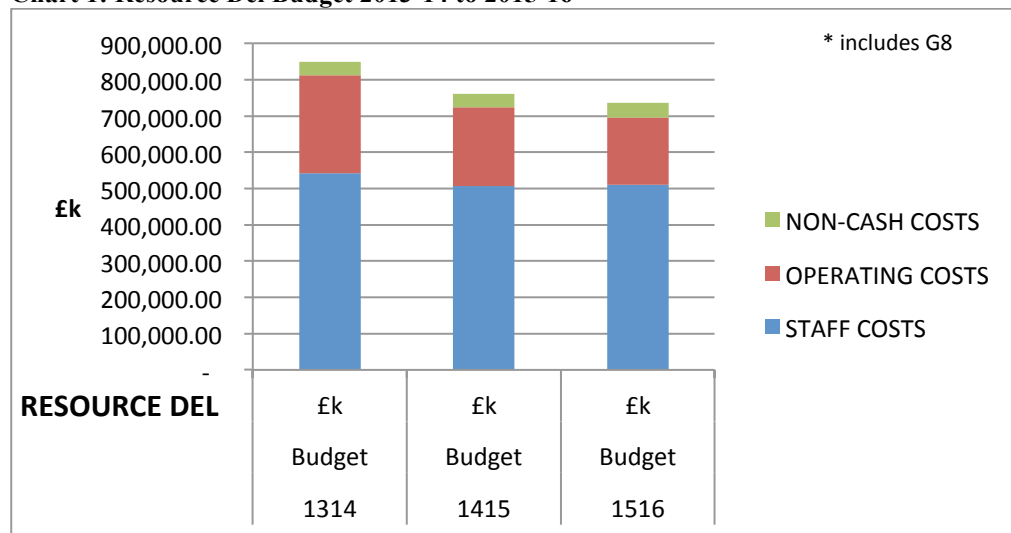


Chart 1 above shows the final budget allocation for each of the years 2013-14 to 2015-16, and how this budget was split by PSNI.

Budgets for the 2013-14 and 2014-15 years were set as part of the four year Budget 2011-15 periods, with efficiency savings of £135.2m required across the period. During this period PSNI received one off funding to cover the costs of policing the G8 conference in 2013-14 of £42.8m.

During 2014-15 and 2015-16, in-year budget cuts (£42m 2014-15, £26.2m 2015-16) have been imposed on the service, often late in the financial year which are difficult to implement in a service as dynamic as Policing.

**2016-17 Financial year**

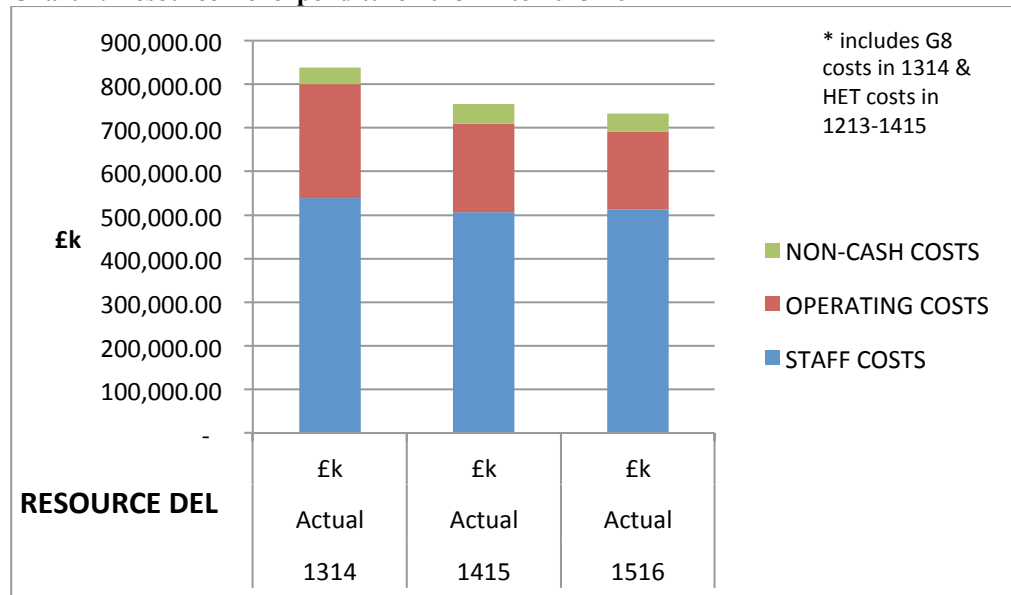
PSNI has received total DEL funding in 2016-17 of £753m, including ring-fenced funding for depreciation and impairments of £39m). This equates to a reduction of 2% from 2015-16, with some additional funding for the PSNI Voluntary Exit Scheme of £12.0m.

**Performance Expenditure**

The chart below show details of PSNI expenditure patterns across the period 2013-14 to 2016-17;

**ACCOUNTABILITY REPORT (CONTINUED)**

**Chart 2: Resource Del expenditure 2013-14 to 2015-16**



**Remote Contingent liabilities**

PSNI has no remote contingent liabilities to note.



POLICE SERVICE OF NORTHERN IRELAND  
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ACCOUNTABILITY REPORT (CONTINUED)

LOSSES AND SPECIAL PAYMENTS (AUDITED INFORMATION)

Type of cases	Description	2015-16 No of Cases	£000	2014-15 No of Cases	£000
Losses		3	1	6	1
Overpayments		4	7	2	1
Stores		15,293	971	1,971	218
Claims waived or Abandoned		46	6	269	236
Special Payments	Compensation	2,378	8,792	1,638	13,348
Ex Gratia Payments		-	-	1	1
Fruitless Payments & Constructive Losses		<u>171</u>	<u>1,838</u>	<u>226</u>	<u>7,956</u>
<b>Total</b>		<b><u>17,895</u></b>	<b><u>11,615</u></b>	<b><u>4,113</u></b>	<b><u>21,761</u></b>

During 2015-16 Special Payments (compensation) were made in relation to 2,378 cases. The total amount paid in these cases was £8,792k. No payments exceeded £250k.

In light of recent developments impairment was recognised in relation to the Northern Ireland Community Safety College totalling £1,814k. This has been disclosed above as a constructive loss.



**George Hamilton**  
**Chief Constable**  
**Police Service of Northern Ireland**  
**22 June 2016**

## **ACCOUNTABILITY REPORT (CONTINUED)**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Police Service of Northern Ireland (PSNI), the PSNI Police Property Fund Account and the PSNI Police Fund Account for the year ended 31 March 2016 under the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Pay Report and the Assembly Accountability and Audit Report that is described in these reports as having been audited.

### **Respective responsibilities of the Police Service of Northern Ireland, the Chief Constable and auditor**

As explained more fully in the Statement of Responsibilities of the Chief Constable, the Northern Ireland Policing Board and the Chief Constable as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 Service of Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Police Service of Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

## **ACCOUNTABILITY REPORT (CONTINUED)**

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view, of the state of the Police Service of Northern Ireland's affairs, the PSNI Police Property Fund Account and the PSNI Police Fund Account as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Pay Report and the Assembly Accountability and Audit Report to be audited have been properly prepared in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and directions issued thereunder by the Department of Justice; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**ACCOUNTABILITY REPORT (CONTINUED)**

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration and Pay Report and Assembly Accountability and Audit Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's (formerly Department of Finance and Personnel) guidance.

**Report**

I have no observations to make on these financial statements.



**Kieran J Donnelly**  
**Comptroller and Auditor General**  
**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast**  
**BT7 1EU**  
**Date: 24 June 2016**

POLICE SERVICE OF NORTHERN IRELAND  
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2016

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2015-16 £000	2014-15 £000
<b>Income:</b>			
Income from activities	5	<u>(8,756)</u>	<u>(9,107)</u>
<b>Total operating Income</b>		<b><u>(8,756)</u></b>	<b><u>(9,107)</u></b>
<b>Expenditure:</b>			
Staff Costs	3	510,087	512,868
Depreciation, impairment charges and write off	4	45,031	48,794
Provision Expense	4	26,146	18,978
Other Expenditures	4	<u>153,037</u>	<u>165,216</u>
<b>Total operating expenditure</b>		<b>734,301</b>	<b>745,856</b>
<b>Net expenditure for the Year</b>		<b><u>725,545</u></b>	<b><u>736,749</u></b>
<b>Other Comprehensive Net Expenditure</b>			
Net Gain on Revaluation of Property, Plant & Equipment	6	(24,232)	(33,556)
Net Gain on Revaluation of Intangibles	7	5	(73)
Actuarial (Gain)/Loss	14	<u>(35,710)</u>	<u>16,990</u>
		<b><u>(59,937)</u></b>	<b><u>(16,639)</u></b>
<b>Comprehensive net expenditure for the year</b>		<b><u>665,608</u></b>	<b><u>720,110</u></b>

The notes on pages 69 to 101 form part of this account

POLICE SERVICE OF NORTHERN IRELAND  
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2016

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

		2016	2015
		£000	£000
	<b>Note</b>		
<b>Non-current assets:</b>			
Property, plant & equipment	6	598,792	594,274
Intangible assets	7	<u>5,382</u>	<u>5,824</u>
<b>Total non-current assets</b>		<b><u>604,174</u></b>	<b><u>600,098</u></b>
<b>Current assets:</b>			
Assets classified as held for sale	9	2,030	1,485
Inventories	10	4,684	4,885
Trade and other receivables	11	38,714	30,398
Cash and cash equivalents	12	<u>1,761</u>	<u>882</u>
<b>Total current assets</b>		<b><u>47,189</u></b>	<b><u>37,650</u></b>
<b>Total assets</b>		<b><u>651,363</u></b>	<b><u>637,750</u></b>
<b>Current liabilities:</b>			
Trade and other payables	13	(85,480)	(79,781)
Provisions	14	<u>(43,782)</u>	<u>(54,495)</u>
<b>Total current liabilities</b>		<b><u>(129,262)</u></b>	<b><u>(134,276)</u></b>
<b>Total assets less current liabilities</b>		<b><u>522,101</u></b>	<b><u>503,474</u></b>
<b>Non-current liabilities:</b>			
Provisions	14	(533,699)	(570,389)
<b>Total non-current liabilities</b>		<b><u>(533,699)</u></b>	<b><u>(570,389)</u></b>
<b>Total assets less total liabilities</b>		<b><u>(11,598)</u></b>	<b><u>(66,917)</u></b>
<b>Taxpayers' equity and other reserves:</b>			
Revaluation Reserve		164,926	140,950
General Reserve		<u>(176,524)</u>	<u>(207,867)</u>
<b>Total equity</b>		<b><u>(11,598)</u></b>	<b><u>(66,917)</u></b>

The notes on pages 69 to 101 form part of this account.

The financial statements on pages 65 to 101 were approved and authorised by the PSNI on 22 June 2016 and were signed on its behalf by:



**George Hamilton**  
**Chief Constable**  
**Police Service of Northern Ireland**  
**22 June 2016**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2015-16 £000	2014-15 £000
<b>Cash flows from operating activities:</b>			
Net operating cost		(665,608)	(720,110)
Adjustments for non-cash transactions	4,5,6,7,14	11,383	52,245
(Increase) in trade and other receivables	11	(8,316)	(2,759)
Increase / (Decrease) in trade and other payables	13	5,699	(3,168)
Decrease in Inventories	10	201	422
Use of Provisions	14	(37,839)	(40,319)
Movement relating to Capital Payables		<u>2,406</u>	<u>3,145</u>
<b>Net cash outflow from operating activities</b>		<b>(692,074)</b>	<b>(710,544)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant & equipment		(28,622)	(36,927)
Purchase of intangible assets		(688)	(2,058)
Proceeds on Assets Held for resale		916	1,610
Proceeds of disposal of plant, property & equipment		<u>420</u>	<u>453</u>
<b>Net cash outflow from investing activities</b>		<b>(27,974)</b>	<b>(36,922)</b>
<b>Cash flows from financing activities:</b>			
Grant from Sponsoring department		<u>720,927</u>	<u>745,663</u>
<b>Net financing</b>		<b>720,927</b>	<b>745,663</b>
<b>Net increase / (Decrease) in cash and cash equivalents in the period</b>		<b>879</b>	<b>(1,803)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>882</b>	<b>2,685</b>
<b>Cash and cash equivalents at the end of period</b>		<b>1,761</b>	<b>882</b>

The notes on pages 69 to 101 form part of this account

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>General Reserve £000</b>	<b>Revaluation Reserve £000</b>	<b>Taxpayer's Equity £000</b>
<b>Balance at 31 March 2014</b>	<b><u>(200,833)</u></b>	<b><u>108,363</u></b>	<b><u>(92,470)</u></b>
<b>Changes in Accounting Policy</b>			
<b>Balance at 31 March 2014</b>	<b><u>(200,833)</u></b>	<b><u>108,363</u></b>	<b><u>(92,470)</u></b>
<b>Changes in Taxpayers' Equity 2014-15</b>			
Transfers between reserves	1,042	(1,042)	-
Actuarial Loss	(16,990)	-	(16,990)
Comprehensive net expenditure for the year	<u>(736,749)</u>	<u>33,629</u>	<u>(703,120)</u>
<b>Total</b>	<b><u>(752,697)</u></b>	<b><u>32,587</u></b>	<b><u>(720,110)</u></b>
Grant from Sponsoring Entity	<u>745,663</u>	-	<u>745,663</u>
<b>Balance at 31 March 2015</b>	<b><u>(207,867)</u></b>	<b><u>140,950</u></b>	<b><u>(66,917)</u></b>
<b>Changes in Taxpayers' Equity 2015-16</b>			
Transfers between reserves	251	(251)	-
Actuarial Gain	35,710	-	35,710
Comprehensive net expenditure for the year	<u>(725,545)</u>	<u>24,227</u>	<u>(701,318)</u>
<b>Total</b>	<b><u>(689,584)</u></b>	<b><u>23,976</u></b>	<b><u>(665,608)</u></b>
Grant from Sponsoring Entity	<u>720,927</u>	-	<u>720,927</u>
<b>Balance at 31 March 2016</b>	<b><u>(176,524)</u></b>	<b><u>164,926</u></b>	<b><u>(11,598)</u></b>

The notes on pages 69 to 101 form part of this account



## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016

### 1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or Interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate for the PSNI and giving a true and fair view has been selected. The particular policies adopted by the PSNI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories. The main accounting policies adopted by the PSNI are summarised below.

#### 1.2 Income

This is income which relates mainly to the operational activities of the organisation. Operating income is earned principally from the issue of Firearms Licences, Refunds & Contributions, Rental Income, Income earned from the Barracuda system and for the safety camera scheme. Income earned from the Home office through the Assets Recovery Incentivisation Scheme (ARIS) and monies seized through the proceeds of crime act are also included.

Income is stated on an Accruals basis, in accordance with FReM and is stated net of VAT. PSNI complies with the charging guidelines as laid down by the National Police Chiefs Council (NPCC).

#### 1.3 Property, Plant and Equipment

Property, Plant and Equipment comprise Land, Buildings IT and Communications, Plant and Equipment, Vehicles and Aircraft, and Assets in the Course of Construction.

Expenditure is capitalised on property, plant and equipment that exceeds £5,000 for an individual asset, or £1,000 for an asset forming part of a significant asset group. The majority of firearms are not capitalised as they fall outside these threshold limits.

On initial recognition assets are measured at cost including any costs required to bring them into working condition. Items classes as 'Assets in the Course of Construction' are recognised in the Statement of Financial Position, to the extent money has been paid or a liability has been recognised.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

In compliance with IAS 16 Property, Plant and Equipment, Subsequent expenditure on an asset which does not meet the criteria of an enhancement or an improvement is treated as revenue. All Property, Plant and Equipment are reviewed annually for impairment and are carried at fair value. Fair value is usually determined from market-based evidence by appraisal undertaken by professional valuers. This appraisal is undertaken by Land & Property Services (LPS) on behalf of PSNI. LPS is an “External Valuer” as defined by the RICS Professional Valuation Standards. A complete valuation of the Police Estate is carried out by LPS every five years and was last completed in January 2015.

The basis of valuation applied is governed by the RICS Valuation standards. Due to the nature of the PSNI property portfolio the following basis of valuation are applied. Operational Specialised assets, such as Police Stations, are valued at Depreciated Replacement Cost (DRC). Operational Non-Specialised Assets, such as Offices, are valued at market value based on existing use.

In accordance with IFRS, PSNI has secured an independent and professional valuation from Land & Property Services. They summarised each Land and Buildings asset into its constituent parts or components and they outlined their respective remaining lives. From this information, the PSNI calculated component depreciation in accordance with the requirements of IFRS. In compliance with IFRS disclosure requirements, separate disclosure is attributed to Dwellings (under Land & Buildings).

Non property assets are valued at fair value, using indices supplied by the Office for National Statistics.

Upward revaluations are credited to the Revaluation Reserve and permanent reductions in the value of property, plant and equipment are charged to the Statement of Comprehensive Net Expenditure. Any subsequent revaluation of assets is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense.

**1.4 Depreciation**

Property, plant and equipment are depreciated at cost or re-valued amount at fixed rates on a straight line basis over the estimated useful lives of the assets. Assets in the course of construction are not depreciated until the asset is brought into use and transferred to the relevant asset group. Depreciation rates are as follows:

Buildings	up to 50 years
Plant and Equipment	5 to 40 years
Vehicles and Aircraft	4 to 10 years
IT and Communications	3 to 10 years
Aircraft	10 to 20 years
Intangible Assets	3 years or life of purchased licence

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

Buildings are depreciated using the componentisation method. Componentisation is the breakdown of buildings into the constituent parts. The constituent parts are then depreciated based on their individual value and estimated useful life. Land is not depreciated.

A further adjustment is made for any backlog depreciation arising from the requirement to value assets by reference to current costs and from this the backlog depreciation is posted to the revaluation reserve.

**1.5 Intangible Assets**

The PSNI has classified expenditure on software licences and general information software technology costing more than £5,000 as Intangible Assets. Software licences are included at cost and principally amortised over a 3 year period or the life of the licence purchased which is estimated to be their useful economic life. Intangibles are revalued annually using indices provided by the Office for National Statistics.

**1.6 Non-Current Assets Held for Sale**

The PSNI has classified non-current assets as Held for Sale where their carrying amount will be recovered through sale rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed or realised within one year from the date of classification.

Such assets classified as Held for Sale are measured at the lower of carrying amount and fair value, costs of sale for these assets have been provided for separately due to the specialised nature of the assets. These decommissioning costs are set out in note 16. Depreciation is not charged once an asset has been classified as Held for Sale, any downward revaluation or impairment of non-current assets Held for Sale is charged to the Statement of Comprehensive Expenditure.

**1.7 Financial Instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when the entity becomes party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when and only when the contractual rights to the cash flows from the asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when it is extinguished.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

Financial instruments are initially recognised at fair value unless otherwise stated. Fair value is the amount at which an instrument could be exchanged in an arm's length transaction between informed and willing parties.

PSNI categorises the following balances to be financial instruments:

**Trade and Other Receivables:**

Financial Assets within trade and other receivables are initially recognised a fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective method less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

**Cash and Cash Equivalents:**

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

**Trade and Other Payables:**

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method.

**Risk Management:**

The PSNI is not exposed to the same degree of financial risk faced by business entities. This is due to the organisation being essentially a non-trading entity and financed as a Non Departmental Public Body. It has no powers to borrow or invest in surplus funds and has limited year end flexibility. It is therefore exposed to little liquidity, currency or market risks. The PSNI does not hold any complex financial instruments and there is no impact on the financial risk of the organisation.

**1.8 Pension Costs**

Pension benefits are provided through the following defined benefit pension schemes. Police Staff are members of the Principal Civil Service Pension Scheme (NI), (PCSPS (NI)) which is an unfunded defined benefit scheme. The PCSPS (NI) produces its own resource accounts but PSNI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012 and details of this valuation are available in the PCSPS (NI) Resource Accounts.

Police officers are members of the existing PSNI Police Pension Scheme or the New Police Pension Scheme, introduced from 6 April 2006. PSNI contributes a percentage of pensionable earnings towards its employees superannuation, at the Accruing Superannuation Liability Charge (ASLC) rates, determined by the Government Actuary's Department and advised by HM Treasury.

A separate account is prepared showing details of the PSNI Police Pensions Schemes.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**1.9 Value Added Tax**

Income and expenditure is shown exclusive of Value Added Tax, which in most cases is recoverable from HM Revenue and Customs, in accordance with the Value Added Tax Act 1994. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

**1.10 Inventory**

Inventory is stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

**1.11 Provisions**

PSNI provide for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk adjusted cash flows have been discounted as set out in HM Treasury PES (2015) 08. The following provisions are included in the PSNI Statement of Financial Position.

**1.12 Provisions for Severance Programmes**

Provision is made for the costs of providing severance payments to Police Officers leaving the organisation under the Voluntary Severance or Full Time Reserve programmes based on anticipated numbers of leavers, their age and length of service.

**1.13 Provision for Compensation Claims**

A provision for compensation claims is charged against net expenditure when it is assessed that a liability is likely to arise, based on average amounts paid in respect of each category of claim.

**1.14 Provision for Injury Awards**

Injury awards are valued under International Accounting Standard (IAS) 19 Employee Benefits by GAD. As such the provision is made for the costs of providing injury awards to Police Officers based on the current number of injury awards and also on estimated life expectancy of these pensioners. The provision also contains an estimate of possible future awards for current members. The liability is measured on an actuarial basis by the Government Actuary's Department (GAD).

**1.15 Provision for Decommissioning Costs on Assets Held for Resale**

Provision is made for decommissioning costs of those assets identified as Assets Held for Resale (AHFS). The provision will be utilised when actual costs are incurred on disposal.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**1.16 Miscellaneous Provisions**

PSNI Uniform Contract:

As part of a managed service contract, PSNI has agreed to purchase any obsolete uniforms that are in possession of the contractor at the end of the contract. PSNI has estimated the amount of uniforms which may need to be purchased back, based on usage levels. The organisation has provided in full for this amount.

Early Retirement Costs:

PSNI has provided for the future obligations arising from staff being provided with Early Retirement under the Principal Civil Service Pension Scheme.

**1.17 Contingent Liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, PSNI discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland. Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

**1.18 Leases**

Finance Leases:

Leases of property, plant and equipment where PSNI holds substantially all the risks and rewards of ownership are classified as finance leases. PSNI did not hold any finance leases during 2015-16.

Operating Leases:

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Rentals paid under operating leases are charged to the net expenditure account on a straight line basis over the term of the lease. In compliance with IAS 17 Leases, operating leases have been split between Land and Buildings and Other with all future commitments reported.

**1.19 Employee Benefits and Staff Costs**

In compliance with IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the reporting date. The cost of untaken leave has been determined from a sample of staff leave records. The PSNI has recognised, recorded and expensed all relevant staff costs as soon as it is obligated to honour them.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**1.20 Critical Accounting Estimates and Key Judgements**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the PSNI's accounting policies. We continually evaluate our estimates, assumptions and judgments based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. There were no other material changes to accounting estimates and methodology adopted by the PSNI in preparing these accounts.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts are discussed below.

**Depreciation of property, plant and equipment and Amortisation of intangible assets:**  
Depreciation and amortisation is provided in the accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.4.

**Impairment and Revaluation of property, plant and equipment:**  
Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset. Revaluations of Property and PSNI Aircraft are based on the assessment of independent experts, while all other assets are revalued using details of indices as published by the Office for National Statistics.

**Injury on duty awards - life expectancy:**  
Provision is made for the costs of providing injury awards to Police Officers based on the current number of injury awards and also on estimated life expectancy of these pensioners. The liability is measured on an actuarial basis by the Government Actuary's Department (GAD). Injury awards are valued under International Accounting Standard (IAS) 19 Employee Benefits by GAD.

**Provisions for litigation claims and miscarriages of justice:**  
The decision to provide for, and the amounts provided for, compensation claims and associated legal costs is based on legal advice using the best estimate of the outcome of each case (the likely compensation and legal costs payable) from an assessment of the latest information.



**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**1.21 Segmental Report**

Under the requirements of IFRS 8 Operating Segments, PSNI must disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business in which it engages and the economic environment in which it operates. 'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the chief operating decision maker. As total assets for segments are not regularly reported to the chief operating decision maker PSNI has adopted this amendment. The amendment does not have a material impact on PSNI's financial statements. Full details of the reporting segments are contained within Note 2.

**1.22 Police Fund**

The Police Fund is a separate scheme administered by the PSNI in conjunction with the RUC Benevolent Fund. It was established by regulations under section 28 of the Police Act (NI) 1970 which consist of PSNI Grant and fines imposed on police officers as a result of disciplinary action. This together with investment income is applied by PSNI for the welfare of police officers and their dependants.

As from the 1 April 2005, the Police Fund has been treated as a mutual Trust and is liable for corporation tax on interest and loan investment income. Due to the limited income received by the Fund, HMRC have marked the Fund as dormant from February 2014, this status is still applicable and no corporation tax is due in the 2015-16 year. Note 22 provides details of the performance of this fund for the 2015-16 financial year.

**1.23 Police Property Fund**

The Police Property Fund is a separate fund, administered by PSNI and established by regulations under section 2 of the Police (Property) Act 1987. It comprises unclaimed receipts arising from criminal investigations by the PSNI, which the Policing Board donate to charities. The Police Property Fund does not hold a separate bank account, but rather utilises the banking arrangements of the PSNI. Note 23 provides details of the performance of this fund for the 2015-16 financial year.

**1.24 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2016**

PSNI has reviewed the standards, interpretations and amendments to published standards that became effective during 2015-16 and which are relevant to its operations.

One new standard was adopted during the 2015-16 financial year.



**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

Standard	Description of revision	Comments
IFRS 13 – Fair Value Measurement	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise):</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p> <p>Although IFRS 13 is applied without adaptation, IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible assets</i> have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.</p>	IFRS has had minimal impact on PSNI requirements when valuing its asset base.

**1.25 Third Party Assets**

Third party assets are assets for which the PSNI acts as a custodian or trustee, but in which neither the PSNI nor Government more generally has a direct beneficial interest in them. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of PSNI third party assets are provided in note 25. These are not recognised in the financial statements as the PSNI does not have a direct beneficial interest in them.

**1.26 Accounting standards, interpretations and amendments to published standards not yet effective.**

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2016 or later periods, but which the PSNI has not adopted early. Other than as outlined below, the PSNI considers that these standards are not relevant to its operations.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

<b>Standard</b>	<b>Description of revision</b>	<b>Application date</b>	<b>Comments</b>
IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new)	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p>	1 January 2019 (not yet EU adopted)	The application of IFRS 16 is subject to further review by HM Treasury and the other Relevant Authorities before due process consultation.

<b>Standard</b>	<b>Description of revision</b>	<b>Application date</b>	<b>Comments</b>
IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 <i>Revenue</i> replacement) (new)	<p>The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p>	1 January 2018 (not yet EU adopted)	The application of IFRS 15 is subject to further review by HM Treasury and the other Relevant Authorities before due process consultation.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**2. STATEMENT OF OPERATING COSTS BY SEGMENT FOR THE YEAR ENDED  
31 MARCH 2016**

<b>Operating Segments 2015-16:</b>					
	<b>District Policing</b>	<b>Other Frontline Policing</b>	<b>Infrastructure Support Costs</b>	<b>Other Costs</b>	<b>Total</b>
	£000's	£000's	£000's	£000's	£000's
Gross expenditure	271,462	218,571	173,687	70,581	734,301
Income	<u>(691)</u>	<u>(1,754)</u>	<u>(5,961)</u>	<u>(350)</u>	<u>(8,756)</u>
<b>Net Expenditure</b>	<b><u>270,771</u></b>	<b><u>216,817</u></b>	<b><u>167,726</u></b>	<b><u>70,231</u></b>	<b><u>725,545</u></b>

<b>Operating Segments 2014-15:</b>					
	<b>District Policing</b>	<b>Other Frontline Policing</b>	<b>Infrastructure Support Costs</b>	<b>Other Costs</b>	<b>Total</b>
	£000's	£000's	£000's	£000's	£000's
Gross expenditure	305,332	181,248	192,572	66,704	745,856
Income	<u>(701)</u>	<u>(2,589)</u>	<u>(5,817)</u>	<u>-</u>	<u>(9,107)</u>
<b>Net Expenditure</b>	<b><u>304,631</u></b>	<b><u>178,659</u></b>	<b><u>186,755</u></b>	<b><u>66,704</u></b>	<b><u>736,749</u></b>

In compliance with IFRS8, a segmental report has been included. Segments are determined based on the internal reports used by management for decision making, and include the following;

**District Policing:**

This segment combines the directly attributable costs of North, South and Belfast Areas. It delivers a significant portion of operational policing services within Northern Ireland and is comprised of the geographically diverse eleven District's.

**Other Front-line Policing:**

This represents the directly attributable costs for both Crime Operations and Organisational Support departments. Crime Operations includes Reactive Crime, Serious Crime, Intelligence, Specialist Operations, Scientific Support and Authorisations and Review. Organisational Support department provides a wide range of operational support to the PSNI in the delivery of front-line policing services including Statistics, Close Protection, Information Assurance and Records Management.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**Infrastructure Support Costs:**

This segment combines the costs of the main departments and branches which support District and other Front Line Policing services. They include Finance & Support Services, Human Resources, Legal Services, Service Improvements, Media, Executive Support, Professional Standards and other outsourced services.

**Other Costs:**

This segment includes Non-Cash costs, including Depreciation and Permanent Diminution and Movement in Provisions. (Net pension costs are excluded).

There have been no material changes from prior years in respect of how PSNI identifies its segments.

Any information in respect of fees and charges is provided for information purposes only. There are no transactions undertaken between reportable segments and PSNI places no reliance on income from any major customers.

**3. Staff Costs**

	<b>2015-16</b>	<b>2014-15</b>
	<b>Staff Costs Total</b>	<b>Staff Costs Total</b>
	£000's	£000's
Wages & salaries	400,920	407,549
Social security costs	34,318	34,203
Pension Costs	<u>74,894</u>	<u>71,237</u>
<b>Total staff costs</b>	<b>510,132</b>	<b>512,989</b>
Less recoveries in respect of outward secondments	<u>(45)</u>	<u>(121)</u>
<b>Total net costs</b>	<b><u>510,087</u></b>	<b><u>512,868</u></b>

A breakdown of the above costs into permanent staff and others can be found in the Remuneration and Staff Report on page 54.

POLICE SERVICE OF NORTHERN IRELAND  
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2016

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<b>4. OTHER OPERATING COSTS</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
Other Expenditures	35,374	40,682
Contracted Out	15,585	17,474
Forensics services	10,164	10,271
Accommodation services	38,298	40,254
IT & communications	34,754	35,182
Transport	11,010	12,169
Travel, subsistence & relocation	5,495	6,714
Charges for operating leases: property	1,594	543
Charges for operating leases: photocopiers	-	69
Hospitality	121	121
Audit fees	79	79
Loss on Disposal of Non-Current Assets	<u>563</u>	<u>1,658</u>
	<b>153,037</b>	<b>165,216</b>
<b>Non-cash items:</b>		
Depreciation	38,379	37,573
Impairment	6,534	11,221
Write off from AICC	<u>118</u>	<u>-</u>
	<b>45,031</b>	<b>48,794</b>
Cost of Borrowing on provisions	19,120	22,082
Increase in Provision	12,230	4,366
Provision not utilised	<u>(5,204)</u>	<u>(7,470)</u>
	<b>26,146</b>	<b>18,978</b>
<b>Total</b>	<b><u>224,214</u></b>	<b><u>232,988</u></b>
<b>5. INCOME</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
Fees for firearms certificates, permits & accident reports	1,236	1,001
Profit on Disposal of non-current assets	420	546
Police Transport	57	54
Asset recovery/HQ Incentivisation scheme	460	811
Refunds & Contributions	3,324	2,307
EU Income	180	158
Bad Debt	(13)	(21)
Other	<u>3,092</u>	<u>4,251</u>
<b>Total</b>	<b><u>8,756</u></b>	<b><u>9,107</u></b>

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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
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6. PROPERTY, PLANT AND EQUIPMENT

2015-2016	Land	Buildings	IT and Comms.	Plant and Equip	Vehicles and Aircraft	Assets in Course of Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation:</b>							
<b>At 1 April 2015</b>	57,595	550,908	118,325	13,840	96,143	37,385	874,196
Additions	(87)	2,333	4,872	143	4,242	14,712	26,215
Disposals	-	-	(1,383)	(426)	(1,726)	-	(3,535)
Assets Held for Sale	(1,200)	-	-	-	-	-	(1,200)
Reclassifications	-	5,336	2,564	536	12,944	(21,569)	(189)
Revaluations	-	-	-	1	(485)	-	(484)
Indexation	551	28,831	221	(9)	484	-	30,078
Impairments to SoCNE	310	(5,852)	(25)	(7)	80	(1,814)	(7,308)
Write off from AICC to SoCNE	-	-	-	-	-	(118)	(118)
<b>At 31 March 2016</b>	<u>57,169</u>	<u>581,556</u>	<u>124,574</u>	<u>14,078</u>	<u>111,682</u>	<u>28,596</u>	<u>917,655</u>
<b>Depreciation:</b>							
<b>At 1 April 2015</b>	-	156,751	86,273	7,797	29,101	-	279,922
Charged in Year	-	14,620	9,015	816	12,638	-	37,089
Disposals	-	-	(958)	(380)	(1,457)	-	(2,795)
Assets Held for Sale	-	-	-	-	-	-	-
Revaluations	-	-	-	-	(1,233)	-	(1,233)
Indexation	-	6,390	75	4	126	-	6,595
Impairments to SoCNE	-	(722)	(13)	(3)	23	-	(715)
<b>At 31 March 2016</b>	<u>-</u>	<u>177,039</u>	<u>94,392</u>	<u>8,234</u>	<u>39,198</u>	<u>-</u>	<u>318,863</u>
<b>Carrying amount</b>							
At 31 March 2016	<u>57,169</u>	<u>404,517</u>	<u>30,182</u>	<u>5,844</u>	<u>72,484</u>	<u>28,596</u>	<u>598,792</u>
At 31 March 2015	<u>57,595</u>	<u>394,157</u>	<u>32,052</u>	<u>6,043</u>	<u>67,042</u>	<u>37,385</u>	<u>594,274</u>
<b>Asset Financing:</b>							
Owned	<u>57,169</u>	<u>404,517</u>	<u>30,182</u>	<u>5,844</u>	<u>72,484</u>	<u>28,596</u>	<u>598,792</u>
<b>Carrying Amount At 31 March 2016</b>	<u>57,169</u>	<u>404,517</u>	<u>30,182</u>	<u>5,844</u>	<u>72,484</u>	<u>28,596</u>	<u>598,792</u>

**Dwellings 15-16**

Cost or Valuation	£000
At 1 April 2015	500
Depreciation	(15)
Revaluation	<u>65</u>
<b>At 31 March 2016</b>	<u>550</u>

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**6. PROPERTY, PLANT AND EQUIPMENT**

2014-2015	Land £000	Buildings £000	IT and Comms. £000	Plant and Equip £000	Vehicles and Aircraft £000	Assets in Course of Construction £000	Total £000
<b>Cost or Valuation:</b>							
<b>At 1 April 2014</b>	59,993	508,310	120,909	14,091	132,649	40,120	876,072
Additions	119	3,958	838	108	-	28,758	33,781
Disposals	-	-	(9,650)	(726)	(11,062)	-	(21,438)
Assets Held for Sale	(325)	-	-	-	-	-	(325)
Reclassifications	-	9,851	9,294	750	10,759	(31,493)	(839)
Revaluations	(492)	39,335	(3,217)	(592)	(35,850)	-	(816)
Indexation	-	-	206	209	-	-	415
Impairments to SoCNE	(1,700)	(10,546)	(55)	-	(353)	-	(12,654)
<b>At 31 March 2015</b>	<u>57,595</u>	<u>550,908</u>	<u>118,325</u>	<u>13,840</u>	<u>96,143</u>	<u>37,385</u>	<u>874,196</u>
<b>Depreciation:</b>							
<b>At 1 April 2014</b>	-	136,462	86,476	8,183	67,565	-	298,686
Charged in Year	-	13,906	11,132	723	10,456	-	36,217
Disposals	-	-	(8,199)	(618)	(10,987)	-	(19,804)
Assets Held for Sale	-	-	-	-	-	-	-
Revaluations	-	7,615	(3,220)	(625)	(37,805)	-	(34,033)
Indexation	-	-	129	134	-	-	263
Impairments to SoCNE	-	(1,232)	(45)	-	(128)	-	(1,405)
<b>At 31 March 2015</b>	<u>-</u>	<u>156,751</u>	<u>86,273</u>	<u>7,797</u>	<u>29,101</u>	<u>-</u>	<u>279,922</u>
<b>Carrying amount</b>							
At 31 March 2015	<u>57,595</u>	<u>394,157</u>	<u>32,052</u>	<u>6,043</u>	<u>67,042</u>	<u>37,385</u>	<u>594,274</u>
At 31 March 2014	<u>59,993</u>	<u>371,848</u>	<u>34,433</u>	<u>5,908</u>	<u>65,084</u>	<u>40,120</u>	<u>577,386</u>
<b>Asset Financing:</b>							
Owned	<u>57,595</u>	<u>394,157</u>	<u>32,052</u>	<u>6,043</u>	<u>67,042</u>	<u>37,385</u>	<u>594,274</u>
<b>Carrying Amount At 31 March 2015</b>	<u>57,595</u>	<u>394,157</u>	<u>32,052</u>	<u>6,043</u>	<u>67,042</u>	<u>37,385</u>	<u>594,274</u>
<b>Dwellings 14-15</b>							
<b>Cost or Valuation</b>	£000						
At 1 April 2014	480						
Depreciation	(12)						
Revaluation	32						
<b>At 31 March 2015</b>	<u>500</u>						

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
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**7. INTANGIBLE ASSETS:**

	<b>31 March 2016</b>
	£000
<b>Cost or valuation:</b>	
At 1 April 2015	13,241
Additions	688
Disposals	-
Indexation	(37)
Impairments to SoCNE	(45)
Reclassifications	189
<b>at 31 March 2016</b>	<b><u>14,036</u></b>
<b>Amortisation:</b>	
At 1 April 2015	7,417
Charged in year	1,289
Disposals	-
Indexation	(32)
Impairments to SoCNE	(20)
<b>at 31 March 2016</b>	<b><u>8,654</u></b>
<b>Net Book Value as at 31 March 2016</b>	<b><u>5,382</u></b>
	<b>31 March 2015</b>
	£000
<b>Cost or valuation:</b>	
At 1 April 2014	11,935
Additions	2,058
Disposals	(819)
Revaluations	(760)
Impairments	(12)
Reclassifications	839
<b>at 31 March 2015</b>	<b><u>13,241</u></b>
<b>Amortisation:</b>	
At 1 April 2014	7,658
Charged in year	1,357
Disposals	(757)
Revaluations	(833)
Impairments	(8)
<b>at 31 March 2015</b>	<b><u>7,417</u></b>
<b>Net Book Value as at 31 March 2015</b>	<b><u>5,824</u></b>

Software licences are included at cost and principally amortised over a 3 year period which is estimated to be their useful economic life.



**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
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**8. FINANCIAL IMPAIRMENTS**

The PSNI annually assesses whether a financial asset or group of assets are impaired. Where there is independent evidence that an impairment loss below historical cost has occurred, the carrying amount is reduced with the loss being recognised in the Statement of Comprehensive Expenditure.

**9. ASSETS CLASSIFIED AS HELD FOR SALE**

IFRS 5 requires that non-current assets classified as held for sale must be disclosed separately from other assets in the Statement of Financial Position. The value of these assets are determined as set out in note 1.6.

	Land & Buildings £000s
<b>Opening Balance 1 April 2015</b>	<b>1,485</b>
Transferred from land & buildings	1,200
Disposals	(740)
Revaluations to market value	<u>85</u>
<b>Closing Balance 31 March 2016</b>	<b>2,030</b>

Disposal proceeds of £916k were received in 2015-16 (£1,610k 2014-15) in respect of assets disposed. A profit of £176k (£130k profit 2014-15) was noted due to fluctuations in the current property market.

The breakdown of assets currently classified as held for sale are:

<b>Year Ended 31 March 2016</b>			
Bushmills	180	Donaghadee	100
Craigavon including Land	550	Ballynafeigh	750
Donegall Pass	450		
<b>Total</b>		<b>Total</b>	<b>2,030</b>
<b>Year Ended 31 March 2015</b>			
Bushmills	140	Charlotte St Ballymoney	90
Glengormley	180	Dromore	85
Donaghadee	55	Broughshane	145
Dungiven	90	Land Rear Craigavon	225
Eglinton	80	Craigavon	325
Garvagh	70		
<b>Total</b>		<b>Total</b>	<b>1,485</b>

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	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
<b>10. INVENTORIES</b>		
General stores	3,017	2,992
Transport Services stores	807	825
Heating oil	364	463
Petrol and diesel	<u>496</u>	<u>605</u>
<b>Total</b>	<b><u>4,684</u></b>	<b><u>4,885</u></b>

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
<b>11. TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS:</b>		
Prepayments and accrued income	5,308	4,058
Trade receivables	1,362	11,324
Contributions due from the Pensions Scheme	26,932	7,634
HMRC VAT Receivable	4,388	6,574
Other receivables	<u>724</u>	<u>808</u>
<b>Total</b>	<b><u>38,714</u></b>	<b><u>30,398</u></b>

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**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
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<b>12. CASH AND CASH EQUIVALENTS</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	882	2,685
Net change in cash & cash equivalent balances	<u>879</u>	<u>(1,803)</u>
<b>Balance at 31 March</b>	<b><u>1,761</u></b>	<b><u>882</u></b>

All cash held in commercial bank accounts.

<b>13. TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
Trade payables	5,134	5,543
Trade accruals and Deferred Income	42,859	38,554
Taxation & social security	12,025	11,124
Employee Benefit Accrual	9,012	10,318
Advance Severance Payments for Leavers	183	1,137
Payroll accrual	8,864	6,625
Other payables	<u>7,403</u>	<u>6,480</u>
<b>Total</b>	<b><u>85,480</u></b>	<b><u>79,781</u></b>

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14a. PROVISIONS FOR LIABILITIES AND CHARGES:

	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
<b>At 1 April 2015</b>	<b>953</b>	<b>52,771</b>	<b>570,377</b>	<b>159</b>	<b>624</b>	<b>624,884</b>
Utilised in Year	(182)	(10,966)	(26,370)	(180)	(141)	(37,839)
Provision not utilised	(265)	(4,939)	-	-	-	(5,204)
Cost of Borrowing	(14)	(766)	19,910	-	(10)	19,120
Actuarial (Gain)	-	-	(35,710)	-	-	(35,710)
Increase in Provision	<u>(15)</u>	<u>4,337</u>	<u>7,850</u>	<u>79</u>	<u>(21)</u>	<u>12,230</u>
<b>At 31 March 2016</b>	<b><u>477</u></b>	<b><u>40,437</u></b>	<b><u>536,057</u></b>	<b><u>58</u></b>	<b><u>452</u></b>	<b><u>577,481</u></b>

	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
<b>At 1 April 2014</b>	<b>1,469</b>	<b>77,311</b>	<b>549,673</b>	<b>549</b>	<b>233</b>	<b>629,235</b>
Utilised in Year	(294)	(13,921)	(25,486)	(319)	(299)	(40,319)
Provision not utilised	(191)	(7,137)	-	(142)	-	(7,470)
Cost of Borrowing	(62)	(1,326)	23,470	-	-	22,082
Actuarial Loss	-	-	16,990	-	-	16,990
Increase in Provision	<u>31</u>	<u>(2,156)</u>	<u>5,730</u>	<u>71</u>	<u>690</u>	<u>4,366</u>
<b>At 31 March 2015</b>	<b><u>953</u></b>	<b><u>52,771</u></b>	<b><u>570,377</u></b>	<b><u>159</u></b>	<b><u>624</u></b>	<b><u>624,884</u></b>

The above provisions are profiled to show the estimated spend for future periods.

14b. ANALYSIS OF EXPECTED TIMING OF DISCOUNTED FLOWS:

2015-16	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
Not Later than one year	395	16,814	26,360	58	155	43,782
Later than one year and not later than 5 years	82	22,879	100,060	-	297	123,318
Later than 5 years	-	744	409,637	-	-	410,381
<b>At 31 March 2016</b>	<b><u>477</u></b>	<b><u>40,437</u></b>	<b><u>536,057</u></b>	<b><u>58</u></b>	<b><u>452</u></b>	<b><u>577,481</u></b>

2014-15	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
Not Later than one year	448	27,915	25,800	159	173	54,495
Later than one year and not later than 5 years	505	23,934	98,560	-	438	123,437
Later than 5 years	-	922	446,017	-	13	446,952
<b>At 31 March 2015</b>	<b><u>953</u></b>	<b><u>52,771</u></b>	<b><u>570,377</u></b>	<b><u>159</u></b>	<b><u>624</u></b>	<b><u>624,884</u></b>

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**Severance**

The Severance provision relates to both the Voluntary and Full Time Reserve (FTR) Severance programmes.

**Voluntary Severance Programme**

The Secretary of State for Northern Ireland established a Voluntary Severance Scheme for PSNI Regular and FTR Officers in July 2000. The remaining provision is to cover the retraining packages obtained by officers who have left under the severance scheme.

**Full Time Reserve (FTR) Severance Programme**

The position on the FTR was highlighted by Patten Recommendation 103, which stated that the future PSNI should not include a Full Time Reserve. The Chief Constable carried out a number of security reviews and all FTR officers were phased out of operational duties in 2012.

The above provision relates to essentially Payments In Lieu (PIL) for FTR officers.

**Compensation Claims**

The compensation claim provision is analysed under five categories: injury claims, damage claims, legal fees and hearing loss (injury & Legal). The following table shows the breakdown of the provision between these categories.

	Injury	Damage	Legal	Hearing Loss – Injury	Hearing Loss – Legal	Total
	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2015</b>	<b>13,256</b>	<b>429</b>	<b>12,550</b>	<b>12,989</b>	<b>13,547</b>	<b>52,771</b>
Utilised in Year	(1,193)	(127)	(1,442)	(3,543)	(4,661)	(10,966)
Provision not utilised	-	-	-	(2,935)	(2,004)	(4,939)
Costs of Borrowing	(186)	(6)	(176)	(195)	(203)	(766)
Increase in Provision	<u>(1,562)</u>	<u>184</u>	<u>2,132</u>	<u>2,409</u>	<u>1,174</u>	<u>4,337</u>
<b>At 31 March 2016</b>	<b><u>10,315</u></b>	<b><u>480</u></b>	<b><u>13,064</u></b>	<b><u>8,725</u></b>	<b><u>7,853</u></b>	<b><u>40,437</u></b>

At 31 March 2016, there were 3,069 'live' injury or wrongful acts claims and 889 'live' damage to property claims. Associated legal fees are also provided for.

Claims have varying life spans with claims involving personal injury mostly concluded within six years of receipt and claims for damage to property usually being concluded within one or two years of receipt. In deriving the above figures, assumptions have been made relating to the number of outstanding claims likely to

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
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attract compensation, the average claim value for the different claim types and likely timing of settlement. The data assumes that past trends will persist with only marginal fluctuations and any deviations from this pattern may have a material impact on actual claims settled. The provision for years 1-5 have been discounted at the HM Treasury rate of (1.55%).

**Injury Awards**

Relevant costs are recognised in the organisation's main financial statements. The pension liability relating to injury awards has been valued by the Government Actuary Department (GAD). The valuation was provided to PSNI by GAD for the 12 months to 31 March 2016, and the current Injury on Duty (IOD) provision reflects this position. Injury awards are valued under IAS 19 and as such include an element for active members. The split of the provision is shown below.

	<b>Value at 31 March 2016</b>	<b>Value at 31 March 2015</b>
	£000's	£000's
Liability in respect of		
Active Members	65,050	65,940
Pensions in payment (injury awards)	<u>471,020</u>	<u>504,440</u>
<b>Total liability</b>	<b>536,070</b>	<b>570,380</b>

Liabilities for Injury awards are valued on an actuarial basis using the Projected Unit Credit Method. The assumptions proposed by the Government Actuary's Department and agreed with the PSNI in nominal terms are:

- A long term nominal discount rate of 3.60% pa
- A rate of long-term inflation and pensions increases of 2.20% pa

The PSNI's workforce is too small to provide sufficient data from which to draw statistically reliable conclusions for all of the assumptions which are to be made. As such demographic assumptions are derived from aggregate experience across all authorities with officers in the Police Pension Schemes supplemented as necessary by appropriate standard tables.

**Expectation of life in years**

At 31 March	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Males (45 year old future pensioner at age 65)	<b>25.1</b>	25.4	25.6	25.7	25.6
Females (45 year old future pensioner at age 65)	<b>27.2</b>	27.9	28.0	27.9	27.8

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<b>History of Experience gains and losses</b>	<b>Value at 31 March 2016</b>	<b>Value at 31 March 2015</b>
	£000	£000
Experience Gains/( losses) on the scheme liabilities	18,920	(13,410)
Percentage of the liability at the end of year	3.5%	(2.4%)
Total actuarial Gain/ (loss)	35,710	(16,990)
Percentage of the liability at the end of year	6.7%	(3.0%)

**Miscellaneous:**

A number of Miscellaneous provisions are included relating to the purchase of excess stock from PSNI Managed Service uniforms supplier and Early Retirement Costs.

	<b>Uniform Stock</b>	<b>Early Retirement</b>	<b>Total</b>
	£000's	£000's	£000's
<b>At 1 April 2015</b>	<b>415</b>	<b>209</b>	<b>624</b>
Utilised in Year	(102)	(39)	(141)
Cost of borrowing	(6)	(4)	(10)
Increase in Provision	(23)	2	(21)
<b>At 31 March 2016</b>	<b><u>284</u></b>	<b><u>168</u></b>	<b><u>452</u></b>

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
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**15. CAPITAL COMMITMENTS**

Contracted capital commitments at 31 March 2016 not otherwise included in these financial statements.

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
Property Plant & Equipment	11,901	6,138
Intangible Assets	<u>125</u>	<u>-</u>
<b>Total</b>	<b><u>12,026</u></b>	<b><u>6,138</u></b>

**16. COMMITMENTS UNDER LEASES**

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
<b>Land:</b>		
Not later than one year	172	253
Later than one year and not later than five	253	366
Later than five years	<u>356</u>	<u>405</u>
<b>Total</b>	<b><u>781</u></b>	<b><u>1,024</u></b>
<b>Buildings:</b>		
Not later than one year	173	350
Later than one year and not later than five	295	423
Later than five years	<u>325</u>	<u>386</u>
<b>Total</b>	<b><u>793</u></b>	<b><u>1,159</u></b>



**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**17. COMMITMENTS UNDER PRIVATE FINANCING INITIATIVES (PFI)  
CONTRACTS**

The PSNI has no commitments to report under PFI contracts for the financial year 2015-16.

**18. OTHER FINANCIAL COMMITMENTS**

The PSNI has no other material financial commitments to report for financial year 2015-16. The main financial commitments currently facing the organisation are summarised above.

**19. FINANCIAL INSTRUMENTS**

In accordance with IAS 39 Financial Instruments, the PSNI has no financial instruments to report during the twelve months to 31 March 2016. As the cash requirements of PSNI are met through Grant in Aid provided by Department of Justice, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with PSNI's expected purchase and usage requirements and the NDPB is therefore exposed to little credit, liquidity or market risk.

**20. CONTINGENT LIABILITIES (disclosed under IAS 37)**

The PSNI has the following contingent liabilities:

**Hearing Loss Cases**

The PSNI is named Defendant in a number of claims from current and ex-police officers and police staff for occupational hearing loss. Claims up to May 2016 are reflected in the compensation provision (note 14). Claims have also been received from members/ex-members of the Northern Ireland Prison Service who received firearms training from the RUC/PSNI. However, the number of claims likely to be received in the future is uncertain and cannot be reliably estimated. Each case will be considered on its own merits and any settlement based on the severity of hearing loss.

**Part Time Reserve Equal Treatment**

A number of cases were taken last year where Part-Time Reserves cited equal treatment by way of comparison to the Regular officers on a number of issues. Some of those claims were disposed of on a settlement basis but the organisation still faces a multitude of claims from Part-Time Reserves. In order for any of these cases to be successful the claimant must identify a comparator to whom they can compare themselves in terms of work. These actions are ongoing and it is not possible at this time to provide any further indications as to the number of claims likely to be lodged.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

Due to the unusual nature of the 2 sets of claims outlined above, it is still not possible to identify from previous statistics, a scientific assessment of the likely settlement rates or an average figure for settlement of each case.

**Other Legal Cases**

There are a number of cases currently lodged with PSNI where it is not possible to provide a reliable estimate of the overall liability involved. These involve cases relating to injury claims that are complex in nature and dependent on the review of medical and forensic accounting details. There are currently 9 such cases lodged with PSNI and it is still not possible to identify from previous statistics, a scientific assessment of the likely settlement rates or an average figure for settlement of each case.

**Employment Support Allowance**

PSNI has previously deducted Employment Support Allowance (ESA) where an officer was in receipt of an injury award and ESA for the same injury. It has recently been clarified that on its introduction ESA was not specifically named on the regulations as a deductible benefit and as such an amendment is required to the legislation. At present a decision is with the Minister for Justice on the nature of this amendment and any retrospective element to be applied. If the amendment is not applied retrospectively then PSNI will be required to repay any deductions of ESA previously made.

**Voluntary Exit Scheme**

The PSNI submitted has received continued funding transformation fund for a Voluntary Exit Scheme (VES) for Police staff in 2016/17. At the Balance Sheet date, there is a possible obligation on the PSNI which may give rise to a liability should any police staff accept the offer of voluntary exit. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

**Holiday Pay**

A number of cases have been lodged against the PSNI in respect of contractual overtime forming part of the calculation for holiday pay under article 7 of the working time directive, following the decision in the case of Bear Scotland Limited and Others. PSNI is currently reviewing the frequency, locality, pay and rate of any one who may be entitled to a claim, and has sought legal advice on the possible quantum of any liability. These actions are ongoing and at this time it is not possible to provide a reliable estimate of any possible liability for PSNI.

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**21. NORTHERN IRELAND ROAD SAFETY PARTNERSHIP**

Within the PSNI trade and other payables there is an element that relates to funding held by PSNI on behalf of the Northern Ireland Road Safety Partnership (NIRSP) relating to speeding and red-light running detection activity. This includes monies from fixed penalties and driver awareness courses. The note below shows details of the current balance held by PSNI as well as the in- year movement.

	<b>31 March 2015 £000</b>	<b>Income received £000</b>	<b>Monies transferred to fund expenditure £000</b>	<b>31 March 2016 £000</b>
Amounts held with regards NIRSP	<u>4,200</u>	<u>1,340</u>	<u>(195)</u>	<u>5,345</u>

POLICE SERVICE OF NORTHERN IRELAND  
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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)

22. POLICE FUND

STATEMENT OF COMPREHENSIVE NET INCOME  
FOR THE YEAR ENDED 31 MARCH 2016

	2015-16 £000	2014-15 £000
<b>EXPENDITURE</b>		
Other Expenditure	10.0	12.1
<b>INCOME</b>		
Income from Activities	(5.7)	(7.5)
Profit on disposal of shares	(9.4)	(0.6)
Other Income	-	(8.8)
	<u>(15.1)</u>	<u>(16.9)</u>
<b>NET INCOME</b>	(5.1)	(4.8)
Interest payable/receivable	-	-
<b>NET INCOME AFTER INTEREST</b>	<u>(5.1)</u>	<u>(4.8)</u>

STATEMENT OF FINANCIAL POSITION 31 MARCH 2016

	2015-16 £000	2014-15 £000
<b>NON-CURRENT ASSETS</b>		
Financial Assets	85.0	85.0
<b>CURRENT ASSETS</b>		
Trade and Other Receivables	50.9	46.1
Cash and Cash Equivalents	37.5	37.2
<b>TOTAL CURRENT ASSETS</b>	<u>88.4</u>	<u>83.3</u>
<b>TOTAL ASSETS</b>	<u>173.4</u>	<u>168.3</u>
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	-	-
Current Liabilities	-	-
<b>ASSETS LESS LIABILITIES</b>	<u>173.4</u>	<u>168.3</u>
<b>TAX PAYERS' EQUITY:</b>		
General Reserve	173.4	168.3
Revaluation Reserve	-	-
<b>TOTAL</b>	<u>173.4</u>	<u>168.3</u>

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**POLICE FUND (CONTINUED)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Surplus after interest	5.1	4.8
Less non cash transaction	-	(0.6)
Increase in Trade and Other Receivables	(4.8)	(17.8)
Decrease in Trade Payables	<u>-</u>	<u>-</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b><u>0.3</u></b>	<b><u>(13.6)</u></b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Proceeds on disposal of shares	<u>-</u>	<u>14.2</u>
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>	<b><u>-</u></b>	<b><u>14.2</u></b>
<b>NET FINANCING</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b><u>0.3</u></b>	<b><u>0.6</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b><u>37.2</u></b>	<b><u>36.6</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>37.5</u></b>	<b><u>37.2</u></b>

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**POLICE FUND (CONTINUED)**

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>General Reserve £000</b>	<b>Revaluation Reserve £000</b>	<b>Total Reserves £000</b>
Balance at 31 March 2014	<u>159.9</u>	<u>3.6</u>	<u>163.5</u>
<b>Changes in Taxpayers' Equity for 2014-15</b>			
Surplus on Revaluation of Investments	3.6	(3.6)	-
Net Operating Surplus	<u>4.8</u>	<u>-</u>	<u>4.8</u>
<b>Balance at 31 March 2015</b>	<u>168.3</u>	<u>-</u>	<u>168.3</u>
<b>Changes in Taxpayers' Equity for 2015-16</b>			
Surplus on Revaluation of Investments	-	-	-
Net Operating Surplus	<u>5.1</u>	<u>-</u>	<u>5.1</u>
<b>Balance at 31 March 2016</b>	<u>173.4</u>	<u>-</u>	<u>173.4</u>

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**23. POLICE PROPERTY FUND**

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 2016**

	2015-16 £000	2014-15 £000
<b>EXPENDITURE</b>		
Other Expenditure	7.0	4.4
<b>INCOME</b>		
Income From Activities	<u>(59.5)</u>	<u>(33.6)</u>
<b>NET INCOME</b>	<u>(52.5)</u>	<u>(29.2)</u>

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2016**

	2015-16 £000	2014-15 £000
<b>CURRENT ASSETS</b>		
Trade and Other Receivables	174.7	122.2
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	<u>-</u>	<u>-</u>
<b>ASSETS LESS LIABILITIES</b>	<u>174.7</u>	<u>122.2</u>
<b>TAXPAYERS' EQUITY:</b>		
General Reserve	<u>174.7</u>	<u>122.2</u>

POLICE SERVICE OF NORTHERN IRELAND  
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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)

POLICE PROPERTY FUND (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2015-16 £000	2014-15 £000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Surplus after interest	52.5	29.2
Increase in Trade and Other Receivables	(52.5)	(29.2)
Decrease in Trade Payables	—	—
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>—</b>	<b>—</b>
<b>NET FINANCING</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>	<b>—</b>	<b>—</b>

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016

	Total Reserves £000
<b>Balance at 31 March 2014</b>	93.0
<b>Changes in Taxpayers' Equity 2014-2015</b>	
Net Operating Surplus	<u>29.2</u>
<b>Balance at 31 March 2015</b>	<b><u>122.2</u></b>
<b>Changes in Taxpayers' Equity 2015-2016</b>	
Net Operating Surplus	<u>52.5</u>
<b>Balance at 31 March 2016</b>	<b><u>174.7</u></b>



**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2016  
(CONTINUED)**

**24. RELATED-PARTY TRANSACTIONS**

PSNI is a body of constables as set out in the Police Act, funded through the Policing Board which during the reporting period was a Non Departmental Public Body of the DOJ.

The DOJ is regarded as a related party. During the year PSNI had a number of material transactions with the DOJ and with other government departments and central government bodies. Most of these transactions have been with: the Forensic Science NI; the NI Prison Service (both Executive Agencies of the DOJ); the Land & Property Services (executive agency of the Department of Finance and Personnel) and the Central Procurement Directorate (Department of Finance and Personnel).

None of the senior staff of PSNI undertook any transactions during the year with PSNI.

**25. THIRD-PARTY TRANSACTIONS**

PSNI hold a number of bank accounts and sealed packages which contain evidence or proceeds of criminal activities. As these monies are not assets of the PSNI they are not included in these financial statements.

Following the outcome of investigations or court proceedings, the money is returned or paid to appropriate authorities.

**THIRD PARTY ASSETS**

	<b>31 March 2015</b>	<b>Gross Inflows</b>	<b>Gross Outflows</b>	<b>31 March 2016</b>
	£000	£000	£000	£000
Bank Balances and Monetary Sealed Packages held.	<u>3,283</u>	<u>514</u>	<u>(3)</u>	<u>3,794</u>

Third Party Assets includes £24k held in relation to EU funded programmes.

**26. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

There are no events to report after the reporting period.

The Annual Report and Accounts were authorised by the Chief Constable to be issued on 24 June 2016.







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