

For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	9th November 2021
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Kimberley
Agenda Item:	3

FINAL STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2019-20

1. Purpose of the Report

- 1.1 To provide members with a copy of the audited statement of accounts and annual governance statements for 2019-20.
- 1.2 The External Audit report will be inserted once it is agreed at this meeting.

2. Recommendations

- 2.1 Members are requested to:
 - Having examined the statements provided to recommend the accounts and governance statements to the Police & Crime Commissioner for approval.
 - Also recommend the accounts and governance statements to the Police & Crime Commissioner and Chief Constable for signing.

3. Reasons for Recommendations

- 3.1 This complies with the Accounts and Audit regulations and good financial governance.

4. Summary of Key Points

- 4.1 The attached statements provide a fair view of the financial position of the Chief Constable, Police & Crime Commissioner and group as a whole.
- 4.2 The statements of the Chief Constable show the cost of policing and provision of services to deliver the Police & Crime Plan.
- 4.3 The Group accounts also include the financial statement relating to the Office of the Police & Crime Commissioner.
- 4.4 These accounts represent fairly the financial position of the Group and its individual entities.

5. Financial Implications and Budget Provision

5.1 None as a direct result of this report.

6. Human Resources Implications

6.1 None as a direct result of this report.

7. Equality Implications

7.1 None as a direct result of this report.

8. Risk Management

8.1 These accounts have not been published within the extended timescale required by legislation.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 This complies with the Financial Regulations which underpin the achievement of all Police & Crime Plan priorities.

10. Changes in Legislation or other Legal Considerations

10.1 This complies with the current Accounts and Audit Regulations in that the accounts and their audit are finally complete.

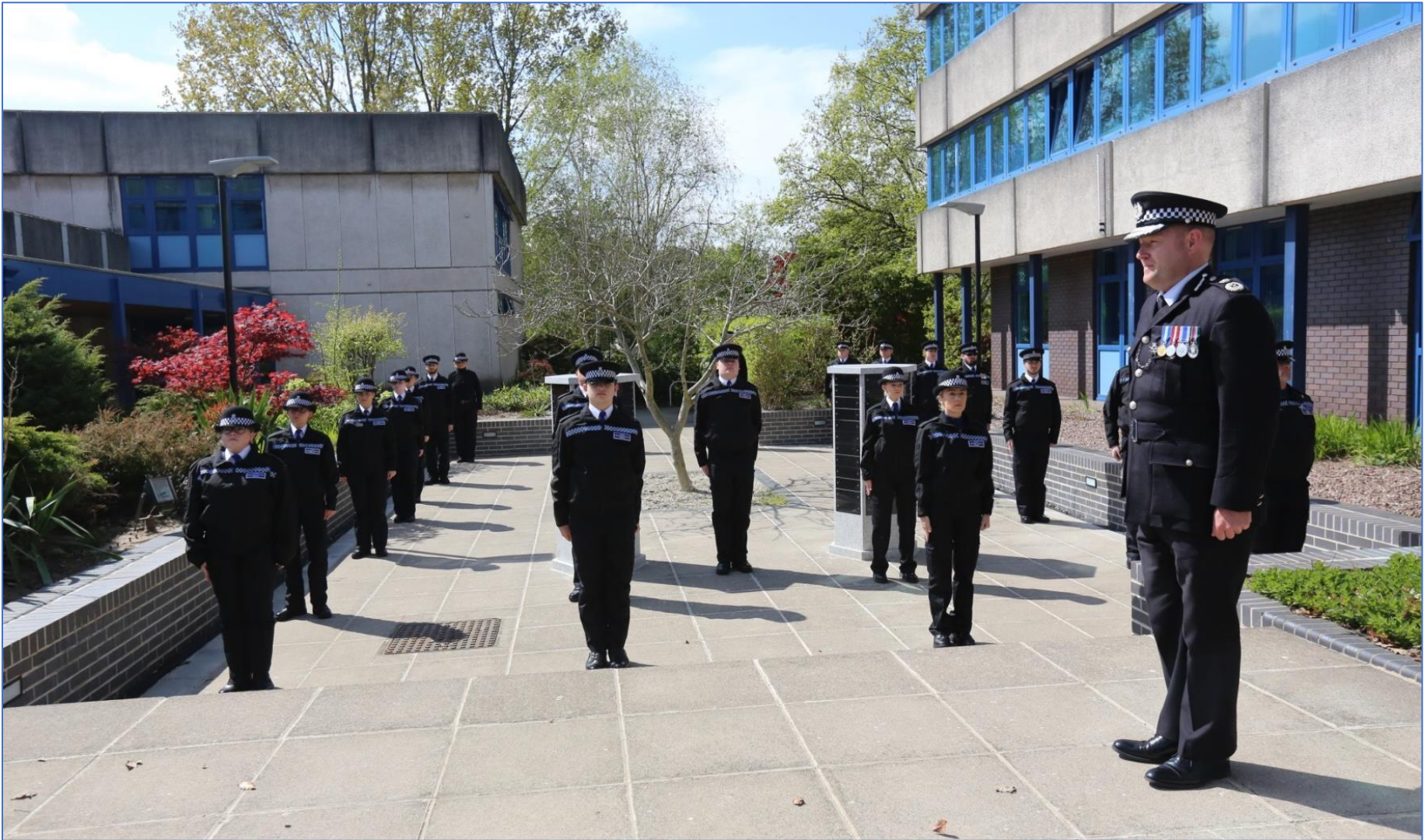
11. Details of outcome of consultation

11.1 The draft accounts were made available for public inspection and published on the websites for comment.

12. Appendices

A – The Chief Constables Statement of Accounts 2019-20

B – The OPCC and Group Statement of Accounts 2019-20



Statement of Accounts 2019-20

The Chief Constable of Nottinghamshire

(V7.1 published 4th November 2021)



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

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CHIEF FINANCE OFFICER'S NARRATIVE REPORT



CHIEF FINANCE OFFICER'S NARRATIVE REPORT

NOTTINGHAMSHIRE

Nottinghamshire is a diverse County. It has a mixture of affluent communities and those developing from being former mining areas. The County's major urban area of the City and surrounding conurbation is mainly in the south with the majority of the north and east of the County being rural.

There is a population of approximately 1.1 million within the City and County.

The majority of properties across the City and County fall within Council Tax bands A and B.

Nottinghamshire is one of five regional forces in the East Midlands and works closely with the others to provide a seamless and efficient service.

The Police and Crime Commissioner determines the level of funding allocated to the Chief Constable for the provision of police services within Nottinghamshire.

The amount of funding available for distribution by the Commissioner is reliant on both Central Government funding and the amount received from local Council Tax payers.

The amount received from Central Government is reducing in real terms year on year, which creates the need for the Commissioner to raise Council Tax by the maximum amount available to ensure real term spending power is not reduced.

However, during the year the Government announced investment in policing to recruit 20,000 additional police officers over the next three financial years. Nottinghamshire's element of this increase will be 357 additional police officers. It is expected that the additional funding of this element only will be met by the Government in full.

Brexit and Covid-19 will continue to create uncertainty and therefore this may impact on police funding in the future. The results of which are not currently quantified.

GOVERNANCE

The Commissioner is responsible for the totality of policing within the policing area; with operational policing being the responsibility of the Chief Constable.

This responsibility is discharged in accordance with statutory requirements, the Oath of Police Officers, the Police Discipline Code, Police Regulations and the Scheme of Delegation.

There is joint responsibility with the Commissioner for ensuring that public money is safeguarded. To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at their disposal.

Our Priorities

Engage our
Communities

Create a Service that
Works for Local People

Become an
Employer of Choice

Our Mission Statement

'Working with partners and the communities we serve to make Nottinghamshire a safe, secure place to live, work and visit'

PERFORMANCE

The Force has a dedicated workforce of around 3,800 officers and staff, who are supported by a growing army of hundreds of special constables, cadets and volunteers.

Local policing is complemented by a range of support units and departments that operate across the Force. These include the control room, where staff answer 999 and non-emergency telephone calls, our roads policing section, criminal justice, crime investigation, force intelligence, our dogs section, the forensics officers who work in our scientific support unit and the team that plans for major events and emergencies.

The graphic on page 9 demonstrates the level of demand on policing in 2019-20 and examines future demand expectations moving forward in 2021 and beyond.

Achievements 2019-20

Over the last year we have made significant changes to improve the accuracy and sophistication of our service demand forecasting. To assist this we have entered a contract with demand specialist Crest Advisory, they are recognised national experts in policing demand.

A change of Prime Minister in July 2019 signalled a significant change in direction with the announcement in November 2019 that by 2023-24 there will be 20,000 additional police officers across the country, of which 357 posts would be in Nottinghamshire. This total was broken down with an annual target recruitment of 107 officers in Nottinghamshire by March 2021, a further 143 by March 2022 and another 107 by March 2023. This news was welcomed by both the PCC and Chief Constable and plans were immediately put in place to achieve this uplift as soon as was practical. The first element of uplift was achieved by 31 March 2020, a full year ahead of schedule, placing Nottinghamshire at the forefront of helping achieve the government's target.

Investment has been made to move the MFSS IT infrastructure to a cloud based solution (Oracle Cloud Apps). However this investment was greater than planned, took longer to achieve and did not develop the stable platform for service delivery to on-board additional partners so as to deliver efficiency savings. The Force and OPCC are now looking at alternative delivery models, and it is expected that with appropriate investment significant operational savings could be made.

We launched a new wellbeing strategy in late 2019 as our roadmap to improving employee wellbeing. We are reviewing and refreshing our family friendly policies and procedures to help support our workforce to create a flexible workforce in line with our wellbeing plan. This includes mindfulness sessions and support to national days of action aimed at aiding mental health.

PERFORMANCE (continued)

A dedicated force wellbeing lead within operational policing has been recruited to help support colleagues who are long term sick to return to the organisation. This roll since its inception in September 2019 has already assisted in getting 15 staff members back to work.

Marked improvements in proactive safeguarding activity and understanding of risk have led to increases in demand on safeguarding bodies and multi-agency case conferencing arrangements. There are indications, however, that greater proactivity in these areas is resulting in earlier intervention and therefore preventing future harm.

In January 2020, we launched a new command and control system called SAFE. The new system is seen to be a more effective call-handling platform and has the advantage of logging every call as a contact record which means previous contact is easier to review.

The work to deliver the SAFE command and control platform was effectively managed and delivered to contracted timelines. This required the delivery of an extensive training programme for hundreds of staff.

This has greatly assisted the transition between systems and although we have seen some slight deterioration in call handling availability whilst the team gets used to the system this already started to return towards normal levels.

We have also invested in personal issue laptops for all response officers and a replacement to the Blackberry devices which will enable officers to access all key systems without the need to return to the police station. We are implementing the agile devices and embedding this within the workforce by growing the agile infrastructure to support the work anywhere ethos. We have also invested in Net Motion software with substantial benefit to efficiency, visibility and productivity and the benefits of which have already assisted in our Covid-19 response.

All of our response officers now have access to Body Worn Video (BWV). This enhances the available evidence particularly at domestic abuse incidents where there is no complaint and an evidence-led prosecution can still be commenced and assists in displaying transparency regarding how officers deal with incidents. They help to

resolve complaints more efficiently and BWV recordings have been shown at our stop and search scrutiny panel meetings thereby increasing the accountability of our officers and improving the trust and confidence of the community.

The Video Relay Service (VRS) is a new access avenue accessed via our website that we offer to our deaf community, who use British Sign Language (BSL), to communicate. VRS can be used to report incidents, offer intelligence or simply ask a question. We are advised by our local Deaf Society that this has prompted a greater trust in the police by the local deaf community, as they are now able to contact us easily.

PERFORMANCE (continued)

In January 2020, we launched a joint drone team with Nottinghamshire Fire and Rescue. The team is located at Hucknall police station and provide 24/7 support across the whole of Nottinghamshire. We have 15 qualified police pilots including five officers within our local policing teams that help deliver a service for planned deployments including community engagements and enforcement operations with partners. All the officers within the team perform the function of a drone pilot as an addition to their core role within the organisation.

Since its launch the drone team has been extremely successful assisting planned operations and supporting colleagues on the ground to search for, locate and arrest individuals for offences ranging from firearms and drugs to burglary and theft of motor vehicles. The team now play a central role in our fight against rural crime and have also supported a significant number of missing person searches actively locating five high risk vulnerable people.

Changes to our armoury facility have also helped us improve performance, this included new systems and structural changes. This means one shift no longer has to wait for the other to finish their loading /

downloading and both can take place simultaneously. Not only is this more streamlined and efficient but it also maximises the time our officers are on patrol contributing to our much improved response times.

Significant progress has been made in improving our capacity and capability in our Mobile Armed Support to Surveillance (MASTS) and Specialist Firearms Officer's (SFOs). As a result we have trained 21 MAST officers during 2019 and further work is ongoing to optimise their configuration in order to meet deployment requirements with minimal disruption to business continuity.

During 2019, we have delivered a £0.580m investment in our ANPR upgrade project. This has allowed the replacement of several assets as well as the upgrade of multiple cameras to bi-directional technology allowing good lane coverage. After a consultation process with frontline officers, Special Branch and our local Serious and Organised Crime team we have placed cameras in a number of new strategic locations across Nottinghamshire.

Overall, there was a decrease in the total number of collisions and casualties on

Nottinghamshire's roads in 2019.

We continue to deliver efficiencies in the management of our land and buildings. We recently co-located with Bassetlaw District Council at Worksop, we have established a partnership hub with Ashfield District Council at the Council's offices and are sharing of training facilities with Nottinghamshire Fire and Rescue Service. These initiatives have enabled the release of leasehold and sale freehold properties, delivering savings and capital receipts for investment.

New full condition surveys of all buildings within the estate have been undertaken and these are informing a new comprehensive planned maintenance programme. Strategic capital projects are being developed to meet strategic need, ensure future demand is met and to ensure that the quality of the estate is improved.

STATEMENTS ABOUT DEMAND ON POLICING 2020

The population of Nottinghamshire is approximately 1,154,200 people policed by 2,115 officers.

Across Nottinghamshire, there is approximately one police officer for every 576 members of the public.



Ongoing Safeguarding Demand



Submitting approx. 80 PPNs per day, including 20 for Child Concerns and 13 for Adults at Risk



Supporting approximately 1,400 domestic abuse victims being seen at **Multi-Agency Risk Assessment Centres**



Supporting 769 children and young people subject to a **Child Protection Plan**, with 486 new children and young people supported in 2019

Non-crime demand

On a typical day in Nottinghamshire:

2019 demand



There is approximately 1 police officer on duty for every 1,877 people living in the Force area



Receive 1,618 calls per day of which

- 523 are 999 calls
- 1,095 are 101 calls



Create 942 incidents per day which includes

- 88 ASB
- 8 missing persons
- 50 MH related



Attend 497 incidents graded I,U&T per day which includes

- 24 RTC's
- 65 Domestic Incidents
- 31 MH related

Future demand - 2021



Current recruitment plans would result in approximately 1 police officer on duty for every 1,746 people living in the Force area¹



Receive 1,604 calls per day of which

- 526 are 999 calls
- 1,078 are 101 calls



Create 933 incidents per day which includes

- 83 ASB
- 5 missing persons
- 50 MH related



Attend 506 incidents graded I,U&T per day which includes

- 24 RTC's
- 67 Domestic Incidents
- 31 MH related



Ongoing Safeguarding Demand



Carrying out 15 Stop & Searches per day, with a 42% positive outcome rate



Supporting approx. 6,500 Priority/Troubled Families in partnership with other local bodies, 65% of which have Crime and/or DV issues



Managing approximately 1,750 sexual and violent offenders under **Multi-Agency Public Protection Arrangements** in partnership with other local bodies

Crime demand



298 crimes recorded

- 21 Burglaries
- 96 Violent Crimes
- 9 Serious sexual offences
- 8 Cases of Fraud
- 52 Arrests
- 43 Positive Outcomes
- 5 Community Resolutions
- 32 Charges

301 crimes recorded

- 21 Burglaries
- 101 Violent Crimes
- 10 Serious sexual offences
- 11 Cases of Fraud
- 52 Arrests

FINANCIAL PERFORMANCE

The outturn for the Force is £204.6m which is an overspend of £0.3m against the original budget.

The budget was set to provide for a £2.0m contribution taken to reserves but in addition to this £1.1m from staff savings have been used to fund capital expenditure.

Improvements to monitoring processes continue to develop and the outturn is reviewed monthly. Any changes are reported to the chief officer team with requests for the approval of virements. The rolling five year planning model is updated if future years are impacted. The actual outturn was in line with monthly monitoring during the year.

Performance over previous years has been:

- 2015-16 an overspend of £7.7m
- 2016-17 an underspend of £1.0m
- 2017-18 an underspend of £2.5m
- 2018-19 an overspend of £0.8m
- 2019-20 an overspend of £0.3m

The medium term financial plan assumptions have been adjusted accordingly to reflect past and this year's performance.

2019-20 Expenditure v Budget Analysis

Nottinghamshire Police Group Outturn Position 2019-20.

Net Expenditure Budget	Budget £m	Efficiencies Allocation £m	Working Budget £m	Outturn £m	Variance £m
Employee	170.6	(2.0)	168.5	167.6	(0.9)
Premises	5.8	-	5.8	7.3	1.5
Transport	5.7	-	5.7	6.0	0.4
Communications & Computing	9.0	(0.3)	8.7	8.9	0.2
Supplies & Services	10.6	(0.5)	10.1	9.6	(0.5)
Partnership & Collaborations	11.5	-	11.5	12.4	0.9
Capital Financing	4.6	(0.3)	4.3	6.0	1.7
Income	(15.1)	(0.2)	(15.3)	(18.3)	(3.0)
OPCC	5.0	-	5.0	5.0	-
Total Net Expenditure	207.7	(3.3)	204.3	204.6	0.3

Notes:

Over spends are shown as + numbers, whilst under spends are shown as () numbers.

No adjustments have been made for rounding.

FINANCIAL PERFORMANCE (continued)

Employee Costs

Police officer pay

This was £106,927k for the year which was an under-spend of £980k against the budget.

This under-spend reflects a difference in the percentage of officer pension contributions between budget and the average recorded. The budget was set at 31.0%, however the average for the Force reduced to 29.3%, there is a significant reduction in the number of officers enrolling in the pension scheme that was not anticipated. This saving was partly off-set by the increase in police officer numbers allowing the uplift in officers to start earlier than advised by government. The actual movement in officer FTEs for 2019-20 was an increase of 138.16 FTE from a start point of 1,940.34 FTE through to an end point of 2,078.50 FTE.

Police staff pay

This was £47,604k for the year which was an under-spend of £1,269k against the budget.

This reflects a higher than anticipated vacancy rate, partly due to local restructures and recruitment held pending the results of those reviews. It also reflects the reduction

in staff to join the officer ranks. The actual movement in staff FTEs for 2019-20 was an increase 29.75 FTE from a start point of 1,336.10 FTE through to an end point of 1,365.85 FTE.

Overtime

This was £6,582k for the year which was an over-spend of £1,763k against the budget.

The main drivers for the over-spend were:

- Operation Scorpion, Knife Crime surge operations £580k, off-set with grant income.
- £500k efficiency saving not achieved due to the overtime pre-approval threshold not being removed from the system.
- General increase in officer numbers through Op Uplift and bringing in future officer numbers ahead of the plan. This has been partially offset by grant income that we will receive in relation to 2019-20.

Other employee costs

This was £2,267k for the year which was an over-spend of £111k against the budget. This was due to increased pension strain costs in relation to departmental restructures.

Medical retirements

This was £4,221k for the year which was an under-spend of £708k against the budget.

The budget was set on an expectation that 18 officers would leave the Force based on a medical/ill health retirement. The Force has approved 12 such requests during the year.

Premises

This was £7,307k for the year which was an over-spend of £1,540k against the budget.

The over-spend reflects costs relating to buildings that had a delay or sale yet to complete, therefore certain utility and rates costs continued beyond what was expected £210k.

An increase in general premises costs reflecting higher service charges and increases in demand/usage £483k as well as £154k incurred from utility charges dating back to 2018-19 where charges are notoriously late in arriving which in turn causes inaccurate predictions when budget setting. In addition an increase in the provision for dilapidation costs, mainly as a result of a charge of £235k attributed to Watnall Road.

FINANCIAL PERFORMANCE (continued)

£277k additional costs incurred in relation to the Speed Camera team; regional buildings and small projects is off-set with income.

Transport

This was £6,047k for the year which was an over-spend of £395k against the budget.

This was due to an increase in vehicle repairs for our newer higher spec vehicles costing more to repair for parts and labour. A number of vehicles were also purchased for the Knife Crime Team and Operation Uplift.

Communications & Computing

Costs were £8,871k for the year which was an over-spend of £189k against the budget.

The majority of the over-spend was due to an increase in data charges and renewal of the data bundle contract.

Supplies & Services

Costs were £9,630k for the year which was an under-spend of £323k against the budget. This under-spend is a reflection of lower than budgeted costs for consultation relating to the new Command & Control system, along with an unexpected hold on the National Enabling Project to the Force, this amount has created an increase in the IS reserve to ensure the project can be completed at a later date.

Partnership & Collaboration

This was £12,446k for the year which was an over-spend of £888k against the budget.

The majority of the over-spend reflects the costs of an additional Chief Superintendent on secondment from West Yorkshire Police for the year £128k; an increase in contributions to the region £243k for officer in kind contributions; and increase in a number of national contributions of £130k.

An amount of £216k has also been accrued in respect of the EMOpSS disaggregation, this has been off-set in income with the assumption that region will forward payment for the ARV Uplift Grant for previous years.

Capital Financing

This was £5,970k for the year, which was an over-spend of £1,635k against the budget.

The opportunity to utilise under-spends mentioned earlier in this report allowed the Force the ability to contribute £1,128k towards the costs of capital projects, £900k to off-set the earlier costs for the joint FHQ build, £50k for additional vehicles and £178k for IT related equipment.

A provision for bad debts was made for £210k and £427k was allocated to the IS reserve for the continuation of the NEP project.

Income

This was £18,302k for the year, which was an under-spend of £2,948k against budget.

The increase in income reflects the £1,540k grant for Knife Crime, £514k Uplift Grant, an addition £2m grant linked to increases in employer pension costs, increased recharges to region and an increase in vehicle recovery income.

Efficiencies

Whilst efficiencies are difficult to identify within the current financial system, there are some clear results to report which are reflected below.

FINANCIAL PERFORMANCE (continued)

Net Expenditure Budget	Efficiencies Allocation £m	Outturn £m	Variance £m
Staff Pay & Allowances	1.5	1.6	0.1
Overtime	0.5	-	(0.5)
Communications & Computing	0.3	0.2	(0.1)
Supplies & Services	0.2	0.2	-
Procurement	0.3	0.4	0.1
Capital Financing	0.3	0.2	(0.1)
Income	0.2	0.4	0.2
Total Net Expenditure	3.3	3.0	(0.3)

FINANCIAL PERFORMANCE (continued)

2020-21 Budget Breakdown

The proposed revenue budget for 2020-21 is £221.6m as detailed below:-

Net Expenditure Budget	£m
Employee	180.1
Premises	6.1
Transport	6.2
Communications & Computing	8.9
Supplies & Services	10.0
Partnership & Collaborations	19.3
Capital Financing	8.5
Income	(15.5)
Efficiencies (not allocated in above)	(2.0)
Net use of reserves	-
Total Net Expenditure	221.6



Craig Guildford
Nottinghamshire Chief Constable

OUTLOOK

Due to the previous economic climate the Government had made significant reductions in public sector finances over many years with annual real term reductions of over £50m since 2010 for policing in Nottinghamshire. This has resulted in significant operational efficiencies with permanent new ways of working now embedded. The drive for efficiency in operations is at the heart of the Force management team, and new streamlined enabling services provide cost effective services, but with the focus on directing any available resources to the front line.

Financial settlements in 2018-19 and 2019-20 has established a new baseline spend, but with a shift from central funding to local funding via Council Tax. This makes the Force more accountable to their local taxpayers, who are at the forefront for financing annual inflation and any additional expenditure.

Locally the Police & Crime Commissioner has fully supported maintaining policing resources and has used his council tax setting freedoms to the full. The Chief Constable has played his part in maximising the use of resources and has delivered efficiencies such that all additional Council

Tax funding has been used to increase police numbers; with 80 additional officers in 2018-19 and 40 more in 2019-20.

A change of Prime Minister in July 2019 signalled a significant change in direction with the announcement in November 2019 that by 2023-24 there will be 20,000 additional police officers across the country, of which 357 posts would be in Nottinghamshire.

This total was broken down with an annual target recruitment of 107 officers in Nottinghamshire by March 2021, a further 143 by March 2022 and another 107 by March 2023.

This news was welcomed by both the PCC and Chief Constable and plans were immediately put in place to achieve this uplift as soon as was practical. This was achieved by 31 March 2020, a full year ahead of schedule, placing Nottinghamshire at the forefront of helping achieve the government's target.

The settlement announcement for 2020-21 was delayed due to the November 2019 election, but did provide additional resources to achieve the uplift target,

mainstreamed the pensions funding gap grant and allowed for a £10 increase in precept to cover the cash impact of inflationary pressures.

This approach of using the precept to fund inflationary pressures was signalled as the likely way forward, with baseline grant being cash limited. It is assumed that this baseline will however be uplifted for the revenue costs of the uplift targets in the respective future years.

The increases needed to maintain resources in real terms will be funded by the local taxpayer via increased Council Tax precepts but in themselves are still insufficient to meet the increasing demands and investment required to maintain Police Services, even after allowing for the uplift numbers, therefore on-going efficiency targets will be required.

Sufficient on-going review and risk management is in place such that if funding levels anticipated are not forthcoming then delivery of the minimum policing model is achievable in a time frame that does not jeopardise the minimum sustainable policing level.

OUTLOOK (continued)

Plans in respect of IT Strategy, property maintenance and demand profiles are being further developed and work to further refine our knowledge and financial estimation in these aspects continues.

The Annual Budget, Operational Models, and the Medium Term plan are sufficiently robust to ascertain that policing in Nottinghamshire is above the levels required to provide an adequate police service and that the Force is sufficiently resourced to ensure this on an on-going and sustainable basis.

Covid-19:

The current restrictions in place within the United Kingdom in response to Covid-19 have created issues for police forces in terms of policing the government lockdown policy in addition to continuing normal policing functions. This has given rise to additional costs in terms of overtime and providing personal protective equipment (PPE) to operational police officers and staff. However, the PCC maintains a Major Incident Reserve of £1.8m to manage the financial risks of major incidents and the additional costs of Covid-19 incurred between March and May 2020 were less than 25% of this reserve. Discussions are ongoing between all PCC's and the Home Office in respect of financial assistance with the additional costs.

Although the local district councils are anticipating a potential deficit on the Collection Fund for Council Tax, this will not affect the PCC's income in 2019-20 or 2020-21. Any deficit arising on the Collection Fund will be declared during 2020-21 and distributed in 2021-22.

Our most recent balances compared to the year end reported in these statements is as follows.

Date	General Reserve	Earmarked Reserve
31 March 2020	£7.075m	£20.316m

We recognise that there remains uncertainty over how long lockdown arrangements will remain and therefore the total costs which will be incurred as a result. However, we are confident that the impact can be managed in 2019-20 and 2020-21 by use of the Major Incident Reserve and that there will be minimal impact on the general reserve balance.

Beyond 2020-21, we expect a reduction in council tax income as a result of:

- Reduced collection rates
- Reduced growth in the number of properties paying council tax
- No increase in precept level in 2021-22.

The assumptions contained within the current Medium Term Financial Plan will be reviewed and revised as necessary during the next budget setting round.

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 2,115 police officers, 181 PCSOs, 157 specials and 1,317 staff in full-time and part-time positions.

Active recruitment plans for 2020-21 include positive action to improve the diversity and reflect more closely that of the County.

Nottinghamshire pay an apprenticeship levy equating to 0.5% of the total pay bill. This can be utilised to pay for apprenticeship training and to accredit specific specialist roles to a professional standard, including degree level.

Overall Equality Characteristics

Gender	Headcount	%
Male	2,106	55.86
Female	1,664	44.14
Total	3,770	100.00

Age Band	Headcount	%
25 and under	427	11.33
26-40	1,496	39.68
41-55	1,538	40.79
56 or over	309	8.20
Total	3,770	100.00

Self-Declared Disability	Headcount	%
No/not specified	3,620	96.02
Yes	150	3.98
Total	3,770	100.00

Ethnicity	Headcount	%
Asian/Asian British	111	2.94
Black/Black British	40	1.06
Mixed	57	1.51
White/White British	3,482	92.37
Other	8	0.21
Not known/provided	72	1.91
Total	3,770	100.00

PRINCIPAL RISKS

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact. The risk management processes are subject to regular review and updates. The key strategic notes relevant to the statement of financial accounts are:

	RISK	IMPACT	MITIGATION
1	Recruitment, retention and training of staff and officers	Many areas of Force operations have vacancies that impact on service delivery.	<p>The Force is ahead of others for the recruitment of officers in respect of Operation Uplift. However, given the timescales for training, especially for specialist posts, issues will exist for a 1-3 year period.</p> <p>For specialist staffing posts the continued use of market supplements may be required. Investment in technology, restructuring and training supports the longer term mitigation of issues.</p>
2	Brexit	<p>Detrimental impact of Brexit on public sector funding.</p> <p>Management of any transition/public order issues.</p>	<p>Monitoring of national activity by Government.</p> <p>Force planning led by ACC.</p>
3	Funding formula / Comprehensive Spending Review / Covid-19 national cost impact	Could result in a positive or negative impact on the amount of Force funding, although Covid-19 impact increases the chance that the impact will be negative.	<p>Development of a scalable Medium Term operational plan.</p> <p>Identification of a minimum policing model.</p>

PRINCIPAL RISKS (continued)

	RISK	IMPACT	MITIGATION
4	Multi Force Shared Services (MFSS) contract expires November 2022	<p>Could result in increased costs to Force in respect of redundancy and archiving of data.</p> <p>Lack of system developments as contract reaches end of life.</p>	<p>Project team well established and road map for new suppliers well developed.</p> <p>Interim additional in-house resources identified to mitigate any system / performance issues.</p>
5	Collaborative activity	Value for money.	Continued review / challenge to ensure the Force continues to engage in collaboration where it adds value to the Force and communities.
6	Changing demand of crime and policing activity	Insufficient resources available to meet public expectations.	Improved demand management of increased officer numbers via national Operation Uplift Project.

Explanation of Accounting Statements

The Statement of Accounts sets out the Chief Constable's income and expenditure for the year and its financial position at 31 March 2020. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2019-20; which in turn is underpinned by International Financial Reporting Standards.

A glossary of terms can be found at the end of this publication.

Figures in these accounts are rounded appropriately, generally to the nearest £1,000. Due to this there may appear to be minor inconsistencies or apparent arithmetic errors.

The Core Statements

- **The Comprehensive Income and Expenditure Statement**
This records all income and expenditure for the year.
- **The Movement in Reserves Statement**
This is a summary of the changes to reserves during the course of the year.
- **The Balance Sheet**
This is a “snapshot” of the assets, liabilities, cash balances and reserves at the year end.
- **The Cash Flow Statement**
This shows the reasons for changes in cash balances.

The Supplementary Financial Statements

- **The Notes to the Accounts**
These provide more detail about the accounting policies and individual transactions.













STATEMENT OF RESPONSIBILITIES

The Responsibilities of the Chief Constable

The Chief Constable is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Chief Constable has designated this undertaking to the Chief Finance Officer (CFO).
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- Ensure that there is an adequate Annual Governance Statement.
- Approve the Statement of Accounts.

The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The statement is required to present fairly, the financial position of the Chief Constable as at the accounting date and its Income and Expenditure for the year ended 31 March 2020. In preparing the accounts the CFO has:

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

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Chief Constable as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

M. Kimberley, CPFA
Chief Finance Officer Nottinghamshire Police

Approval

The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel.

C. Guildford
Nottinghamshire Police Chief Constable

Nottinghamshire Police

Annual Governance Statement 2019-20



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

1.0 Introduction

1.1 Scope of responsibility

Nottinghamshire Police is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Force has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, Nottinghamshire Police (hereafter referred to as the Force) is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Chief Constable of Nottinghamshire Police and the Police and Crime Commissioner (PCC) for Nottinghamshire have adopted a Joint Code of Corporate Governance, which is consistent with the principles of the CIPFA 2016 Edition Framework 'Delivering Good Governance in Local Government'. A copy of the Code of Governance can be obtained from the Nottinghamshire Office of Police and Crime Commissioner (NOPCC) website at <http://www.nottinghamshire.pcc.police.uk>.

This Statement has been prepared following an assessment of the key elements of the governance framework, including the role of those responsible for the development and maintenance of the governance environment. The statement explains how the Force has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Force is directed and controlled and the activities through which it accounts to and engages with the community. It enables the Force to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.0 The Governance Framework

The principles which form the basis of the Governance Framework and how they are applied within the Force are described in the following sections. The Chief Constable and Chief Finance Officer have put in place management and reporting arrangements to enable them to be satisfied that the approach to the corporate governance arrangements have been effective and supports the aims of the OPCC, these include;

- The Governance Framework and the principals included within this
- A Risk Management Strategy and arrangements to embed this within the organisation
- The Scheme of Delegation
- The Financial Regulations
- Contract Standing Orders
- The PROUD values

This list is not exhaustive but covers the main documents that set the culture of the method of operation of governance within the organisation.

2.1 Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, respecting the rule of the law

- All officers, staff and volunteers are committed to the Code of Ethics, which find expression in the Force PROUD values.
- The Force continually reinforces the Code of Ethics and expected standards of professional behaviour; guidance and advice is sent to officers and staff using a combination of intranet articles and the Chief's fortnightly video blog.
- The Code of Ethics sits at the centre of the National Decision Model, so is explicitly referenced and considered in any decision-making situation.
- Student officers receive a copy of the Code of Ethics on day one of their training and receive an input from PSD regarding ethics and values. Throughout training many of the subjects are linked back to the Code and integrity.
- The Force have embedded the College of Policing's Competency Values Framework (CVF) which sets out nationally recognised behaviours and values into the Leadership Programme.
- The Force refer to the Home Office Guidance in relation to Police Officer Misconduct for procedures relating to misconduct, unsatisfactory performance and attendance of police officers and special constables.
- The Police Staff Misconduct Policy provides a clear framework for all police staff in terms of expected standards of conduct and professional behaviour and the likely consequence of failure in meeting those standards.
- There are clear processes in place around confidential reporting 'whistleblowing' outlined in the Professional Standards Reporting Procedure. Staff are also able to report breaches confidentially to PSD confidentially.

- There are robust mechanisms in place with respect to the governance of complaints in Force. Complaints are managed in accordance with statutory guidance provided by the Independent Office for Police Conduct (IOPC).
- The Force has dedicated Complaints and Learning Sergeants, embedded within local policing. Their purpose is to deliver learning from complaints back to the workforce thus creating a learning culture rather than a punitive one. Guidance around local resolutions is available on the intranet.
- Assurance reporting is submitted to the Joint Audit and Scrutiny Panel (JASP) on a regular basis relating to complaint recording and the nature of complaints.
- Bi-annually, a report on IOPC investigations is presented at the JASP to inform the OPCC of the Force's application of the IOPC Statutory Guidance.
- Standards are governed by the quarterly Organisation Risk, Learning, Standards and Integrity Board, chaired by the Deputy Chief Constable (DCC). Its remit is to provide a forum to discuss key areas of learning and identify emerging strategic opportunities and risks, whilst monitoring compliance with Force values.
- In the 2018 Her Majesty's Inspectorate of Constabulary and Fire and Rescue (HMICFRS) PEEL Inspection the Force were deemed to be 'good' in respect of 'How legitimately the Force treats the public and its workforce'.
- The outcome of misconduct proceedings are published to reinforce standards and learning.
- The Force has a Strategic Threat Assessment identifying the risks from corruption and control strategy plans underpin this. Specifically, the Force has a comprehensive plan in place to tackle Abuse of Position of Trust for a Sexual Purpose which has shown a significant reduction in the last 12 months however, remains a control strategy priority due to the public harm from this conduct.
- An Ethics Board has been established to consider and discuss ethical issues in an advisory and consultative capacity. It considers issues raised at the Organisational Risk and Learning Board and any issues which are referred from officers, staff or external groups.
- A procedure is in place for the monitoring of business interests and additional employment for police officers and police staff.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Health check, this forms part of the PDR process.
- The Force have developed a matrix to assess the risk posed by reported notifiable association, this assists the Force in identifying those of greatest risk to the integrity of the Force.
- A Statement of Personal and Pecuniary Interests is completed as part of the Annual Governance Statement process by Chief Officers.
- A register of Refused and Approved Business Interests is published on the Force website biannually; any changes are reported on a monthly basis to the Organisational Risk and Learning Board.
- A record of gifts gratuities and hospitality is published biannually on the Force website.
- The Chief Constable will ensure that financial affairs for their force are properly administered having regard to value for money, probity, legality, and appropriate standards, with reference to the Financial Regulations and contract standing orders agreed by the PCC as set out in Part B of Joint Code of Corporate Governance and Working Together document.

- There are documented processes and controls in place around the Prevention of Fraud and Corruption in the Procurement Process to mitigate risks in relation to procurement fraud.
- The Force is compliant with the CIPFA statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2012), as per the CFO job description.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

- The Office of the Police and Crime Commissioner (OPCC) is accountable to local people and draws on this mandate to set and shape the strategic objectives for the Force area in consultation with the Chief Constable, taking into account the Strategic Policing Requirement.
- The Force has recently launched the Neighbourhood Policing Priority Survey which is Nottinghamshire Police's biggest public consultation exercise in a decade, giving the public an opportunity to help shape local policing priorities in their area.
- Consultation and engagement is undertaken with local residents and business communities and forms part of key decision making processes. Formal engagement mechanisms delivered in the community include Victim Satisfaction Surveys, Neighbourhood Watch Meetings, Neighbourhood priority surveys, Locality Boards, Neighbourhood engagement meetings, Key Individual Networks (KINs) and Independent Advisory Groups.
- The HMICFRS 2018 PEEL Report recommended that the Force should work with local people to improve its understanding of local communities, and demonstrate what action has taken place as a result of their concerns.
 - In response, the Force's Engagement Strategy has been re-written and all community profiles have been refreshed, captured digitally and are now regularly updated with new information.
- HMICFRS also asked the Force to evaluate and share effective practice routinely, both internally and with other organisations, to improve its approach to the prevention of crime and anti-social behaviour.
 - The Force recently launched the Neighbourhood Policing portal which hosts a variety of information including Neighbourhood profiles, engagement plans, legislation, College of Policing good practice and associated literature. This is designed to support staff's development in relation to sharing good practice internally.
 - A two day problem solving training event has been held for police and partners, which includes 120 practitioners from partner agencies.

- The Force has a strategic Independent Advisory Group, which represents different community groups across Nottinghamshire. They provide a service to the Force in three core areas; critical incidents, building trust and confidence, and advising on strategies, policies and procedures. The Force has many systems in place for the collection of local survey information that is used to shape the direction of service delivery.
- In accordance with the Freedom of Information (Fol) Act, the website is updated pro-actively with force information in a Fol Disclosure Log. This ensures transparency and encourages increased confidence from and accountability to the public and stakeholders.
- Publication scheme monitoring, review and assurance is reported to the Joint Audit and Scrutiny Panel on an annual basis to provide a current Force position on the Publication Scheme Requirements. This report, along with all other JASP reports, is available to view on the OPCC website.
- The Force contributes to the OPCC's Annual Report to provide assurance on what has been delivered against the Police and Crime Plan.
- There are strong governance processes in place for the City partnerships. Each of the partnerships under the One Nottingham umbrella, including the Crime Drugs Partnership (CDP), have clear terms of reference including a defined purpose, arrangements for information sharing, community engagement and governance and finance.
- The CDP Plan 2019-22 sets out the overall aims, delivery, and performance framework of the partnership to deliver the 'safer' agenda of the 'Nottingham Plan to 2020'. The Partnership Plan has been developed with regard to the priorities of the Police and Crime Commissioner.
- There is a robust governance framework in place to oversee the delivery of the Plan. This is directed by the Partnership Board, which provides strategic governance of the partnership.
- The three statutory Community Safety Partnerships (CSPs) are responsible for the delivery of local community safety strategies and action plans. The Safer Nottinghamshire Board (SNB) Delivery Groups support the SNB and CSPs to implement the community safety strategies.
- Each of the three CSPs in the County produces performance information on a monthly basis. This includes reporting on current performance against targets, comparison against most similar force peers and performance of Partnership Plus areas. The SNB Performance Group brings together the CSP Chairs to discuss performance risks and highlights.
- Section 22A of the Police Act 1996 provides for a collaboration agreement to be made between Police and Crime Commissioners or between commissioners and chief officers from more than one force area. There are a range of established collaborations in place for a number of specialist front line policing operations that provide services across the Midlands region, including Nottinghamshire. These arrangements are reviewed on a regular basis by respective Chief Constables and Police and Crime Commissioners.
- An annual Extraordinary Force Executive Board (E-FEB) is held which is attended by senior internal and external stakeholders, including the Fire Service, City and County Council to provide an open forum for decision making regarding business change proposals for the forthcoming financial year and beyond.

2.3 Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

- The Police and Crime Plan sets out the vision, values, strategic priorities and outcomes together with a performance framework in line with requirements under the Police Reform and Social Responsibility Act 2011.
- At a national level, the Force works to the Strategic Policing Requirement (SPR) which is issued by the Home Office to articulate current national threats and the appropriate national policing capabilities required to counter those threats.
- The Police and Crime Plan is informed by the Police and Crime Needs Assessment (PCNA) which is used as a planning and priority setting tool. The document highlights key trends, issues, risks and threats in the crime community safety and criminal justice environment.
- The Force takes an active part in working with the OPCC to refresh the Police and Crime Plan delivery plan each year in order to set out what activities will be undertaken to deliver the PCC's key strategic priority themes. Activities are broken down into further operational detail in the Force Delivery Framework.
- The strategic priorities set out in the Police and Crime Plan are aligned to the Force's Annual Departmental Assessment (ADA), business planning process.
- A report is submitted on a quarterly basis to the Police and Crime Panel to provide an update against each of the strategic priority themes; this is made available on the Nottinghamshire County Council website.
- A Performance and Insight Report is provided to the Strategic Resources and Performance meeting on a bi-monthly basis to ensure that the Police and Crime Commissioner is aware of current performance in line with the strategic priority themes, as set out in the Police and Crime Plan.
- Collaboration agreements are in place to outline how business will be undertaken jointly in order to reduce cost, increase capability, and / or increase resilience to protect local people.
- All activity in response to audit and inspectorate recommendations is monitored via 4Action, an action management system. Progress against activity is reported to the Joint Audit and Scrutiny Panel on a quarterly basis.
- A Medium Term Financial Strategy builds on the proposed budget for 2020-21 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.
- Regular Capital and Revenue reports are provided to the Force Executive Board (FEB) and OPCC to provide an update on the Force's budgetary position and also to comply with good financial management and Financial Regulations. This is reviewed and updated regularly to remain adaptable for future requirements.

2.4 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- There is a robust planning cycle in place which incorporates partnership, Force and OPCC strategic assessments, public consultation, refresh of the Police and Crime Plan and the Force Delivery Framework, departmental planning via Annual Departmental Assessments (ADA's) and review and update of the Medium Term Financial Strategy.
- The Force produces an annual strategic intelligence assessment which outlines the capacity and capability to meet its greatest threats including those outlined in the strategic policing requirements.
- The Medium-Term Financial Strategy is a live document to facilitate the demands and changes that can occur within the police so that we can remain operationally on the front foot. The budgeting and long-term planning process is intrinsically linked to the business planning cycle to create a joined-up approach identifying opportunities and risks that are present, and, on the horizon.
- HMICFRS 2018 PEEL Report recommended that the Force should improve its approach to planning within Information Services to ensure there is a clear vision and direction which links to operational planning. In response the Force has created a Prioritisation Matrix which will report into the Futures Board. This will ensure ICT planning is closely aligned to future plans and wider change programmes, so current and future demand can be effectively managed.
- Each Head of Department completes an ADA as part of the annual planning cycle. The ADA is a planning tool used to assess current structure, processes and cost in light of the current operating context. Options for change are proposed which are aligned to the Strategic Priority Themes.
- Budget meetings with departmental heads take place following E-FEB to ensure future budgets account for any project savings or spend within the department.
- Business change remains responsive to threats and opportunities which present themselves throughout the year as part of the risk management process.
- Where a change proposal is approved at E-FEB, a comprehensive analysis of approved change proposals are progressed in the form of an options appraisal (business case) which is presented to the Futures Board for decision. The business case will indicate how intended outcomes would be achieved and any risks associated with those options.
- Business change continues to be assessed according to viability and desirability throughout the project lifecycle. Governance is flexible and responsive so that outputs can be adapted to changing circumstances.
- HMICFRS 2018 PEEL Report recommended that the Force should ensure that its governance arrangements for managing current and future demand track benefits, including how it has reinvested savings. The Force has recently appointed a Business Benefits Officer who has worked responsibility for addressing the AFI and embedding business benefits into the Force.
- Decisions for change are, in part, informed by the HMICFRS' Value for Money (VfM) Profile, which is published on an annual basis. The Force benchmarks its functions against others in its Most Similar Group (MSG) to determine whether VfM is being achieved. Generally, over time, the Force has moved from average/upper quartile to below average/lower quartile for many of our enabling services.

- All business change is governed according to the Force Corporate Portfolio Management Office (PMO) Framework and Guidance which sets out in detail the governance framework, roles and responsibilities and project management methodology in order to plan, delegate, monitor and control all aspects of the business change portfolio.
- The business change governance framework provides a robust reporting structure, which includes project boards, the Futures Board and the FEB. The framework ensures that oversight and scrutiny is carried out by the relevant authority in a proportionate manner providing assurance that decisions are open and accountable, and that public money is spent wisely.
- Decision making is recorded as part of minutes, action plans and decision logs. Key decisions from FEB are published on the Force Intranet under 'News'. This ensures the Force's decision-making processes are transparent.
- A forward plan is maintained to outline what information is required for each strategic meeting, the SRO and expected timescales.

Area for improvement: The Force should ensure that planning in Information Services is more closely aligned with strategic and operational planning and is able to optimise intended outcomes.

Area for improvement: The Force should ensure that its governance arrangements for managing current and future demand track benefits, including how it has reinvested savings.

2.5 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- The DCC Chairs a Strategic Workforce Planning and Training Priorities Meeting. The purpose is to provide strategic overview and direction regarding workforce planning, including establishment levels, workforce mix, skills and capabilities. The meeting also has the remit of determining and prioritising training and learning activities to ensure they are aligned to business and workforce planning.
- HMICFRS recommended in the 2018 PEEL Inspection Report that the Force needs to understand fully its workforce capabilities, to identify any gaps, and put plans in place to address them. This is being addressed as an area for improvement.
- The PDR process is to be re-branded 'Career Conversation', on the launch of the new Talent Management Programme. This will be stored locally, with HR maintaining a record of completion rates and individual career matrix grading. Work is underway to develop a simple process undertaken annually based around date of appointment or work anniversary. This talent Management Programme will clearly capture talent across the Force.
- A standard induction course is in place for student officers. Staff induction is tailored to the role and department to which the individual is recruited. Refreshed staff induction was relaunched June 2020.
- The Force has embedded the CVF which aims to support all policing professionals, setting out nationally recognised behaviours and values. The six competencies and four values of the CVF are embedded into the Force's leadership development programme.
- The leadership development programme invests in first and second line supervisors; it is also complemented by coaching, mentoring and 360 degree feedback
- Officers and staff progressing to senior leadership are encouraged to undertake a 360 review to enable them to consider their own effectiveness as future leaders and identify areas for personal development.

- The NOPCC and Force operate under a comprehensive 'Joint Code of Governance and Working Together Agreement' which comprises of the scheme of consent, the Joint Code of Corporate Governance, Financial Regulations and Contract Standing Orders.
- The roles and authorities of the PCC, the Chief Constable and their respective officers are set out in the Joint Code of Corporate Governance and Working Together document. The document outlines how the parties will work together in cooperation to ensure that effective and efficient delivery of policing services. This was reviewed during 2018.
- The governance structure is underpinned by a statutory framework which incorporates the Police Reform and Social Responsibility Act 2011, the Policing Protocol Order 2011 and the Financial Management Code of Practice, amongst other legislation.
- The Scheme of Delegation sets out the delegation of responsibility from the PCC to their staff and delegation to the Chief Constable and their own staff in the exercise of their statutory responsibilities.
- Clear roles and responsibilities are delegated to Chief Officers. The Chief Financial Officer, as Section 151 Officer, has an up to date job description and person specification which outlines their responsibilities.
- The Force recognise and promotes the benefits of collaborative working and continues to work in a number of regional collaborations as well as collaborations with Nottinghamshire Fire and Rescue.

Area for improvement: The Force should undertake appropriate activities to understand fully its workforce's capabilities, identify any gaps, and put plans in place to address these gaps.

2.6 Principle F: Managing risks and performance through robust internal control and strong public financial management

- The Risk Management approach was redeveloped in 2018 for the Force to adopt a more sophisticated approach which links risks to our governance methods and internal audit processes.
- The Force and OPCC have agreed a joint policy for the management of risk, in line with the Cabinet Office approved Management of Risk (MoR) approach.
- A Strategic Risk Report is provided to the JASP bi-annually in order to keep the Board informed as to the level of strategic risk within the Force and NOPCC and provide assurance as to the effectiveness of risk management arrangements.
- The quarterly Organisational Risk, Learning, Standards and Integrity Board provides an organisation wide forum for thematic leads and heads of department to discuss key areas of learning and identify any emerging strategic opportunities and risks. Business Continuity is also managed within this forum.
- Annual reporting is made to JASP on business continuity, this includes progress made against the business continuity testing timetable and notes on forthcoming testing.

- A Performance and Insight Report is regularly presented to the Strategic Resources and Performance Meeting to ensure that the Police and Crime Commissioner is aware of current performance in line with the Police and Crime priorities. This report is made available on the OPCC website.
- Significant changes in service delivery are subject to a Post Implementation Review in order to identify lessons learned and whether benefits have been realised, including performance, cashable or non-cashable benefits however none were scheduled for 2018-19.
- The Financial Performance and Insight Report, including revenue and capital budget monitoring are reported to the FEB on a monthly basis. It is also presented at the Strategic Resources and Performance quarterly meeting.
- Decision making protocol is illustrated in the joint Scheme of Delegation which is part of the Joint Code of Governance and Working Together document.
- A forward plan of 'Decisions of Significant Public Interest' is provided to the Police and Crime Panel on a regular basis in the interests of accountability and transparency, this is made available on the Nottinghamshire County Council website.
- In accordance with the Financial Management Code of Practice for the police service, issued by the Home Office, the PCC and the Chief Constable established a Joint Audit and Scrutiny Panel (the Panel) in 2013. The role of the Panel is to advise the PCC and Chief Constable on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices.
- JASP complies with best practice as outlined in Audit Committees: Practical Guidance for Local Authorities and the Police (CIPFA, 2013).
- The Panel also assist the OPCC and the Chief Constable in fulfilling their responsibility for ensuring value for money and they oversee an annual programme of scrutiny of key areas of policing activity on behalf of the OPCC.
- The Force's Financial Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their statutory officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
- The Annual Statement of Accounts is published on the website 'what we spend' and includes accounting policies and also the report of the auditors.
- The Annual Audit letter is report to the Joint Audit and Scrutiny Panel on an annual basis.
- The Treasury Management Strategy and annual report are reported annually to the Joint Audit and Scrutiny Panel.
- Budget monitoring reports are presented to the Strategic Resources and Performance meeting on a quarterly basis.
- In compliance with CIPFA guidance, the NOPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisation's internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the internal annual audit opinion.
- Internal Audit, Review and Inspection Monitoring and assurance and improvement outcomes are presented to the Joint Audit and Scrutiny Panel at every meeting.
- An internal audit on Core Financial System Assurance found the Force to have satisfactory assurance in relation to General Ledger, Cash, Bank and Treasury Management, Payments and Creditors, Income and Debtors but limited assurance in respect of Payroll.

- Regular reporting is made to JASP on legislative compliance with the Freedom of Information Act and Data Protection Act legislation.
- Effective arrangements are in place to monitor risks arising from Brexit. The ACC chairs a regular Gold Group meeting.
- The 2017-18 Independent Auditors Report on the Audit of Financial Statements noted that there were not adequate governance and monitoring arrangements in place to enable the successful delivery by Multi-Force Shared Service (MFSS) to Oracle Cloud Computing (Project Fusion), therefore failing to deliver value for money and effective delivery in support of strategic priorities. This is being managed as an area for improvement. Consultancy support was procured during 2018-19 to provide more robust governance and programme management arrangements in respect of Fusion. Despite this, delivery of Fusion was further delayed, going live in April 2019. Close management of the situation continues with the DCC taking an active role as SRO for the Force, and is also now the chair of the management board. An improved process for disseminating information and approvals made by the Joint Oversight Committee are in place, where the Force is represented by the Police and Crime Commissioner for Nottinghamshire.

2.7 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- The PCC and Chief Constable's functions are set out in the Police Reform and Social Responsibility Act 2011. The functions are undertaken in line with the Policing Protocol Order 2011 to achieve the outcomes of the Police and Crime Plan.
- Both the PCC and the Chief Constable have appointed Chief Financial Officers. The responsibilities of the CFOs for both the PCC and the Chief Constable are clearly set out in line with the Financial Management Code of Practice (Home Office, 2013).
- The JASP operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice.
- A programme of internal audit is commissioned and undertaken which reflects published guidance and standards. This is available on the OPCC website.
- Progress reports against the Internal Audit Plan are submitted on a timely basis to the JASP along with the findings from audits completed to date.
- Police officers, police staff operate within force policies and procedures; the corporate governance framework; disciplinary regulations; codes of conduct and the Code of Ethics. Assurance is provided via the Force and OPCC governance framework.
- The Police and Crime Panel scrutinise the actions and decisions of the Police and Crime Commissioner and makes sure information is available for the public. The Force provides reports in accordance with the Police and Crime Panel work programme including specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan.
- The Annual Governance Statement assesses the extent to which the organisation is applying the principles contained within the CIPFA framework. This is published for public scrutiny alongside the Statement of Accounts.
- The Force has a robust process to capture HMICFRS recommendations and track through their lifecycle to formulate the Audit and Inspection Report. This is prepared and presented to the JASP on a quarterly basis.

- The Force has an established reporting procedure for our response to HMICFRS recommendations to be received by the NOPCC in line with the timescales dictated in the Police and Crime Bill.
- A policy and procedure framework is required to ensure that corporate documentation is reviewed on a timely basis; this is an area for improvement.
- Existing collaborations have an established supporting governance structure and formal Collaboration Agreements as per Section 22A of the Police Act 1996.

2.8 Principle H: Report on an Inspection Visit to Police Custody Suites

- The inspection was conducted jointly by HM Inspectorate of Prisons (HMIP) and HMICFRS in October 2018, as part of their programme of inspections covering every police custody suite in England and Wales.
- The inspection assessed the effectiveness of custody services and outcomes for detained people throughout the different stages of detention. It examined the Force's approach to custody provision in relation to safe detention and the respectful treatment of detainees, with a particular focus on vulnerable people and children.
- To aid improvement five recommendations were made to the Force (and the Police and Crime Commissioner) addressing key causes of concern and highlighted an additional 25 areas for improvement.

Recommendation 1: there were too many areas where the Force was not meeting the requirements of legislation or guidance, notably codes C and G of the Police and Criminal Evidence Act codes of practise; this required immediate remedial action.

Recommendation 2: the culture of the custody service was not effective in focusing on the fair and equitable treatment of all detainees; some custody staff took punitive actions against detainees that were not justified and potentially unfair.

Recommendation 3: the arrangements for and staff knowledge of the recording and reporting of adverse incidents in custody were not adequate in ensuring that all incidents were identified appropriately and dealt with in line with legislative requirements.

Recommendation 4: the governance and oversight of the use of force in custody were not adequate, data were unreliable and not all staff completed use of force forms. Some use of force was disproportionate to the risk or threat posed.

Recommendation 5: there was a lack of appropriate care and focus on the safe release of detainees, including the most vulnerable; the pre-release arrangements were not adequate to ensure safe release.

Area for Improvement: In the custody suite, booking in, individual needs and legal rights.

Area for Improvement: In the custody cell, safeguarding and healthcare.

Area for Improvement: Release and transfer from custody.

2.9 Principle I: Crime Data Integrity Inspection 2018

- The inspection by the HMICFRS found that the Force had improved its crime-recording processes since the 2014 report. It found improved supervision of out-of-court disposals; training had been developed and provided on crime-recording for officers, supervisors and staff involved in making crime-recording decisions; high levels of recording accuracy for reporting sexual offences; good crime-recording arrangements in respect of modern slavery crimes; fully implemented the recommendations set out in our 2014 report; and made good progress against a national action plan developed to improve crime recording by police forces.
- The inspection raised the concern that the Force is failing to ensure it correctly records all violent crime (in particular domestic abuse) reported to it. Officers and staff do not fully understand and apply the crime-recording rules when dealing with crimes such as harassment, malicious communications, common assault and public order offences. There is also limited supervision to correct these recording decisions at the earliest opportunity.
- The recommendation is that the Force should immediately take steps to identify and address gaps in its systems and processes for identifying and recording all reports of violent crimes (in particular those that are domestic abuse related); ensure that adequate supervision is applied to all crime-recording decisions made by officers and staff; and ensure that all identified crimes are recorded without delay and in any case within 24 hours. Within three months, the Force should provide crime recording training for frontline officers to include the crime-recording rules for common assault, harassment, malicious communications and public order offences; and the standard of AVI that is required to cancel a recorded crime.

Area for Improvement: Improve the understanding and use by its officers and staff of the N100 classification, for those reports of rape which are not immediately recorded as a crime.

Area for Improvement: Improve how it collects diversity information from victims of crime and how it uses this to comply with its equality duty.

2.10 Covid-19

Following the Government announcement on 23 March 2020 and recommended social distancing guidance, the operational focus and working practices of the police have been significantly affected.

Nottinghamshire has sought to maintain business continuity as far as possible, and in response to Covid-19, have implemented a number of measures to enable this.

These new ways of working have enabled delivery across our critical areas. The caveat on these measures is that whilst they are benefitting the organisation in the current crisis, further evaluation, wider risk management and consideration will be required as the Force looks towards the recovery stage and if these measures can continue to improve efficiency beyond the current crisis.

Measures that have been to support different ways of working have been demonstrated in the following areas:

- **Microsoft Teams**

Although this has not yet been rolled out, the Force is trialling the use of Microsoft Teams to enable inter-active conference facilities. Potentially this would lead to a more efficient meeting structure across internal and external organisations.

- **Cisco Jabba**

This is an internal interactive method to allow greater communication across the organisations, reducing internal meetings and the requirement for attendees to travel.

Potentially, this can be further used to improve communication across the Force.

- **Home working for Employees Self-isolating**

The Force has issued laptops and equipment to those officers and staff unable to come into work.

The Resource Management Unit collates and assigns tasks and work to support the organisation.

These include telephone statements, non-deployable incidents and victim contact, plus other discrete pieces of work to individuals.

From the period 1st to 28th April 2020, this resulted in staff self-isolating submitting a total of 8,344 hours which may otherwise have been lost.

There is potential for the Force to consider further agile working across the organisation to increase efficiency and reduce costs. This is of particular benefit to the Police Travel Plan outlined in the new Joint Police and Fire Service Headquarters Plans.

3.0 Chief Finance Officer Role

- The role of Chief Financial Officer (CFO) rests with the Head of Finance with effect from 1st April 2018.
- As a key member of the leadership team, the CFO helps to develop and implement strategy and resource and deliver the PCC's strategic objectives sustainably and in the public interest.
- The CFO is actively involved and able to bring influence to bear, on all business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered and aligned with the financial strategy.
- The CFO leads and encourages the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- The CFO and Chief Constable agree the Force's risk based Internal Audit Annual Plan for delivery each year and this is presented to the Joint Audit and Scrutiny Panel for comment. Delivery of the plan is via external engagement of an appropriately trained and experienced organisation, currently this is provided by Mazar's. Award of the work was via a competitive tendering exercise.
- In respect of external audit, progress reports are provided to the Panel by Ernst Young to provide a summary of the work they plan to undertake for the audit year, together with a high-level assessment of the risks that have been considered as part of the initial planning process.
- The CFO is required to maintain continuous professional development to ensure they maintain knowledge, skills and experience to enable them to fulfil the duties and statutory obligations of the post.

4.0 Review of Effectiveness/Internal Audit Opinion

Nottinghamshire Police has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the Chief Officer Team, the Heads of Departments and other senior managers within the Force who have responsibility for the development and maintenance of the systems of internal control. It is also informed by the reports of the Force's internal auditors and external inspectorates, such as HMICFRS.

Where weaknesses in internal controls have been identified, improvement actions have been established, which will be addressed during the forthcoming financial year. Outcomes will be monitored by the FEB and the Joint Audit and Scrutiny Panel, on a quarterly basis.

From the Internal Audit work undertaken in compliance with the Public Sector Internal Audit Standards (PSIAS) for the year ending 31st March 2020, our overall opinion is that generally effective processes are in place for Core Financials, Balance Transfers, Business Continuity, Data Quality, GDPR, Performance Management and Programme Management. We have, however, identified weaknesses in respect of Emergency Planning, Custody, Health and Safety, Information Assurance and Management of MFSS Arrangements that require addressing.

5.0 Improvement actions

The review process to support the production of the Annual Governance Statement in 2018-19 identified a number of improvement actions, which are summarised below. These have been agreed with the respective Divisional and Departmental Heads to address weaknesses identified in the Force's systems of internal control. These issues are significant in that they cover a large proportion of the organisation's activities and/ or are key risk controls and therefore require a corporate solution.

Areas for improvement 2018-19

URN	Identified improvement action(s):	Update	Lead Officer
1.0	The Force should ensure that planning in Information Services is more closely aligned with strategic and operational planning and is able to optimise intended outcomes.	The Force has created a Prioritisation Matrix which will feed into the Futures Board. This is to be monitored to ensure it is fit for purpose, and will then be embedded into the Force.	Chief Superintendent Gerard Milano
2.0	Undertake a full review of workforce capabilities to ensure capacity and capability to meet current and future demand.	The Force is currently looking at appropriate systems to record skills and capabilities. Still to be progressed.	Claire Salter Head of People Services
3.0	Produce management information on the completion of PDRs to enable Heads of Departments to ensure ongoing compliance.	PDRs are to be re-branded 'Career Conversations' and to be embedded within the new Talent Management process.	Claire Salter Head of People Services

URN	Identified improvement action(s):	Update	Lead Officer
4.0	Develop and maintain a robust policy and procedure framework, ensuring policies and procedures remain current to inform decision making.	Post to undertake the work has been vacant for considerable period of time. This is still to be progressed.	Chief Superintendent Gerard Milano
5.0	Undertake a full review to address the concerns and recommendations from the HMICFRS (Section 2.8).	All actions have been addressed and the Force was revisited by HMIP and HMICFRS in November 2019. The force was found to have made significant progress.	Chief Inspector Justine Wilson
6.0	Develop a plan to ensure there is improved understand and use by its officers and staff of the N100 classification, for those reports of rape which are not immediately recorded as a crime; and improve how it collects diversity information from victims of crime and how it uses this to comply with its equality duty (Section 2.9).	All actions have been addresses and additional training given by the Force ~Crime Registrar. The Force has taken a view it complies with its equality duty and to collect further diversity information, would not be in compliance with GDPR.	Paul Cook Force Crime Registrar

Areas for improvement 2019-20

URN	Identified improvement action(s):	Update	Lead Officer
1.0	Undertake a full review to address the concerns and recommendations from the HMICFRS Integrated Peel Inspection 2018.	Cause of concerns and areas for improvement continue to be addressed. The Force is due a further inspection in 2020 to ensure all work is complete.	Various
2.0	Undertake a full review to address the concerns and recommendations from the HMICFRS (Section 2.8).	All actions have been addressed and the Force was revisited by HMIP and HMICFRS in November 2019. The Force was found to have made significant progress.	Chief Inspector Justine Wilson
3.0	Develop a plan to ensure there is improved understand and use by its officers and staff of the N100 classification, for those reports of rape which are not immediately recorded as a crime; and improve how it collects diversity information from victims of crime and how it uses this to comply with its equality duty (Section 2.9).	All actions have been addresses and additional training given by the Force ~Crime Registrar. The Force has taken a view it complies with its equality duty and to collect further diversity information, would not be in compliance with GDPR.	Paul Cook Force Crime Registrar

Internal Audit Annual Assurance 2019-20 Report - Areas of Limited Assurance

Limited Assurance		Lead Officer
1	Custody	Chief Inspector Justine Wilson
2	Health and Safety	Claire Slater Head of People Services
3	Information Assurance	Chief Superintendent Gerard Milano
4.	Management of MFSS	DCC Rachel Barber

Further information with a full list of recommendations for the items identified as limited assurance by Mazars (Internal Auditors) can be found on the Nottinghamshire Police and Crime Commissioners website in the report to the Joint Audit and Scrutiny Panel dated June 2020.

Chief Constable and Chief Finance Officer Declaration

We propose over the coming year to take steps to address the improvement actions identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvement that were identified in our review of effectiveness and will monitor their implementation as part of our next annual review.

Signed:

Signed:

Craig Guildford
Chief Constable

Mark Kimberley
Chief Financial Officer

FINANCIAL STATEMENTS



Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Precepts are made to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure Funding Analysis and the Movement in Reserves Statement.

2018-19 RESTATED				2019-20		
Expenditure	Income (Note 13)	Net		Expenditure	Income (Note 14)	Net
£'000	£'000	£'000		£'000	£'000	£'000
350,335	(14,027)	336,308	Cost of Police Services	242,180	(17,838)	224,342
0	(238,983)	(238,983)	Funding from the Commissioner	-	(239,312)	(239,312)
350,335	(253,010)	97,325	Cost of Services	242,180	(257,150)	(14,970)
75,060	(8,534)	66,526	Financing and Investment (Income) and Expenditure	69,513	-	69,513
425,395	(261,544)	163,851	(Surplus) or Deficit on Provision of Services	311,693	(257,150)	54,543
		55,943	Other Comprehensive (Income) and Expenditure			(229,564)
		219,794	Total Comprehensive (Income) and Expenditure			(175,021)

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement during the year on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Chief Constable holds no usable reserves.

The Statement shows how the movements in reserves are broken down between gains and losses incurred in accordance with the Code and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year.

2019-20	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2019	-	2,845,478	2,845,478
Movement in reserves during year			
(Surplus) or deficit on the provision of services	54,543	-	54,543
Other Comprehensive (Income) / Expenditure	-	(229,564)	(229,564)
Total Comprehensive Income and Expenditure	54,543	(229,564)	(175,021)
Adjustments between accounting basis and funding basis under regulations	(54,543)	54,543	-
Decrease in year	-	(175,021)	(175,021)
Balance at 31 March 2020	-	2,670,457	2,670,457

2018-19 RESTATED	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2018	-	2,625,684	2,625,684
Movement in reserves during year			
(Surplus) or deficit on the provision of services	163,851	-	163,851
Other Comprehensive (Income) / Expenditure	-	55,943	55,943
Total Comprehensive Income and Expenditure	163,851	55,943	219,794
Adjustments between accounting basis and funding basis under regulations	(163,851)	163,851	-
Increase in year	-	219,794	219,794
Balance at 31 March 2019	-	2,845,478	2,845,478

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

Balance Sheet

The Balance Sheet gives a value of net worth and corresponding reserves at a particular moment in time. All reserves are unusable and reflect valuation estimates on pensions and employee holiday / time owed.

All non-current assets are owned by the Commissioner and all usable reserves are held by the Commissioner.

31 March 2019 £000		31 March 2020 £000
(3,469)	Short-Term Creditors - Accumulated Absences	(3,550)
(3,469)	Current Liabilities	(3,550)
(2,842,009)	Other Long-Term Liabilities - Pension Liabilities	(2,666,907)
(2,842,009)	Long Term Liabilities	(2,666,907)
(2,845,478)	Net Assets	(2,670,457)
2,845,478	Unusable Reserves	2,670,457
2,845,478	Total Reserves	2,670,457

Cash Flow Statement

The Cash Flow Statement shows that there are no cash flows through the Chief Constable Entity.

2018-19 £000		2019-20 £000
163,851	Net (surplus) or deficit on the provision of services	54,543
(163,851)	Adjustment to (surplus) or deficit on the provision of services for noncash movements	(54,543)
-	Net cash flows from activities	-

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

NOTES TO THE ACCOUNTS



Notes to the Accounts including Accounting Policies

Note 1 – General Principles

The Commissioner is a separate entity to the Chief Constable and the relationship is clearly defined in the governance arrangements. The Commissioner is the lead controlling influence in the Group.

The Chief Constable employs staff and officers to provide the policing service in Nottinghamshire and in the achievement of the Commissioner's Plan. The legal status has the Commissioner as the source of transactions and the reality of this is borne out through the level of control exerted.

Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2011, in accordance with proper accounting practices.

These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 (The Code) and the Best Value Accounting Code of Practice 2019-20, supported by International Financial Reporting Standards (IFRS).

The Accounts have been prepared on a 'going concern' basis. Under The Act, The Chief Constable and the Commissioner are separate 'Corporation Sole' bodies. Both are required to prepare separate Statement of Accounts.

Note 2 – Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force will continue in operational existence for the foreseeable future. The provisions in the Code (Code Of Practice On Local Authority Accounting In The United Kingdom 2019-20) in respect of going concern reporting requirements reflect the economic and statutory environment in which Police and Crime Commissioners and police forces operate

These provisions confirm that, as Police and Crime Commissioners and police forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Police and Crime Commissioners and Chief Constables carry out functions essential to the local community and Police and Crime Commissioners are revenue-raising bodies (with limits on

revenue-raising powers arising only at the discretion of central government). If a Police and Crime Commissioner was in financial difficulty, the prospects are thus that alternative arrangements would be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not be appropriate for the financial statements to be prepared on anything other than a going concern basis.

Note 2 – Going Concern (continued)

Accounts drawn up under the Code therefore assume that a Police and Crime Commissioner will continue to operate for the foreseeable future.

The current restrictions in place within the United Kingdom in response to Covid-19 have created issues for police forces in terms of policing the government lockdown in addition to continuing normal policing functions. This has given rise to additional costs in terms of overtime and providing personal protective equipment (PPE) to operational police officers and staff.

The financial and social outcomes of Covid-19 are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy.

The PCC and CC CFOs have carried out a detailed assessment of the likely impact of COVID-19 on the financial position and performance of the CC and PCC & Group during 2020-21 and beyond which has included modelling scenarios considering the impact on:

- Increased expenditure
- Reductions in income
- Cashflow and liquidity
- General fund balances and reserves

The review has considered known and expected government funding and determined that there is sufficient liquidity from the PCCs ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the CC and PCC CFOs are satisfied that they can prepare their accounts on a going concern basis.

Increased Expenditure

The outturn report for 2020/21 shows a net minor overspend for the force of £65k and at the end of 2020/21 the force had incurred additional costs of £1,381k and loss of income of £564k in relation to Covid-19 as well as £300k in relation to orders that had been delayed, the cost of which should have been incurred during 2019/20. These costs along with additional overtime spends would have resulted in a larger overspend position than that being reported, however they are offset by additional government grants of £1.571k and considerable savings on vacant staff posts.

Reductions in income

The speed of recovery of council tax income for the PCC is dependent on external factors surrounding Covid-19 and how quickly activities return to normal or whatever the post Covid-19 normal is, but, in all cases, the PCC is taking a cautious approach to the recovery rate of council tax income.

Cashflow and Liquidity Risk Exposure:

The treasury function is administered by the PCC and ensures that cash flow is adequately planned and liquidity risk exposure is controlled in accordance with the relevant professional codes.

The Chief Constable does not hold cash or equivalent balances. Those are held by the PCC are positive at the balance sheet date, have remained positive during 2020-21 and are estimated to be positive throughout 2021-22.

General Fund Balances and Reserves

The General Fund balance at 31st March 2021 remains at 2019-20 levels and there are no plans to reduce this within the 2021/22 budget. The Outturn shows that covid hasn't presented the financial challenge expected due to grants and lower costs and therefore it is unlikely this will directly have an impact on the Medium Term Financial Plan.

It is considered that there is sufficient headroom within these measures and the general balances to absorb the estimated financial impact of COVID-19 in the short to medium-term. For these reasons, the PCC and CC CFOS do not consider that there is material uncertainty in respect of their ability to continue as a going concern for the foreseeable future.

Notes to the Accounts including Accounting Policies

Note 3 – Accruals of Income and Expenditure

Revenue is measured at fair value in the year to which it relates, and not when cash payments are made or received. All the expenditure is paid for by the Commissioner, but recognition in the Group and the Chief Constables accounts is based on the economic benefit of resources consumed.

In particular:

- Fees, charges and rents due are accounted for as income at the date of supply
- Supplies are recorded as expenditure when they are used
- Expenditure in relation to services received is recorded as services are received, rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for as income or expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where debts are doubtful, the debt is written off by a charge to the CIES

Note 4 – Exceptional Items

There are no exceptional items applicable in the year.

Note 5 – Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments have been made to the 2018/19 figures in relation to Pensions and Officers Remuneration.

- A prior period adjustment has been made for the return on pension assets which was originally recorded as finance income (I+E) and has been adjusted to remeasurement of pension liability (OCI): this was a £12,853k adjustment.
- A prior period adjustment has been made for pension interest and expense to show this as part of the net expense in line with CIPFA code requirements; this was a £8,534k adjustment.

- A prior year restatement of Senior Officers' Remuneration disclosure has been effected as previously officers below the required rank were wrongly included in the disclosure. The 2018-19 figures have been restated to include police officers above the rank of superintendent; this restatement has reduced the number previous disclosed from 334 to 30.

Tables where prior year adjustments have changed the figures for 2018/19 are marked as "RESTATED"

There have been no changes in Accounting Policies, applicable to the Chief Constable in the year.

In applying accounting policies, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no critical judgements made in the Statement of Accounts.

The largest area of estimation included within the accounts is in staff related costs. Accruals for overtime, bonuses, early retirement costs and other one-off payments have been checked retrospectively and found to be reasonable.

Note 6 – Charges to the CIES for Non-Current Assets

Although the Chief Constable does not directly hold any non-current assets, a charge for depreciation is included as a proxy for using those assets.

Note 7 – Government Grants and Contributions

All grants, third party contributions and donations are received by the Commissioner.

Note 8 – Allocation of Costs

The charges to the Comprehensive Income and Expenditure Account reflect the way management decisions are made.

The basis of splitting costs between The Commissioner and the Chief Constable for revenue is based on operational activity of the Chief Constable.

All assets and liabilities belong to the Group apart from the provision for accumulated absences and pension liabilities that relate for the officers and staff that report to the Chief Constable.

The Chief Constable is therefore a single service entity.

Note 9 – Joint Operations & Associate Entities

These are accounted for in accordance with IAS 31 - Interests in Joint Ventures, according to agreed proportions of use. They are all governed by Section 22 Agreements.

The cost relating to these activities are shown within the accounts. Full details are included within the Group Accounts.

The OPCC's share of Joint Operations (JO's) is as follows:

Ownership %	Arrangement	2019-20		
		Expenditure £000	Income £000	Net £000
27.30%	EM Legal Services	504	(499)	5
50.00%	EM Strategic Commercial Unit	628	(626)	2
27.30%	EM Major Crime	212	(213)	(1)
27.30%	EM Serious Organised Crime	5,094	(5,088)	6
34.90%	EM Criminal Justice	213	(212)	1
27.30%	EM Occupational Health Unit	450	(449)	1
27.30%	EM Forensics	2,527	(2,466)	61
31.42%	EM Learning & Development	864	(847)	17
31.04%	Multi Force Shared Service (MFSS)	2,279	(2,279)	-
22.60%	Emergency Services Network (ESN)	107	(181)	(74)
		12,878	(12,860)	18

The OPCC does not have any Associate Entities in 2019-20.

Note 10 – Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Note 11 – VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Note 12 – Resources used in Provision of Police Services

Although all transactions during the year are solely within the Accounts of the Commissioner and all assets are owned and controlled by the Commissioner, the Chief Constable uses resources to provide policing.

It includes the cost of depreciation on assets owned as a proxy for the rental value. It includes all adjustments required under IFRS for accrued employee benefits and pension costs.

Note 13 – Expenditure Funding Analysis

This statement shows how annual expenditure is used and funded from annual resources (government grants and Council Tax).

This is compared with the CIES which includes economic resources consumed or earned in accordance with generally accepted accounting practices.

2018-19 RESTATED				2019-20		
Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments £000	Net Expenditure in the CIES £000
238,983	97,325	336,308	Cost of Police Services	239,312	(14,970)	224,342
(238,983)	-	(238,983)	Funding from the PCC	(239,312)	-	(239,312)
-	97,325	97,325	Net Cost of Services	-	(14,970)	(14,970)
-	66,526	66,526	Other (Income) and Expenditure	-	69,513	69,513
-	163,851	163,851	(Surplus) or Deficit on Provision of Service	-	54,543	54,543

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

Note 13 – Expenditure Funding Analysis (continued)

2019-20	Net Pensions Statutory Instruments £000	Other Statutory Adjustments £000	Total Adjustments £000
Cost of Police Services	(15,749)	779	(14,970)
Net Cost of Services	(15,749)	779	(14,970)
Other Income and Expenditure	69,513	-	69,513
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	53,764	779	54,543

2018-19 RESTATED	Net Pensions Statutory Instruments £000	Other Statutory Adjustments £000	Total Adjustments £000
Cost of Police Services	97,172	153	97,325
Net Cost of Police Services	97,172	153	97,325
Other Income and Expenditure	66,526	-	66,526
Difference between the Statutory Charge and the (Surplus) or Deficit in the Comprehensive Income and Expenditure Statement	163,698	153	163,851

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

The Net Change for the Pensions Adjustments in 2019-20 is the replacement of pension contributions with IAS 19 pension related expenditure and income.

This is the current service costs and past service costs. For other income and expenditure this is the net interest on the defined benefit liability, which is charged to the CIES.

Other Differences – represents the difference in accumulated absences charged to the CIES and amounts paid for taxation purposes (being accrued leave).

Note 14 - Income

2018-19 £000	Credited to Services	2019-20 £000
(2,175)	Partnership and Joint Controlled Operations	(1,789)
(1,858)	PFI Grant	(1,858)
(2,142)	Recharge of Officers	(1,640)
(7,852)	Other Income	(12,551)
(14,027)	Total	(17,838)

Note 15 – Income and Expenditure Analysed by Nature

2018-19 £000	Nature of Expenditure or Income	2019-20 £000
(14,027)	Service Income	(17,838)
308,216	Employee Expenditure	199,789
42,119	Running Expenses	42,392
(238,983)	Income from Commissioner	(239,312)
-	Pension Interest Income	-
66,526	Pensions Interest Payment	69,513
163,851	(Surplus) or Deficit for Year	54,543

Note 16 – Adjustment between Accounting and Funding Basis under the regulations

2018-19 RESTATED £000	Adjustment between Accounting and Funding Basis under the regulations	2019-20 £000
163,698	Pension Cost (transferred to/(from) the Pension Reserve	53,764
-	Pension Reserve Adjustment of PCC / CC b/f split	698
154	Holiday pay (adjustments to the Accumulated Absences Reserve)	81
163,851	Total	54,543

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

Note 17 – Unusable Reserves

31 March 2019 RESTATED £000	Type of Reserve	31 March 2020 £000
2,842,009	Pensions	2,666,907
3,469	Accumulated Absences	3,550
2,845,478	Total	2,670,457

31 March 2019 RESTATED £000	Pensions Reserve	31 March 2020 £000
(2,622,368)	Balance 1 April	(2,842,009)
0	Analysis adjustment between PCC and CC	(698)
(55,943)	Remeasurements of the net defined benefit liability/(asset)	229,564
(234,680)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(125,032)
70,982	Employer's contributions to pensions schemes	71,268
(2,842,009)	Balance 31 March	(2,666,907)

31 March 2019		Accumulated Absence Reserve	31 March 2020	
£000	£000		£000	£000
	(3,315)	Balance 1 April		(3,469)
3,315		Settlement or cancellation of accrual made at the end of the preceding year	3,469	
(3,469)		Amounts accrued at 31 March 2020	(3,550)	
	(154)	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(81)
	(3,469)	Balance at 31 March		(3,550)

Note 18 – External Audit Costs

Ernst and Young LLP are the appointed external auditors. The cost was £0.012m (£0.012m in 2018-19).

Note 19 – Defined Benefit Pension Scheme

The employer makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the value of this is included within the CIES. The total value of the liability is carried on the Balance Sheet. The statutory arrangements ensure that funding will meet payments. Actuarial gains and losses are charged to the Pension Reserve.

Full pensions notes are included within the Group accounts. Summary information relating to the Chief Constable entity is included here. The Chief Constable information is extracted on a pro rata basis.

Employees are members of two separate defined benefits pension schemes providing retirement lump sums and pensions, earned whilst employed by the Group. There is a scheme for staff and one for officers.

The Local Government Pensions Scheme:
The Local Government Pensions Scheme (LGPS) for staff is administered by Nottinghamshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. This scheme is a multi-employer scheme and the underlying assets and liabilities cannot be directly identified with individual employers. Therefore assets and liabilities are incorporated within these accounts on an apportioned basis at fair value. The figures are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2016 for members receiving funded benefits and as at 31 March 2014 for any members receiving unfunded benefits. This has then been rolled forward to reflect the position as at 2020.

The Police Pension Scheme:
The Police Pension Scheme for police officers is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, the Group must transfer amounts to reduce the balance on the Pension Fund to zero. This is via the Pension Top-up grant from the Home Office. Conversely a surplus would be paid over. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The figures are based on a detailed valuation using information as at 31 March 2016.

Note 19 – Defined Benefit Pension Scheme (continued)

When assessing the potential implications of McCloud on the IAS19 liabilities, the actuary has considered those members with benefits in the 2015 scheme who were former members of the 1987 and 2006 schemes. The actuary has calculated the additional liability arising had these members not ceased to accrue benefits in the 1987 and 2006 schemes on 1 April 2015 (or after this date if their start date in the 2015 Scheme was tapered) and had continued instead to accrue final salary benefits in the 1987 and 2006 Schemes. The actuary has also included the impact for those who retired after joining the 2015 Scheme. Whilst members who left the service over this period and took deferred benefits were considered, the actuary concluded the effects are not material. Using these assumptions the actuary has estimated the potential decrease in scheme liabilities for Nottinghamshire to be approximately 6.2% or £175m of pension scheme liabilities. The McCloud element of this is reflected in the IAS19 disclosure as a past service cost.

The costs emerging are sensitive to the underlying assumptions. The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023-24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Note 19 – Defined Benefit Pension Scheme (continued)

2018-19 RESTATED		Pension Fund Comprehensive Income and Expenditure Statement	2019-20	
LGPS £000	Police £000		LGPS £000	Police £000
12,956	38,110	Current Service Cost	14,381	53,810
90	-	Admin Expense	92	-
3,098	113,900	Past Service Cost	356	(13,120)
-	-	(Gain) / loss from curtailments	-	-
3,516	63,010	Net interest expense / (income)	3,333	66,180
19,660	215,020	Total charged to (Surplus) and Deficit on Provision of Services	18,162	106,870
		Other Costs - Remeasurement of the defined benefit liability		
(12,853)	-	Return on Assets	22,921	-
-	(6,700)	Actuarial (gains) & losses – experience	15,503	(51,840)
(21,145)	-	Actuarial (gains) & losses arising on changes in demographic assumptions	(8,161)	(80,750)
21,601	75,040	Actuarial (gains) & losses arising on changes in financial assumptions	(45,595)	(82,470)
-	-	Return on plan assets (exc amount included in the net interest expense)	828	-
7,263	283,360	Total charged to the Comprehensive Income and Expenditure Statement	3,659	(108,190)

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

Note 19 – Defined Benefit Pension Scheme (continued)

2018-19 RESTATED		Pension Fund Movement in Reserves Statement	2019-20	
LGPS £000	Police £000		LGPS £000	Police £000
(19,660)	(215,020)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services	(18,162)	(106,870)
		Amount charged against the general fund balance for pensions in the year:		
5,682	-	Employers' contributions payable to the scheme	5,038	-
-	65,300	Retirement benefits payable to pensioners	-	66,230

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

2018-19		Pensions Assets and Liabilities Recognised in the Balance Sheet	2019-20	
LGPS £000	Police £000		LGPS £000	Police £000
(371,143)	(2,702,560)	Present value of the defined obligation	(351,600)	(2,528,140)
231,694	-	Fair value of plan assets	212,833	-
(139,449)	(2,702,560)	Value of Assets / (Liabilities)	(138,767)	(2,528,140)
(139,449)	(2,702,560)	Net (liability) / assets arising from the defined benefit obligation	(138,767)	(2,528,140)

2018-19 £000	Pension Fund Net Asset Statement as at 31 March	2019-20 £000
	Net Current Assets and Liabilities	
678	LGPS pension benefits paid in advance	-
(678)	Creditors to the CC for Nottinghamshire	-
-	Total	-

Note 19 – Defined Benefit Pension Scheme (continued)

2018-19 RESTATED		Pension Fund	2019-20	
LGPS	Police Officer Pension Scheme		LGPS	Police Officer Pension Scheme
£000	£000			
213,346	-	Opening fair value of scheme assets	231,694	-
5,548	-	Interest income	5,006	-
		Re-measurement gain / (loss):		
12,853	-	The return on plan assets, excluding the amount included in the net interest expense	(22,921)	-
5,682	65,300	Contributions from employer	5,038	66,230
2,248	10,020	Contributions from employees into the scheme	2,300	10,090
(7,893)	(75,320)	Benefits / transfers paid	(7,364)	(76,320)
-	-	Other actuarial gains(losses) on assets	(828)	-
(90)	-	Admin Expense	(92)	-
231,694	0	Closing value of scheme assets	212,833	-

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 5

2019/20 is restated as this has prior year adjustments - details are provided in Note 5

2018-19		Pension Fund	2019-20	
LGPS	Police Officer		LGPS	Police Officer
£000	Pension Scheme £000			
		Movements in the Fair Value of Scheme Liabilities		
(351,214)	(2,484,500)	Opening balance at 1 April	(371,143)	(2,702,560)
-	-	Analysis adjustment between PCC and CC	(698)	-
(12,956)	(38,110)	Current service cost	(14,381)	(53,810)
(9,063)	(63,010)	Interest cost	(8,339)	(66,180)
(2,248)	(10,020)	Contributions from scheme participants	(2,300)	(10,090)
		Re-measurement gains and losses:		
-	6,700	- Actuarial gains / (losses) - experience	(15,503)	51,840
21,145	-	- Actuarial gains / (losses) from changes in demographic assumptions	8,161	80,750
(21,601)	(75,040)	- Actuarial gains / (losses) from changes in financial assumptions	45,595	82,470
(3,098)	(113,900)	Past service cost	(356)	13,120
-	-	Gains / (losses) on curtailments	-	-
7,893	75,320	Benefits / transfers paid	7,364	76,320
(371,143)	(2,702,560)	Balance as at 31 March	(351,600)	(2,528,140)

Note 19 – Defined Benefit Pension Scheme (continued)

The liabilities show the underlying commitments that the Force will eventually have for retirement benefits. The total liability of £2,666.9m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

The deficit on the local government scheme has been recovered by increased monetary contributions for three years until this year. The situation will be re-assessed for the next three years based on an actuarial valuation report.

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31 March 2021 are £5.9m and £23.6m respectively.

The expected return on scheme assets is determined by considering the expected returns available on the assets with the current investment policy:

- Expected yields on fixed interest investments are based on gross.
- Redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £-17.9m (2018-19, £+18.4m). The pension liability is sensitive to changes and the actuaries give an indication of this.

For the LGPS an increase of 0.1% on the discounting rate used decreases the pension liability by £8.4m and a decrease by the same amount increases the pension liability by £8.7m.

For the police officers scheme an extra 0.5% on the discounting rate used decreases the liability by £200m with a 0.5% decrease in the rate increasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2018-19	2019-20	2018-19	2019-20
Mortality assumptions				
Longevity at 65 retiring today				
Men	21.6 yrs	21.8 yrs	22.7 yrs	21.9 yrs
Women	24.4 yrs	24.4 yrs	24.3 yrs	23.6 yrs
Longevity at 65 retiring in 20 years				
Men	23.3 yrs	23.2 yrs	24.6 yrs	23.6 yrs
Women	26.2 yrs	25.8 yrs	26.2 yrs	25.2 yrs
Rate of inflation				
CPI increases	2.40%	1.85%	2.35%	2.00%
Rate of increase in salaries	3.90%	2.85%	4.35%	4.00%
Rate of increase in pensions	2.40%	1.85%	2.35%	2.00%
Rate for discounting scheme liabilities	2.45%	2.35%	2.45%	2.25%

Note 19 – Defined Benefit Pension Scheme (continued)

Value of LGPS Assets at Bid Value	31 March 2019 £000	31 March 2019 %	31 March 2020 £000	31 March 2020 %
Equity Investments	143,806	62	136,105	64
Gilts	7,546	3	6,997	3
Other Bonds	21,469	9	18,462	9
Property	31,353	14	27,023	13
Cash	5,598	2	5,205	2
Inflation-linked pooled fund	8,419	4	7,749	4
Infrastructure	11,154	5	11,291	5
Unit Trust	2,350	1	-	-
	231,694	100	212,833	100

Note 20 – Officers’ Remuneration

2019-20							
Officers Remuneration 2019-20	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable - C Guildford		173,416	-	10,660	-	52,486	236,563
Deputy Chief Constable - R Barber		134,153	-	9,248	-	-	143,401
Assistant Chief Constable - S Cooper		115,058	-	7,510	-	35,668	158,236
Assistant Chief Constable - K Meynell		112,929	-	7,029	-	33,906	153,864
Chief Finance Officer - M Kimberley		64,172	-	614	-	8,599	73,385
TOTAL CHIEF CONSTABLE		599,728	-	35,061	-	130,659	765,448

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office.

Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances and medical expenses.

Note 20 – Officers' Remuneration (continued)

2018-19							
Officers Remuneration 2018-19	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Constable - C Guildford		159,313	-	14,196	-	36,575	210,084
Deputy Chief Constable - R Barber	5	131,754	-	11,321	-	12,979	156,054
Assistant Chief Constable - S Cooper		106,042	-	7,588	-	25,662	139,292
Assistant Chief Constable - S Prior	3	60,154	-	2,640	-	11,772	74,566
Assistant Chief Constable - K Meynell	4	67,681	-	4,451	-	13,500	85,632
Chief Finance Officer - M Kimberley		63,990	-	602	-	8,531	73,124
TOTAL CHIEF CONSTABLE		588,934	-	40,798	-	109,019	738,751

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office.

Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances, medical expenses and mortgage interest payments relating to relocation.

Note 3: ACC retired on 9 September 2018

Note 4: ACC appointed on 6 August 2018

Note 5: DCC opted out of pension scheme 30 years on 4 September 2018

The table below does not include the senior officers in the previous tables.

Employees Remuneration over £50,000		
	2018-19 RESTATED	2019-20
£50,001 to £55,000	14	12
£55,001 to £60,000	7	3
£60,001 to £65,000	2	2
£65,001 to £70,000	-	-
£70,001 to £75,000	1	1
£75,001 to £80,000	3	2
£80,001 to £85,000	-	1
£85,001 to £90,000	2	1
£90,001 to £95,000	1	1
£95,001 to £100,000	-	-
£100,001 to £150,000	-	-
£150,001 to £200,000	-	-
Total	30	23

The 2018-19 figures have been restated due to the previous incorrect inclusion of police officers not of a rank above superintendent. The restatement of 2018-19 has reduced the number disclosed from 334 to 30.

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. This includes salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars).

An accrual is made for the cost of holiday entitlements or any form of leave, (e.g. time off in lieu earned, but not taken before the year-end), which an employee can carry forward into the next financial year.

The accrual is made at the payment rates applicable in the following accounting year, being the period in which the employee takes the benefit. The amount included on the balance sheet is £3.6m (£3.5m 2018-19).

Termination Benefits

Termination benefits are payable as a result of a decision to terminate an employee's employment before the normal retirement date or an acceptance of voluntary redundancy. These are charged to the CIES when the Group is demonstrably committed to the decision.

Six contracts were terminated during the year (20 in 2018-19), incurring costs of £275k (£378k in 2018-19), of which £190k was for pension strain.

Other departures agreed cover voluntary redundancies and compromise agreements. All of the costs were included within the CIES. There were no material payments in relation to injury awards during the year ended 31 March 2020.

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
£0 - £20,000	7	1	8	3	15	4	101	27
£20,001 - £40,000	2	1	1	-	3	1	98	22
£40,001 - £60,000	-	-	1	-	1	-	49	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	1	-	1	-	130	-
Over £150,000	-	-	-	1	-	1	-	226
Total cost included in bandings all included within the CIES	9	2	11	4	20	6	378	275

Note 21 – Related Parties

The Chief Constable is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the organisation or vice versa. Disclosure of these transactions allows transparency to the extent that the Chief Constable might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely.

The Commissioner as the parent corporation asserts a significant influence over the Chief Constable.

Central Government has significant influence over the general operations of the Chief Constable, as it is responsible for providing the statutory framework within which it operates.

Senior managers complete a declaration of personal interests because they influence decision making.

Joint arrangements and collaborations are areas where significant influence can be exerted by all parties.

Other Local authorities with whom partnership working is important, for instance within the area of anti-social behaviour may be an influencing factor.

Note 22 – Contingent Liabilities

A contingent liability arises where a past event gives a possible obligation which depends on the outcome of uncertain future events not wholly in the control of the Chief Constable/Group. As usable reserves/liabilities are met by the Group such liabilities are not recognised in the Chief Constables accounts.

Contingent liabilities also arise in circumstances where a provision or reserve would otherwise be made, but there is not the level of certainty on either likelihood or value. Contingent liabilities are not recognised in the Balance Sheet.

An earmarked reserve for Allard is held within the Group as the Chief Constable

is wholly owed by the parent and does not have any useable reserves.

Any liabilities arising would be fully met by The Commissioner and Group.

Note 23 – Reserves

These accounts do show unusable reserves such as pensions and accumulated absences.

However, as all the assets are held solely in the Group accounts, where a useable reserve is recognised, hence are therefore only shown in the Group accounts. As such no useable reserves are held by the Chief Constable.

Note 24 – Accounting Standards Issued, Not Adopted

For 2019/20 new standards that have been issued but not adopted relate to;

- IAS 28 Investments in Associates and Joint Ventures; Long Term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

These changes were issued after the new CIPFA Code Of Practice for Local Authority Accounts was published but the impact on the financial statements of the Chief Constable is either not applicable or not considered to be material.

Note 25 – Events after the Balance Sheet Date

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

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

GLOSSARY



GLOSSARY

ACCOUNTING PERIOD	ACCOUNTING POLICIES	ACCRUALS
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.	These are a set of rules and codes of practice used when preparing the accounts.	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
ACT	ACTUARIAL GAINS AND LOSSES	AUDIT OF ACCOUNTS
The Police Reform and Social Responsibilities Act 2011.	<p>For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:</p> <p>Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.</p>	An independent examination of the Force's financial affairs.
BALANCE SHEET	BUDGET	CIPFA
A statement of the recorded assets, liabilities and other balances at the end of the accounting period.	The forecast of net revenue and capital expenditure over the accounting period.	The Chartered Institute of Public Finance and Accountancy.

CODE	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)	CONSISTENCY
The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.	The account of the Force that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.	The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.
CREDITOR	CURRENT SERVICE COST (PENSIONS)	DEFINED BENEFIT PENSION SCHEME
Amount owed by the Force for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.	The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.	Pension schemes in which benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.
DEPRECIATION	DISCRETIONARY BENEFITS (PENSIONS)	EVENTS AFTER THE BALANCE SHEET DATE
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Force's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other charges.	Retirement benefits, which the employer has not legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.	Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS	GOING CONCERN	GOVERNMENT GRANTS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.	The concept that the statement of Accounts is prepared on the assumption that the Force will continue in operational existence for the foreseeable future.	Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Force. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.
GROUP	IFRS	INTEREST COSTS (PENSION)
Nottinghamshire Office of the Police and Crime Commissioner and its Group.	International Financial Reporting Standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the notes to the Accounts.	For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.
MATERIALITY	MINIMUM REVENUE PROVISION (MRP)	PAST COSTS (PENSIONS)
The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.	The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Force.	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to the employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PRIOR YEAR ADJUSTMENT	REMUNERATION	REVENUE EXPENDITURE
<p>Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.</p>	<p>All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.</p>	<p>The day-to-day expenses of providing services.</p>



Statement of Accounts 2019-20

Nottinghamshire Police & Crime Commissioner and Group

(V7.1 published 5th November 2021)





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A man with grey hair, wearing a dark grey suit, white shirt, and red tie, stands on a cobblestone street. He is smiling and has his hands clasped in front of him. The background shows a row of buildings, including a stone building with a bay window and a modern building. A purple overlay covers the right side of the image. The text "COMMISSIONER'S FOREWORD" is written in white capital letters on the purple background.

COMMISSIONER'S FOREWORD

Every neighbourhood deserves a fully-resourced policing team. Nottinghamshire's frontline has grown significantly over the past 12 months and we've been able to increase visibility in our communities in the way people so desperately want.

By the end of March 2021, we will have an extra 300 police officers working in our communities, recruited as part of my recent budget and the national uplift. Almost 150 of these have already been appointed and many have been deployed across our communities. The exceptional speed at which the Force has bolstered the ranks has been nothing short of remarkable and has put Nottinghamshire out in front nationally.

Since I've been doing this job, increasing police visibility has been a top priority. It means we can do so much more to keep people safe and I'm really proud of the efforts we've taken to make it possible. I know our communities will really appreciate the extra reassurance and expertise they will bring.

Of course, accessibility isn't just about having more police officers on the street. We've also expanded the ways people can reach the police and seek help, working with our partners to create multiagency hubs like the Customer Service Centre in West Bridgford which offers a multitude of services from one place.

We continue to build an organisation that remains resilient and well-prepared to meet the challenges of today. This means putting our

resources in the best place to maximise public safety and drawing on the strengths of our partners.

In the past year, we established the new tri-base in Hucknall, accommodating officers from Nottinghamshire Police, the Fire & Rescue Service and the East Midlands Ambulance Service (EMAS). The new shared base, within the existing ambulance station at Annesley Road, is the first of its kind in Nottinghamshire. It keeps neighbourhood officers, response teams and CID officers in the heart of the community and allows them to work collaboratively where it makes sense.

A few years ago, we invested in the launch of a specialist knife crime team adopting the robust techniques of Operation Sceptre nationally, utilising targeted stop and search, test purchase operations, knife amnesties, weapon sweeps and intelligence-led activity in hotspots. We also created a new robbery team which is better equipped to investigate robberies.

Now, we are one of few forces in the country to buck the rising trend in knife crime, recently recording a reduction of 8.4% across the County and an 18% drop in the City. This compares to a national increase of 7% and an East Midlands increase of 16% in the year to September 2019.

The results spring from real partnership work with colleagues in councils, education and health and I do not underestimate the value of

supportive parents, young people themselves and the voluntary sector. Fighting knife crime remains a real team effort and I think in Nottinghamshire we do this very well.

We now have the added benefit of the Violence Reduction Unit (VRU) in place, bringing together a whole host of experts and justice professionals to prevent violence and knife crime in Nottinghamshire. The VRU has the funds to get to the root of problems and is already supporting a number of innovative projects involving those at high risk of being harmed or causing harm through violence.

All these efforts appear to be working but we will never become complacent. There is so much more to do and with the planned reinforcements ahead we can start to build on the good work already underway.

COMMISSIONER'S FOREWORD





WRITTEN STATEMENT AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT

CHIEF FINANCE OFFICER'S NARRATIVE REPORT

NOTTINGHAMSHIRE

Nottinghamshire is a diverse county. It has a mixture of affluent communities and those developing from being former mining areas. The County's major urban area of the City and surrounding conurbation is mainly in the south with the majority of the north and east of the County being rural.

There is a population of approximately 1.1m within the City and County.

The majority of properties across the City and County fall within Council Tax bands of A and B.

Nottinghamshire is one of five regional forces in the East Midlands and works closely with the other four to provide a seamless and efficient service.

Nottinghamshire also collaborates with other forces for the provision of transactional services relating to Human Resources, Payroll and Finance.

Central Government funding provides the Commissioner with approximately 68% of the funding required to police Nottinghamshire. The remainder is met from local council tax payers.

For 2019-20 the Government Grant was increased as a result of the National Uplift Programme to a total of £136.7m.

For 2019-20 precept freedoms to raise council tax by £24pa (Band D equivalent) were given.

The Force still needed to achieve savings of £3.3m to balance the budget. Whilst those efficiencies have been met other costs have been incurred resulting in an overspend position of £0.3m.

The impact of the Covid-19 Pandemic is reflected in the Statement of Accounts for 2019-20 and will continue to impact in 2020-21. However, to date the impact has not been as severe as initially anticipated.

The impact of Brexit has yet to be felt and could also impact on future financial statements and public sector funding.

GOVERNANCE

The Commissioner is responsible for the totality of policing within the policing area; with operational policing being the responsibility of the Chief Constable.

The Commissioner is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To discharge this accountability the Commissioner and senior officers must put in place proper procedures for the governance and stewardship of the resources at their disposal.

The annual review of Governance and Internal Control is included within the arrangements for producing the Annual Governance Statement. This also includes the governance arrangements of the Chief Constable.

PRIORITIES

Protecting People from Harm

Helping and Supporting Victims

Tackling Crime and Antisocial
Behaviour

Transforming Services and
Delivering Quality Policing

PERFORMANCE

Achievements 2019-20

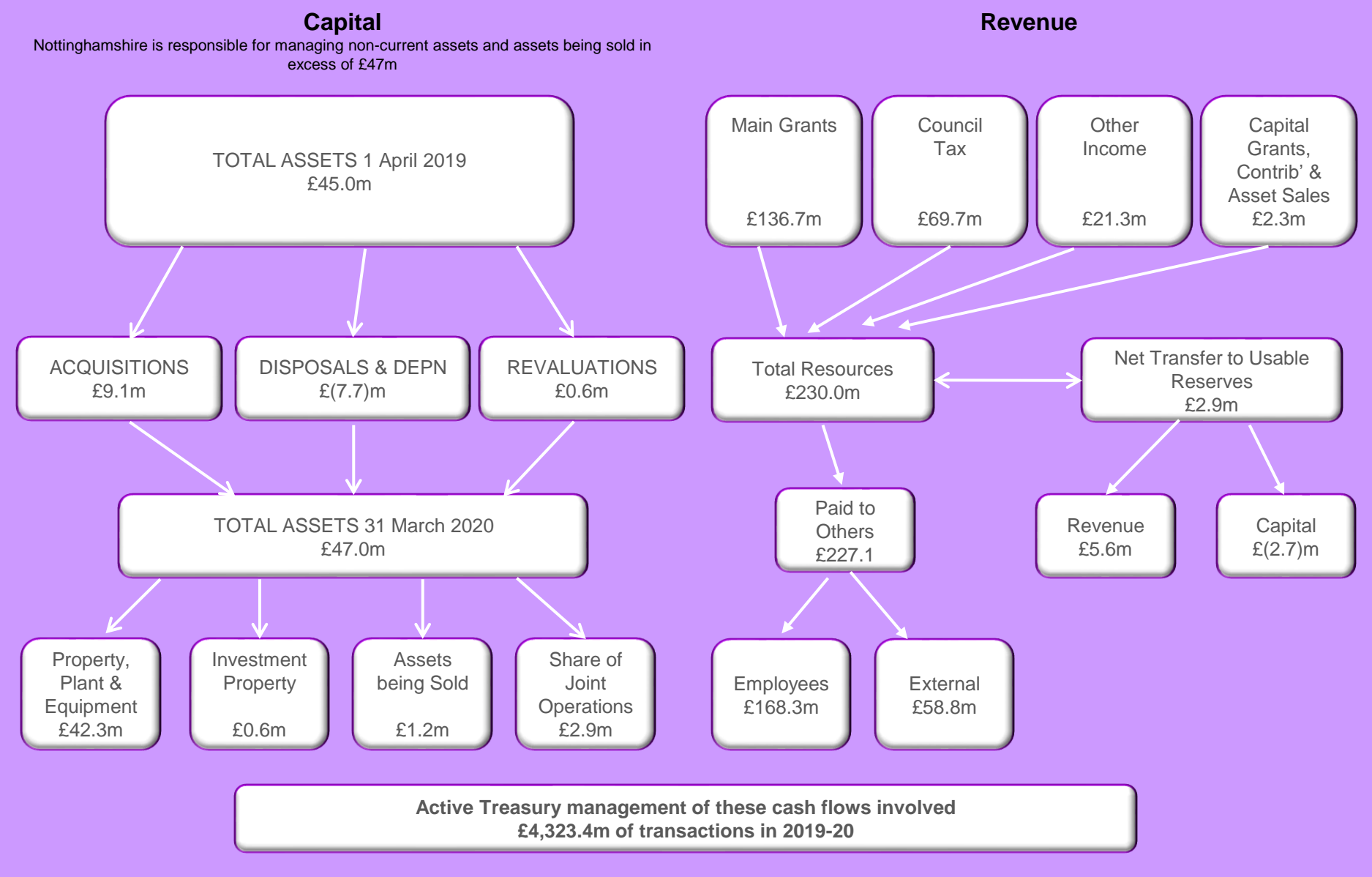
Over the last year numerous strategic commissioning activities were undertaken to help achieve the Commissioner's objectives. Examples include:

- The PCC worked with Nottingham City and Nottinghamshire County Councils to put in place additional support for adult survivors of child sexual abuse who were affected by the July publication of the Independent Inquiry into Child Sexual Abuse's report into the abuse that took place whilst children were under the care of Nottinghamshire authorities.
- The PCC and NHS England co-commissioned a Sexual Violence Needs Assessment, which was produced by Lime Culture and published in November 2019. The needs assessment includes recommendations to commission a specialist Sexual Violence and Abuse (SVA) Hub for adults, and to review and recommission therapy for sexual violence survivors.
- The PCC, working with partners, secured over £0.5m from NHS England's High Volume Fund to put in place additional support for sexual violence survivors in Nottinghamshire. The bid was based on the recommendations of Lime Culture's needs assessment.
- The PCC is now working with partners to implement other Lime Culture recommendations. A new model for support has been developed and is being tested with potential providers before a possible procurement later in 2020.
- The PCC has also secured over £0.2m of additional funding from Ministry of Justice for Independent Sexual Violence Advisers (ISVA).
- Following an open tender process, new Domestic Violence and Abuse (DVA) support contracts were awarded in the county.
- The Commissioner has maintained his investment into outcomes focussed domestic abuse support services. This includes maintaining funding for the two new Multi Agency Risk Assessment Conference (MARAC) Independent Domestic Violence Advisor (IDVA) posts.
- The PCC has continued to work with local authorities to ensure that high quality substance misuse support has been provided to offenders in the criminal justice system.
- Victim CARE has again significantly expanded the number of community points in 2019-20. At the end of March 2020 there were 34 community points in place, another 41 completing the application forms and over 100 organisations interested. Victim CARE also hosted a Community Point networking event aimed at bringing together the community points to further develop the working relationships. Finally, throughout 2019-20 Victim CARE has awarded a number of small grants to some Community Points to enable them to expand their help to victims.
- The PCC has continued to fund IDVAs to support the partners of offenders who are being managed through Nottinghamshire DVA Integrated Offender Management (IOM) scheme. The scheme was reviewed in 2019. The review found that the domestic abuse related offending of those on the scheme reduced by over 40% across the cohort.

Achievements 2019-20

- The PCC awarded a total of £0.3m in small grants to 20 community organisations, charities and support specialists as part of his 2019-20 Community Safety Fund scheme. The funding enabled third sector organisations to undertake a variety of project tackling pressing issues such as knife crime, domestic violence, hate crime, sexual violence, and addiction.
- The Nottingham City and Nottinghamshire Violence Reduction Unit was established with funding allocated from the Home Office Serious Violence Fund in September 2019. This has enabled the Commissioner to put significant resource into the strategic coordination and direction of violence reduction activity countywide. Working with partners, including local authorities, Nottinghamshire Police, HMP Nottingham, health, education and CVS has facilitated the development and implementation of a whole system public health approach which focuses on prevention first and foremost. Outcomes to date have already been positive with individuals being supported in education, hospital and custody settings to reduce the impact of serious violence.
- The Commissioner has invested in a number of projects which are aimed at early intervention activity for young people who are at risk of being impacted by serious violence, through the Early Intervention Youth Fund. Key projects have included the establishment of a non-statutory knife crime integrated offender management cohort and continued investment in the Redthread programme, both of which focus on supporting young people using a holistic approach in order to deter them from committing first time offences or from a pattern of reoffending.
- The Commissioner has supported our participation in a national pilot approved by the Home Office developing the role of Independent Custody Visitors (ICVs). ICVs have been conducting custody record reviews and making reports and recommendations from their findings.
- During the year crime overall reduced by 0.5% compared the previous year increase of 11.2%. The City saw a reduction of 3.8% and the County had a slight increase of 0.9%.
- Victim based crime reduced by 2.7%.
- The most recent crime survey for England and Wales reveals that residents felt that the risk of crime had fell from 15% (March 2018) to 10.9% (September 2019).
- Some key performance successes include:
 - Non Domestic crime down 14.6%
 - Theft down 11.2%
 - Hate incidents (non crime) down 8.8%
 - Vehicle crime down 4.6%
 - Burglary down 3%
 - Robbery down 2.9%
 - Sexual Offences down 2.8%
 - Arson and criminal damage down 2%
- Proactive policing has seen more weapons, drugs and public order offences being detected. This correlates with a significant increase in the use of stop and search (78.7%, +2,417). Positive outcomes from stop and search (40.4%, +2,217) has resulted in detecting the following crime increases:
 - Drug offences +21.6%
 - Possession of weapons +12.4%
 - Public order offences +4.5%

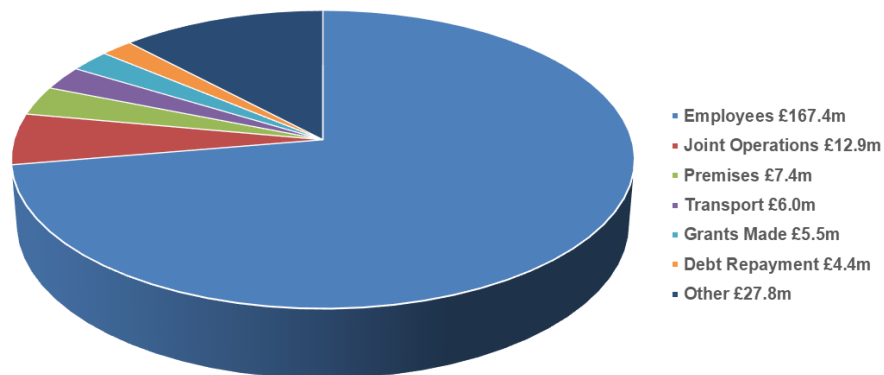
More information regarding performance can be found within the Annual Report published on the Commissioner's website.



The revenue figures illustrated above do not include the adjustments made for IFRS or balances held in Joint Operations. These are included within the main financial statements which comply with the Accounting Code.

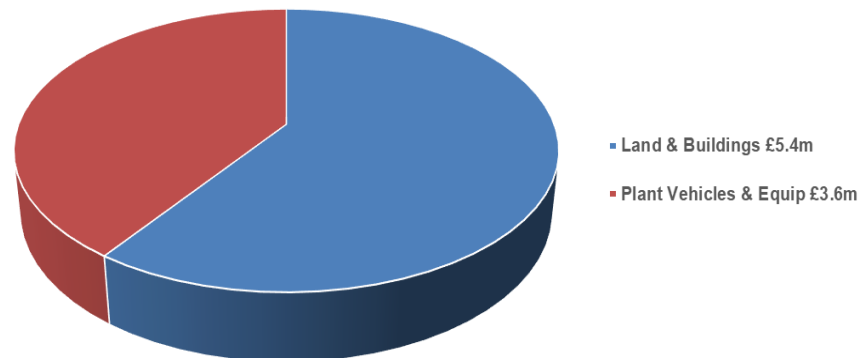
FINANCIAL PERFORMANCE (cont.)

Revenue Expenditure



Financed by:	£m
Police & Crime Grant	126.9
Legacy Grant	9.8
Precept	69.7
Other Income	21.3
Net Contribution to Reserves	2.3
	<u>230.0</u>

Capital Expenditure



Financed by:	£m
Reserves & contributions	1.0
Capital Grants	0.8
Capital Receipts	0.4
External Borrowing	4.0
Internal Borrowing	2.8
	<u>9.0</u>

Note:

Revenue figures reflect the approved expenditure for the year. They do not include any adjustments required for IFRS as detailed within the financial statements.

Capital figures do not contain any amendments for Joint Operations.

FINANCIAL PERFORMANCE (cont.)

Capital Expenditure

Nottinghamshire continues to have an ambitious capital programme. The main areas of expenditure for the next few years are:

- New Custody Suite.
- New Joint HQ Building with Fire.
- Maintaining the existing estate.
- Updating and replacing IT.
- Vehicle replacements.
- Exploring opportunities with the Fire Service and East Midlands Ambulance Service (EMAS).

Provisions and Reserves

The Insurance Provision required additional contributions during the year to meet the cost of potential claims outstanding.

Reserves continue to be replenished to finance significant capital expenditure over the medium term.

At 31 March 2020	£m
TOTAL PROVISION	4.2
TOTAL USABLE REVENUE RESERVES	26.6
TOTAL USABLE CAPITAL RESERVES	4.1

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 2,115 police officers, 181 PCSOs, 157 specials and 1,317 staff in full-time and part-time positions.

Overall Equality Characteristics

Gender	Headcount	%
Male	2,106	55.86%
Female	1,664	44.14%
Totals	3,770	100.00%

Age Band	Headcount	%
25 and under	427	11.33%
26 to 40	1,496	39.68%
41 to 55	1,538	40.79%
Over 55	309	8.20%
Totals	3,770	100.00%

Self-Declared Disability	Headcount	%
Yes	150	3.98%
No or not specified	3,620	96.02%
Totals	3,770	100.00%

Ethnicity	Headcount	%
Asian or Asian British	111	2.95%
Black or Black British	40	1.06%
Mixed	57	1.51%
Chinese or Other	8	0.21%
White	3,482	92.36%
Not Stated	72	1.91%
Totals	3,770	100.00%

PRINCIPAL RISKS

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact. The risk management processes are subject to regular review and updates. The key strategic notes are:

RISK	IMPACT	MITIGATION
Significant Incidents	Detrimental impact of Brexit on public sector financing. Response to Covid-19 Pandemic.	Monitor national activity by the Government – consider lobbying through representative bodies.
Comprehensive Spending Review	Delay by a further year impacts on the total amount available for funding policing nationally.	The Commissioner is a lead for this work at a national level.
Funding Formula Review	Could result in either a positive or negative impact on the amount of police grant Nottinghamshire receives.	Proactive work by the Commissioner on the National Review Body.
Level of Reserves	Insufficient reserves to meet significant risks.	This continues to be managed within the resources available.
System Reviews	Within the next few years there could be need to change our Core Finance System providers.	This will be managed as a major project and a business case developed which will include a risk register.
Expansion of business to create LLPs	Impact of this change on accounting treatment and accountability (e.g. Companies House and VAT implications).	Advice from consultants experienced in this field and specific advice from our tax advisors.
Changes to Crime Types	The need for officers to be trained in new areas of growing crime such as on-line crime. Whilst continuing to manage traditional crime such as burglary.	Recruitment and training of officers with these skills.

Explanation of Accounting Statements	The Core Statements	The Supplementary Financial Statements
<p>The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2020. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2019-20; which in turn is underpinned by International Financial Reporting Standards.</p> <p>A Glossary of terms can be found at the end of this publication.</p>	<p>The Comprehensive Income and Expenditure Statement (CIES). This records all income and expenditure for the year. The top half of the statement includes policing activity. The bottom half of the statement deals with corporate transactions and funding. It includes actuarial valuations in accordance with the code.</p> <p>The Movement in Reserves Statement – is a summary of the changes to the Reserves during the course of the year. Reserves are divided into “useable”, which can be invested in capital projects or service improvements, and “unusable”, which must be set aside for specific accounting purposes.</p> <p>The Balance Sheet is a “snapshot” of the assets, liabilities, cash balances and reserves at the year-end date.</p> <p>The Cash Flow Statement – shows the reasons for changes in cash balances during the year, whether the change is due to operating activities, new investment or financing activities (such as the repayment of borrowing and other long term liabilities).</p>	<ul style="list-style-type: none"> • The Annual Governance Statement – this sets out the governance arrangements in place and the key internal controls. • The Pension Fund Account – these provide detail about the transactions in relation to the pension fund account for police officers. Details relating to the Local Government Pension Scheme for staff (including PCSO's) are provided in the notes to the accounts. • The Notes to the Accounts – these provide more detail about the accounting policies and individual transactions.













The Responsibilities of the Commissioner

The Commissioner is required to:

- Make arrangements for the proper administration of the financial affairs for the group and to secure that one of their officers has the responsibility for the administration of those affairs, in line with statute this is the Section 151 Officer.
- Manage the groups affairs to secure economic efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.
- Ensure that the Section 151 Officer is a key member of their strategic management team and is adequately resourced and trained to fulfil this role.

The Responsibilities of the Chief Finance Officer

The Section 151 Officer is responsible for the preparation of the Group Accounts. The statements are required by the CIPFA Code of Practice on Local Government accounting, to present fairly the financial position of the Group at the accounting date and the income and expenditure for the year then ended.

In preparing the Statement of Accounts the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.
- Kept up to date with professional development.

The Section 151 Officer has also:

- Kept proper accounting records which are up to date, and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Nottinghamshire Office of the Police and Crime Commissioner as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime Commissioner

Approval: The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel

C Henry
Nottinghamshire Police and Crime Commissioner

INTRODUCTION

Police and Crime Commissioners are designated as Local Authorities for accounting purposes. As such they are required to annually review the Governance procedures in place for the Office of the Police and Crime Commissioner and the Group.

The preparation and production of the Annual Governance Statement is in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (the Framework). This Framework requires Commissioners to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations
- Public money is safeguarded and properly accounted for
- Resources have been used economically, efficiently and effectively to achieve agreed priorities within the Police & Crime Plan

The Framework also expects that the Commissioners will put in place proper arrangements for the governance of their affairs, which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

The Commissioner is compliant with the CIPFA Statement on the Role of the Chief Finance Officer (particularly relating to Policing).

KEY ELEMENTS OF THE COMMISSIONER'S GOVERNANCE FRAMEWORK

Police & Crime Plan

- Sets the priorities for policing
- Sets the priorities for supporting victims
- Sets the direction for the use of resources and commissioning

Scrutiny & Review

- Public meetings – Strategic Resources and Performance to hold the Chief Constable to account
- Joint Audit & Scrutiny Panel – to challenge and review the governance and actions of the OPCC and Force
- Public Consultation, Stakeholder events and surveys – to seek public opinion on priorities, police activity and the budget

Police & Crime Panel

- Formalise the appointment of the Commissioner
- Independent body to review decisions of the Commissioner
- Challenge and support the aims of the Police & Crime Plan
- Review and agree the proposed level of precept
- Agree the appointment of the Chief Constable

Decision making

- Public meetings recorded
- Decision records published on the Commissioner's website
- Risk management reported to Joint Audit & Scrutiny Panel regularly

Effective Management Team

- Chief Executive is the Monitoring Officer responsible for governance
- Chief Finance Officer is the Section 151 Officer responsible for safeguarding the financial position of the group
- The PCC and Chief Financial Officer are part of a Joint Governance Board with Fire for collaboration

HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK	PRINCIPLE A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law.	PRINCIPLE B Ensuring openness and comprehensive stakeholder engagement
<p>The Commissioner has approved and adopted:</p> <ul style="list-style-type: none"> • Code of Corporate Governance • The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance in Local Government Framework • A number of specific strategies and processes for strengthening corporate governance <p>Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2019-20.</p>	<p>The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity.</p> <p>The Commissioner has approved the Anti-Fraud, Bribery and Corruption policies. The Joint Audit and Scrutiny Panel receives reports on how these arrangements have been applied during the year. There is a Whistle Blowing policy in place, which together with declaration of interests from the Commissioner, staff and police officers, ensures ethical standards are being monitored and adhered to. Any whistle blowing activities notified are investigated by the Professional Standards Directorate and appropriate action is taken.</p> <p>The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to the Commissioner and Joint Audit and Scrutiny Panel or Police and Crime Panel.</p>	<p>All meetings of the Joint Audit and Scrutiny Panel, Strategic Resources and Performance Panel, and the Police and Crime Panel, are open to the public. Papers, reports and decisions made by the Commissioner, are published on the Commissioners website together with consultation and public surveys.</p> <p>The Commissioner has a public engagement consultation strategy which sets out how we engage with stakeholders, partners and the public, through a combination of collaborative working, representation on boards, stakeholder consultation meetings and attendance at public community events.</p>

PRINCIPLE C Defining outcomes in terms of sustainable, economic, social and environmental outcomes	PRINCIPLE D Determining the intervention necessary to optimise the achievement of intended outcomes	PRINCIPLE E Developing capacity and capability
<p>The Police and Crime Commissioner publishes a four year Police and Crime Plan, which is refreshed annually. This is informed by the Strategic Policing Requirement, strategic assessments of the Force and local partners combining into the Police and Crimes Needs Assessment, and is reflective of emerging priorities for policing in Nottinghamshire.</p> <p>This plan is used to direct the resources of the Commissioner and Chief Constable. It informs the revenue budget on where resources are most needed and the capital investment programme to identify the priority needs for investment.</p> <p>The capital investment must meet the requirements of the prudential code in that they must be affordable. There are regular reports in compliance with the code during the year.</p>	<p>All new areas of business require a formal business case to be submitted. These business cases go through an internal approval process within the Force before sign off by the Chief Constable or Commissioner depending on the value or public interest.</p> <p>The same is true of business cases relating to Regional Collaborations. The approval process is slightly different in that groups of officers form layers of approval (e.g. Operation Group, Deputy Chief Constable Board, Chief Finance Officer Board, Chief Constable Board and Police and Crime Commissioner Board). The end result is the same with the Police and Crime Commissioners signing off the final business cases.</p>	<p>The Force works closely with the College of Policing to ensure we maximise our investment in officers and staff.</p> <p>This now includes the apprenticeship scheme for new recruits and further development of officers aspiring into senior ranks.</p> <p>Nottinghamshire is the first force to recruit new officers on the national apprenticeship scheme.</p> <p>Internally, the Force and OPCC are identifying posts within the staffing structures that could be provided through the apprenticeship scheme.</p> <p>We have worked with local authority partners in the training and development of CIPFA qualified staff and will continue to identify other joint training schemes wherever possible.</p>

PRINCIPLE F**Managing risks and performance**

The Force continues to ensure compliance with the National Crime Recording Standard (NCRS) and has a dedicated Force Crime Registrar who monitors performance and reports progress to the Crime & Data Quality Board chaired by an Assistant Chief Constable.

End of year performance is estimated to be 94% compliance against the NCRS standard which could merit a Good grade if assessed by HMICFRS.

Performance is monitored against a comprehensive Police and Crime Performance Framework and risks identified in the bi-monthly Performance and Insight Report. The OPCC is represented at the Force Performance Board where risks are reviewed and mitigation activity undertaken.

The Joint PCC and Force Risk Management Strategy details how corporate risks are managed and mitigated. In addition, the independent Joint Audit and Scrutiny Panel receives a copy of the Force and PCC Strategic Risk Progress Report every six months, as per the Policy.

There are joint policies in place for risk management, anti-fraud, corruption and bribery and together with the financial regulations, these set out expected processes and internal controls.

We have a regional contract for the provision of Internal Audit. The Internal Audit Team regularly provides reports on the effective operation of control and an annual report of the overall control environment. Lessons are learnt across forces through this shared contract.

The Professional Standards Directorate provides reports on actions within the disciplinary process and on lessons learnt nationally from the IPCC.

An external community panel is being set up to review discrimination complaints, use of force and stop and search.

All recommendations from external and internal reviews (e.g. Audit and HMICFRS) are collated, reviewed and regularly reported on.

PRINCIPLE G**Implementing good practices in transparency, reporting and accountability**

All decisions of the Commissioner are published on the website, together with any supporting information to explain why any particular option was taken.

The Police and Crime plan together with financial strategies and internal policies are also published and reviewed regularly.

Reporting of performance both operational and financial is undertaken on a regular basis. The Commissioner meets with the Chief Constable on a weekly basis to challenge where performance is slipping.

The Police and Crime Panel meet regularly to hold the Commissioner to account for the decisions being taken. The minutes of this public meeting are published on the County Council website.

REVIEW OF EFFECTIVENESS

The Commissioner uses a number of ways to review and assess the effectiveness of its governance arrangements, as set out below:

Assurance from Internal Audit

One of the key assurance statements that the Commissioner receives is the annual audit report and opinion of the Head of Internal Audit.

During 2019-20, 18 areas, including collaboration areas, were reported on, of which three were given substantial assurance and eight were deemed to be satisfactory (65% of local recommendations and 100% of regional recommendations).

During 2019-20 all Key Financial systems were audited and considered satisfactory, with the exception of Payroll which was given limited assurance. This will be followed up in 2020-21.

Six out of twelve other audits were also issued with limited assurance. These were: OPCC Business Continuity, Custody Arrangements, OPCC Supplier, Information Assurance, Force Management of MFSS and Health and Safety follow-up. These will be followed-up in 2020-21.

Assurance from External Audit

The External Auditor, Ernst & Young, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing value for money.

The Annual Governance Report (ISA 260) will be issued to the Joint Audit and Scrutiny Panel with the final statements including this Annual Governance Statement.

Self-Assessment and Review of Key Performance Indicators

The Chief Executive and Chief Finance Officer of the OPCC have undertaken a review to confirm that the arrangements described above have been in place throughout the year. Assurance questionnaires have been completed and signed to provide confirmation that Codes of Conduct, Financial Regulations and other

corporate governance processes, have been operating as intended throughout the year so far as they are aware.

A number of key outcome indicators exist to assess the quality of governance arrangements. Performance is set out below:

Governance Issues Identified	Performance Indicator
Formal Reports Issued by the Section 151 or Monitoring Officer	None issued
Outcomes from Monitoring Officer's Investigations	Concerns relating to one third sector organisation were investigated by Internal Audit
Proven frauds by members of staff or officers	None
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2019-20
Limited assurance from Internal Audit Reports	Seven out of eighteen Internal Audit reports were issued with limited assurance
ISA 260 2018-19 issues identified	Please refer to Chief Constable's Annual Governance Statement for full details

Follow-up of issues identified in 2018-19

Issues identified:	Action taken:
Levels of Reserves were considered to be low, but compared with the previous year this was improving significantly	This remains a pressure and risk. Although significantly better than previous years. Reserves are now being generated to finance major capital spend to reduce the impact on future revenue budgets.
Internal Audit – limited assurance on Key Financial Systems	<p>The Key Financial Systems - The Creditors was considered to have limited assurance in 2018-19. This was followed up in 2019-20 and was given substantial assurance.</p> <p>The four other audits in 2018-19 with limited assurance were: Force Management of MFSS Arrangements, Health and Safety, GDPR and Property Management. Three of these were followed-up in 2019-20. The Health and Safety follow-up and Force Management of MFSS were still given limited assurance and will continue to be reviewed. The GDPR was given satisfactory assurance based on work done by the time of audit; this audit and the Property Management audit will be followed-up in 2020-21.</p>
VFM Qualification of MFSS	This continues to be a challenge and alternative provision of this service is being progressed.
HMCFRS "requires improvement"	This relates to data integrity and Police Custody. Further details can be found in the Chief Constables AGS and reports to the Joint Audit and Scrutiny Panel.
Economic Outlook	<p>The continuous delay in the next CSR and Funding Formula Review provides ongoing uncertainty over the future financial health. However, the additional funding for 20,000 police officers nationally is positive.</p> <p>The public finances continue to be monitored in light of Brexit and Covid-19 and their potential impact on police funding.</p>

REVIEW OF EFFECTIVENESS – Response to Covid-19

The Covid-19 Pandemic took hold in March 2020 and therefore a review of Governance subsequent to this and into the 2020-21 financial year is set out below:

Governance Meetings

The usual Governance meetings have continued where possible. This has been through a variety of mediums. Initially telephone conferencing was used for Joint Audit & Scrutiny Panel meetings, moving to Microsoft Teams meetings. The latter being the preferred option for all Governance meetings going forward.

This will continue to be monitored and where appropriate delegation to complete key tasks will be approved through the decision making process.

Risks continue to be monitored and managed including those specific to Covid-19.

Decision making

Decision making has continued in the usual way with meeting reports or decision records and all are published on the Commissioners website.

Financial impact

There has been some financial impact mainly in relation to the purchase of PPE for staff and officer protection. This is now part of a national procurement process.

The Home Office requests monthly returns on expenditure relating to Covid-19 and it is expected that some grant will be made available.

As at 31 March 2020 very little financial impact had occurred and by the end of May it was estimated that c£0.3m of expenditure to that date had been incurred relating to Covid-19. All costs to the end of March 2020 have been included within these statements.

CONCLUSION

The Commissioner is satisfied that a sound system of Governance is in place. This includes the system of internal control which is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. However they remain committed to maintaining and wherever possible improving these arrangements, in particular by:


- Addressing the issues identified by internal audit as requiring improvement.
- Addressing the issues identified by HMICFRS as requiring improvement.
- Continued dialogue with the public through the Engagement Strategy and public meetings.

SIGNED

Caroline Henry
Nottinghamshire Police and Crime Commissioner

Kevin Dennis
Chief Executive

Charlotte Radford CPFA
Chief Finance Officer

The image is a full-page background featuring a photograph of a dirt path that curves through a dense forest. The path is made of reddish-brown earth and is flanked by vibrant green ferns and other low-lying plants. Tall, slender trees with light-colored bark line the path, their branches reaching upwards. Sunlight filters through the canopy, creating dappled light on the ground. The right half of the image is overlaid with a semi-transparent blue gradient, which serves as a backdrop for the text.

CORE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (CIES)

The Service analysis in the CIES is based on reporting to management and as such follows the two services being funding to the Chief Constable for policing and the Office of the Police and Crime Commissioner.

The CIES shows the accounting cost in the year of providing services in accordance with the Code, on an accruals basis rather than a cash basis. Revenue income and expenditure is measured at fair value in the year to which it relates, and not when cash payments are made or received. Interest both receivable and payable is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than by the contractual cash flows.

Supplies not consumed within the year are carried on the Balance Sheet as Inventory. If required a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts are doubtful, the debt is written off by a charge to the CIES.

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

There are charges to the CIES for capital to record the true cost of holding fixed assets during the year as follows:

- Depreciation of Non-Current Assets.
- Revaluation and Impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Revaluation Gains reversing previous losses charged to the CIES.
- Amortisation of Intangible Assets.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution, from revenue towards the reduction in its overall borrowing requirement in accordance with statutory guidance, the Minimum Revenue Provision (MRP). The MRP is chargeable to the council tax payer and is the way that purchasing capital assets is made - approximately over the useful life of the asset.

Whilst all the expenditure is paid for by the Commissioner including employee pay, the recognition in the accounts is based on economic benefit of resources consumed.

The reconciliation to the amount received from main grants and taxation is explained by the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2018-19 RESTATED					PCC & GROUP CIES		2019-20				
PCC Exp'	PCC Income	PCC Net	CC Net	Group Total		Note	PCC Exp'	PCC Income	PCC Net	CC Net	Group Total
£'000	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000
238,983	-	238,983	(238,983)	-	Funding to Chief Constable		239,312	-	239,312	(239,312)	-
6,063	(1,625)	4,438	336,308	340,746	Service cost		7,415	(3,505)	3,910	224,342	228,252
245,046	(1,625)	243,421	97,325	340,746	Cost of Services		246,727	(3,505)	243,222	(14,970)	228,252
2,138	(2,387)	(249)	-	(249)	Other Operating (Income) and Expenditure	2.6	1,703	(2,252)	(549)	-	(549)
2,119	(334)	1,785	66,526	68,311	Financing and Investment	2.4	2,194	(399)	1,795	69,513	71,308
-	(240,836)	(240,836)	-	(240,836)	Taxation and Non Specific Grant Income	2.5	-	(248,115)	(248,115)	-	(248,115)
249,303	(245,182)	4,121	163,851	167,972	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	250,624	(254,271)	(3,647)	54,543	50,896
2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5					(Surplus) or deficit on revaluation of Property, Plant and Equipment				(375)	-	(375)
					Re-measurement of the net defined benefit liability / asset				(275)	(229,564)	(229,839)
					Other Comprehensive (Income) and Expenditure				(650)	(229,564)	(230,214)
					Total Comprehensive (Income) and Expenditure				(4,297)	(175,021)	(179,318)

2018-19 RESTATED			GROUP CIES		2019-20		
Expenditure	Income (Note 2.3)	Net		Note	Expenditure	Income (Note 2.3)	Net
£'000	£'000	£'000			£'000	£'000	£'000
356,398	(15,652)	340,746	Group Cost of Services		249,595	(21,343)	228,252
2,138	(2,387)	(249)	Other Operating (Income) and Expenditure	2.6	1,703	(2,252)	(549)
74,193	(5,882)	68,311	Financing and Investment	2.4	71,707	(399)	71,308
-	(240,836)	(240,836)	Taxation and Non Specific Grant Income	2.5	-	(248,115)	(248,115)
432,729	(264,757)	167,972	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	323,005	(272,109)	50,896
2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5			92	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(375)
			55,752	Re-measurement of the net defined benefit liability / asset			(229,839)
			55,844	Other Comprehensive (Income) and Expenditure			(230,214)
			223,816	Total Comprehensive (Income) and Expenditure			(179,318)

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held. Usable Reserves are set aside for future policy purposes or to cover contingencies. The Unusable Reserves manage the movements as a result of

accounting adjustments required by the Code, for capital, financial instruments, retirement, and employee benefits.

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Expenditure to be financed from a reserve is charged to the appropriate service and hence included within the 'Provision of Services' in the CIES. The reserve is then appropriated back in the Movement in Reserves Statement to avoid impacting on council tax.

Group Movement in Reserves	General Fund Balance (Note 3.1)	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2019-20	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	-	(26,663)	2,858,939	2,832,276
Movement in reserves during 2019-20							
(Surplus) or deficit on the provision of services	50,896	-	-	-	50,896	-	50,896
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	(230,214)	(230,214)
Total Comprehensive Income and Expenditure	50,896	-	-	-	50,896	(230,214)	(179,318)
Adjustment PPE	(72)	-	-	-	(72)	-	(72)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(53,752)	-	(1,882)	-	(55,635)	55,635	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(2,928)	-	(1,882)	-	(4,811)	(174,579)	(179,390)
Transfers to / (from) Earmarked Reserves	2,928	(2,928)	-	-	-	-	-
(Increase) or Decrease in 2019-20	-	(2,928)	(1,882)	-	(4,811)	(174,579)	(179,390)
Balance at 31 March 2020	(7,075)	(19,516)	(4,882)	-	(31,473)	2,684,359	2,652,886

PCC Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2019-20	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	-	(26,663)	13,461	(13,202)
Movement in reserves during 2019-20							
(Surplus) or deficit on the provision of services	(3,647)	-	-	-	(3,647)	-	(3,647)
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	(650)	(650)
Total Comprehensive Income and Expenditure	(3,647)	-	-	-	(3,647)	(650)	(4,297)
Adjustment PPE	(72)	-	-	-	(72)	-	(72)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	791	-	(1,882)	-	(1,091)	1,091	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(2,928)	-	(1,882)	-	(4,810)	441	(4,369)
Transfers to / (from) Earmarked Reserves	2,928	(2,928)	-	-	-	-	-
(Increase) or Decrease in 2019-20	-	(2,928)	(1,882)	-	(4,810)	441	(4,369)
Balance at 31 March 2020	(7,075)	(19,516)	(4,882)	-	(31,473)	13,902	(17,571)

Group Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2018-19 RESTATED	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 restated	(7,075)	(16,853)	(3,887)	-	(27,815)	2,636,276	2,608,461
Movement in reserves during 2018-19							
(Surplus) or deficit on the provision of services	167,972	-	-	-	167,972	-	167,972
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	55,844	55,844
Total Comprehensive Income and Expenditure	167,972	-	-	-	167,972	55,844	223,816
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(167,708)	-	887	-	(166,821)	166,820	(1)
Net (Increase) or Decrease before Transfers to Earmarked Reserves	264	-	887	-	1,151	222,664	223,815
Transfers to / (from) Earmarked Reserves	(264)	265	-	-	1	(1)	-
(Increase) or Decrease in 2018-19	-	265	887	-	1,152	222,663	223,815
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	-	(26,663)	2,858,939	2,832,276

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

PCC Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2018-19 RESTATED	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 restated	(7,075)	(16,853)	(3,887)	-	(27,815)	10,593	(17,222)
Movement in reserves during 2018-19							
(Surplus) or deficit on the provision of services	4,121	-	-	-	4,121	-	4,121
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	(99)	(99)
Total Comprehensive Income and Expenditure	4,121	-	-	-	4,121	(99)	4,022
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(3,856)	-	887	-	(2,969)	2,969	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	265	-	887	-	1,152	2,870	4,022
Transfers to / (from) Earmarked Reserves	(265)	265	-	-	-	-	-
(Increase) or Decrease in 2018-19	-	265	887	-	1,152	2,870	4,022
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	-	(26,663)	13,461	(13,202)

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

BALANCE SHEET

The Balance Sheet shows the value of assets and liabilities, as at the end of the accounting year. The net assets (assets less liabilities) are matched by the reserves held.

Reserves are both usable, which may be used to provide services and unusable which fulfil specific accounting purposes.

2018-19		PCC & Group Balance Sheet	Note	2019-20	
PCC	Group			PCC	Group
£000	£000			£000	£000
39,775	39,775	Property, Plant and Equipment	4.2	43,318	43,318
435	435	Investment Property	4.4	575	575
2,235	2,235	Intangible Assets	4.5	1,827	1,827
-	-	Long-Term Debtors		-	-
42,445	42,445	Long Term Assets		45,720	45,720
2,586	2,586	Assets Held for Sale	4.7	1,248	1,248
151	151	Inventories		121	121
22,495	22,495	Short-Term Debtors	4.8	25,257	25,257
4,000	4,000	Short-Term Investments	4.9	18,000	18,000
20,808	20,808	Cash and Cash Equivalents	5.1	28,852	28,852
50,040	50,040	Current Assets		73,478	73,478
(9,854)	(9,854)	Short-Term Borrowing	4.12	(17,057)	(17,057)
(19,059)	(22,528)	Short-Term Creditors	4.10	(24,402)	(27,952)
(3,813)	(3,813)	Provisions	4.11	(4,160)	(4,160)
(32,726)	(36,195)	Current Liabilities		(45,619)	(49,169)
(41,992)	(41,992)	Long-Term Borrowing	4.12	(52,337)	(52,337)
(4,564)	(2,846,573)	Other Long-Term Liabilities		(3,671)	(2,670,578)
(46,556)	(2,888,565)	Long Term Liabilities		(56,008)	(2,722,915)
13,202	(2,832,276)	Net Assets		17,571	(2,652,886)
(26,663)	(26,663)	Usable Reserves	3.1 & 3.2	(31,474)	(31,474)
13,461	2,858,939	Unusable Reserves	3.3	13,903	2,684,360
(13,202)	2,832,276	Total Reserves		(17,571)	2,652,886

CASH FLOW STATEMENT

This Cash Flow Statement has been prepared using the 'Indirect Method', which adjusts the surplus or deficit on the provision of services for non-cash items. This statement shows the changes in cash and cash equivalents during the reporting period.

Cash includes cash in hand and deposits of up to 24 hours' notice. Cash equivalents are investments that mature up to three months from acquisition date. These are readily convertible to known amounts of cash with

insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

2018-19 RESTATED			Cash Flow Statement	Note	2019-20		
Commissioner	Chief Constable	Group			Commissioner	Chief Constable	Group
£000	£000	£000			£000	£000	£000
4,121	163,851	167,972	Net (surplus) or deficit on the provision of services		(3,647)	54,543	50,896
(13,570)	(163,851)	(177,421)	Adjustment to (surplus) or deficit on the provision of services for noncash movements	5.2	(9,998)	(54,543)	(64,541)
2,667	-	2,667	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	3,076	-	3,076
(6,782)	-	(6,782)	Net cash flows from operating activities		(10,570)	-	(10,570)
10,986	-	10,986	Net cash flows from investing activities	5.3	20,074	-	20,074
(14,180)	-	(14,180)	Net cash flows from financing activities	5.3	(17,548)	-	(17,548)
(9,976)	-	(9,976)	Net (increase) or decrease in cash and cash equivalents		(8,044)	-	(8,044)
(10,832)	-	(10,832)	Cash and cash equivalents at the beginning of the reporting period		(20,808)	-	(20,808)
(20,808)	-	(20,808)	Cash and cash equivalents at the end of the reporting period	5.1	(28,852)	-	(28,852)

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5



NOTES TO THE ACCOUNTS

GENERAL ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2019-20 financial year and its position as at 31 March 2020. Annual Statement of Accounts are required to be published under the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise of the Code and the Best Value Accounting Code of Practice 2019-20, supported by International Financial Reporting Standards (IFRS). The Accounts have been prepared on a going concern basis using the historic cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments. Under The Act 2011 the Commissioner and Chief Constable are separate 'corporation sole' bodies. Both are required to prepare a separate Statement of Accounts. The Financial Statements included here represent the Commissioner and the Commissioner as a group with the Chief Constable (The Group). The figures in these accounts are rounded appropriately and this may cause apparent minor arithmetical errors.

The basis of cost allocation between The Commissioner and Chief Constable is outlined in Note 8.1.

2. Exceptional Items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the CIES or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Group financial performance.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current year and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative figures for the prior period as if the new policy had always been applied. There have been no changes in Accounting Policies requiring restatement. Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

NOTES TO CORE STATEMENTS

Section 1 Judgements and Major Accounting Events

1.1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, certain judgements about complex transactions or those involving uncertainty about future events have been made. The main critical judgement made in the Statement of Accounts is that there is a high degree of uncertainty about future levels of funding for the Police Service. However, it is considered that this uncertainty is not yet sufficient to provide an indication that assets might be impaired as a result of a need to close facilities.

1.2 Material items of Income and Expense

There are no changes to accounting policies this year, and no significant amendments to the Code. The accounts are produced on a 'true economic cost basis' which differs from the cost required to be met from taxpayers. The accounting for pensions which recognises benefits accrued by current employees has a significant impact on the surplus/deficit for the year and on the value of the Balance sheet. These transactions are based on actuarial valuations as opposed to the transactions which have taken place in the year.

1.3 Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force will continue in operational existence for the foreseeable future. The provisions in the Code (Code Of Practice On Local Authority Accounting In The United Kingdom 2019-20) in respect of going concern reporting requirements reflect the economic and statutory environment in which Police and Crime Commissioners and police forces operate. These provisions confirm that, as Police and Crime Commissioners and police forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Police and Crime Commissioners and Chief Constables carry out functions essential to the local community and Police and Crime Commissioners are revenue-raising bodies (with limits on revenue-raising powers arising only at the discretion of central government). If a Police and Crime Commissioner was in financial difficulty, the prospects are thus that alternative arrangements would be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year.

As a result of this, it would not be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a Police and Crime Commissioner and force will continue to operate for the foreseeable future.

The current restrictions in place within the United Kingdom in response to Covid-19 have created issues for police forces in terms of policing the government lockdown in addition to continuing normal policing functions. This has given rise to additional costs in terms of overtime and providing personal protective equipment (PPE) to operational police officers and staff.

The financial and social outcomes of Covid-19 are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy.

The PCC and CC CFOs have carried out a detailed assessment of the likely impact of COVID-19 on the financial position and performance of the PCC & Group during 2020-21 and beyond which has included modelling scenarios that consider the impact on:

Section 1 Judgements and Major Accounting Events

1.3 Going Concern (continued)

- Increased expenditure
- Reductions in income
- Cashflow and liquidity
- General fund balances and reserves

In carrying out the detailed assessment, the PCC has taken into account its statutory duty to allocate assets and funds to the Chief Constable.

The review has considered known and expected government funding and determined that the PCC & Group has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the PCC and Group are satisfied that they can prepare their accounts on a going concern basis.

Increased Expenditure

The outturn report for 2020/21 shows a net minor overspend for the force of £65k and at the end of 2020/21 the force had incurred additional costs of £1,381k and loss of income of £564k in relation to Covid-19 as well as £300k in relation to orders that had been delayed, the cost of which should have been incurred during 2019/20. These costs along with additional overtime spends would have resulted in a larger overspend position than that being reported, however they are offset by additional government grants of £1.571k and considerable savings on vacant staff posts.

Reductions in income

The speed of recovery of council tax income is dependent on external factors surrounding Covid-19 and how quickly activities return to normal or whatever the post Covid-19 normal is, but, in all cases, the PCC is taking a cautious approach to the recovery rate of council tax income.

Cashflow and Liquidity Risk Exposure:

The Group's treasury function ensures that cash flow is adequately planned and liquidity risk exposure is controlled in accordance with the relevant professional codes.

Cash and equivalents at the balance sheet date were £28.9m and are held by the PCC as detailed in Note 5, this has remained positive during 2021-22 and is estimated to be £32.0m at the end of November 2022.

Cashflow is monitored on a daily basis and should short-term cash be required to meet unforeseen bills this could be borrowed from other local authorities. There is also an overdraft facility with Barclays Bank that can be increased at relatively short notice.

The Cashflow forecast and the Treasury Management Strategy also incorporate the capital borrowing requirements and demonstrate how the Group will be able to raise funds to meet its commitments whilst maintaining the positive cash and equivalent balances and remaining well within its borrowing limits.

The PCC also has ongoing ready access to borrowings from the Public Works Loan Board and other approved lenders.

General Fund Balances and Reserves

There are no aborted capital schemes; a number of schemes have been brought forward (e.g. purchase of laptops) whilst others have been paused or delayed. The prioritisation of capital schemes is still being reassessed given the changing circumstances. At this stage, there are no unbudgeted costs forecast.

The General Fund balance at 31st March 2021 remains at £7m and there are no plans to reduce this within the 2021/22 budget. The Outturn shows that covid hasn't presented the financial challenge expected due to grants and lower costs and therefore it is unlikely this will directly have an impact on the Medium Term Financial Plan.

It is considered that there is sufficient headroom within these measures and the general balances to absorb the estimated financial impact of COVID-19 in the short to medium-term. For these reasons, the PCC and CC do not consider that there is material uncertainty in respect of their ability to continue as a going concern for the foreseeable future.

Section 1 Judgements and Major Accounting Events

1.4 Accounting Standards Issued but not Adopted

For 2019/20 new standards that have been issued but not adopted relate to;

- IAS 28 Investments in Associates and Joint Ventures; Long Term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

These changes were issued after the new CIPFA Code Of Practice for Local Authority Accounts was published but the impact on the financial statements of the PCC Group is either not applicable or not considered to be material.

1.5 Prior Period Adjustments

Prior period adjustments (PPA) have been made to 2018/19 figures in relation to Pensions, Officers Remuneration and the Capital Financing Reserve (CFR).

A PPA has been made for the Return on Pension Assets of £13.051m (originally recorded as finance income (I+E) this has been moved to the line Re-measurement of the net defined (pension) liability/asset under Other Comprehensive Income and Expenditure (OCI). A PPA has also been made for pension interest and expense to show this as part of the net expense in line with CIPFA code requirements; this was a £5.633m adjustment.

A prior period adjustment has also been made to the Capital Financing Requirement (CFR) note opening balance to reflect corrections for previous years, a (£3.806m) adjustment.

1.6 Future Assumptions and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The largest area of estimation included within the Accounts is in staff related costs. These include calculations for overtime, bonuses, accumulated absences, early retirement costs, pension costs and other one-off payments.

Assessment and estimations are provided by the Transport Manager for vehicles previously purchased by the Force outside of the PFI contract.

The pensions adjustments are based on the professional judgement of the Actuaries and

these form a significant part of the accounts.

The valuations of fixed assets are based on periodic valuations plus any valuations felt required due to current circumstances from a qualified valuer. There is a chance that particular assets may not fully represent fair value

An item in these accounts which has a significant risk of material adjustment in the forthcoming financial year is the Insurance Claim Provision. A time lag may occur between insurable liability events and the date claims are received. No allowance is made for this value unless specific incidents have occurred which make it appropriate to do so. One potential use of the General Reserve is to cover for emerging trends of liability claims or an exceptional value of incurred but not reported claims. Estimates of the value of claims change as information regarding the circumstances evolve. The provision of £3.4m is based on estimates provided by Insurance Companies and by the Regional Legal Services Team. An increase/decrease in the value of claims of 10% will impact the provision by (+/-) £0.3m.

1.7 Events after the Balance Sheet Date

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Covid-19 was declared a global pandemic by the World Health Organisation on 11 March 2020. However, the full impact on the UK and world economy was not felt until after 31 March 2020 and is therefore a non-adjusting event.

The economic and social consequences of the global pandemic are still uncertain but there will be an impact on the UK and global economies that may extend into the medium and long term.

Figures showing the financial impact of Covid-19 on the reporting entity during 2020-21 have been provided in note 1.3 and are not material.

The financial impact for subsequent financial years is not considered to be significant at this point but this will remain under review as part of the MTFP and there may be further implications and considerations for future accounts, for example, asset impairments, pension fund liability valuations and council tax collection fund.

Any future financial cost would be recognised within the comprehensive income and expenditure statement in the year to which it relates. This would be adjusted for within the Movement in Reserve Statement (Adjustments between Accounting Basis and Funding Basis under Regulations) to negate any immediate financial impact on the council tax payer.

Section 2 Notes to Comprehensive Income & Expenditure Statement

Expenditure

2.1 Expenditure Funding Analysis

This note demonstrates the link between the accounting figures included in the CIES and the amounts raised by grant and taxation used in the management accounting decision making.

2018-19 RESTATED			Commissioner & Group Expenditure Funding Analysis	2019-20		
Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments (Note 2.2)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
238,983	97,325	336,308	Policing	239,312	(14,970)	224,342
4,277	161	4,438	Commissioner	3,724	186	3,910
243,260	97,486	340,746	Net Cost of Services	243,036	(14,784)	228,252
			Other (Income) and Expenditure			
-	66,526	66,526	Policing	-	69,513	69,513
(242,995)	3,695	(239,300)	Commissioner	(245,965)	(904)	(246,869)
265	167,707	167,972	(Surplus) or Deficit on Provision of Service	(2,928)	53,824	50,896
(23,928)			Opening General Fund Balance	(23,663)		
(23,663)			Closing General Fund Balance	(26,591)		

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

2.2 Adjustments to the Expenditure Funding Analysis

2019-20	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Policing	-	(15,749)	779	(14,970)
PCC	-	186	-	186
Net Cost of Services	-	(15,563)	779	(14,784)
Other (Income) and Expenditure Chief Constable	-	69,513	-	69,513
Other (Income) and Expenditure PCC	744	63	(1,711)	(904)
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	744	54,013	(933)	53,824

2018-19 RESTATED	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Policing	-	97,172	153	97,325
PCC	-	161	-	161
Net Cost of Services	-	97,333	153	97,486
Other (Income) and Expenditure Chief Constable	-	66,526	-	66,526
Other (Income) and Expenditure PCC	2,740	54	901	3,695
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	2,740	163,913	1,054	167,707

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

Income

Revenue government grants, third party contributions and donations are recognised as income when the conditions of entitlement are satisfied. Grants and contributions with unsatisfied conditions are creditors on the Balance Sheet. As conditions are satisfied, it is credited to the CIES. Unconditional monies

are carried as an earmarked reserve on the Balance Sheet until used.

A de minimis level of £0.050m exists whereby it is essential that income is assessed whether it should form part of the Earmarked Reserves. Capital grants are credited to the

CIES, and then reversed out of the General Fund Balance in the Movement in Reserves Statement. The grant is either used to finance capital expenditure or credited to the Capital Grants Unapplied Account.

2.3 Income Credited to Services

2018-19 £000		2019-20 £000
(1,625)	Relating to the PCC - Other Income	(3,505)
(2,175)	Partnership and Joint Controlled Operations	(1,789)
(1,858)	PFI Grant	(1,858)
(2,142)	Recharge of Officers	(1,640)
(7,852)	Other Income	(12,551)
(15,652)	Total for the Group	(21,343)

2.4 Financing and Investment Income and Expenditure

2018-19 RESTATED £000		2019-20 £000
1,979	Interest payable and similar charges	2,131
54	Net interest on the net defined benefit liability (asset)	63
(249)	Interest receivable and similar income	(399)
1,784	Relating to the PCC	1,795
66,526	Other net interest on the defined benefit liability (asset)	69,513
68,311	Total for the Group	71,308

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

2.5 Taxation and Non-Specific Grant Income – PCC and Group

2018-19 £000		2019-20 £000
(61,433)	Council tax income	(69,461)
(135,136)	Non-ring fenced government grants	(137,614)
(43,428)	HO Police Pension Grant	(40,211)
(839)	Capital grants and contributions	(830)
(240,836)	Total for the PCC and Group	(248,115)

2.6 Other Operating Expenditure – PCC and Group

2018-19 £000		2019-20 £000
(249)	(Gains)/losses on the Disposal of Non-Current Assets	(759)
-	Other – Increase in Bad Debt Provision	210
(249)	Total for the PCC and Group	(549)

2.7 Impairment Losses

There are no instances of impairment to report.

2.8 Income and Expenditure Analysed by Nature

2018-19 RESTATED			Nature of Expenditure or Income	2019-20		
PCC	Chief Constable	Group		PCC	Chief Constable	Group
£000	£000	£000		£000	£000	£000
1,009	308,216	309,225	Expenditure on services - employees	1,131	199,788	200,919
5,055	33,798	38,853	Expenditure on services - other	6,284	36,336	42,620
(1,625)	(14,027)	(15,652)	Income from services	(3,505)	(17,838)	(21,343)
(61,433)	-	(61,433)	Income from local taxation	(69,461)	-	(69,461)
(179,404)	-	(179,404)	Government grants and contributions	(178,654)	-	(178,654)
-	8,320	8,320	Depreciation, amortisation and impairment	-	6,056	6,056
1,785	66,526	68,311	Other Financing	1,795	69,513	71,308
(249)	-	(249)	(Gain) or loss on disposal of non-current assets	(549)	-	(549)
238,983	(238,983)	-	Intra Group Funding	239,312	(239,312)	-
4,121	163,851	167,972	(Surplus) or Deficit for Year	(3,647)	54,543	50,896

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

2.9 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. This includes wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (where applicable). An accrual is made for the estimated cost of holiday entitlements or any form of leave (e.g. time off in lieu earned by employees) but not taken before the year-end, which

Employees can carry forward into the next financial year (Accumulated Absences Account).

The accrual is made at the estimated salary rates applicable for the following accounting year, being when the employee takes the benefit. The accrual is charged to the CIES, but then reversed out through the Movement in Reserves Statement.

2.10 Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an employees employment prior to normal retirement date or an acceptance of a voluntary redundancy.

These are charged to the CIES at the time when the decision is demonstrably committed to. If not actually paid then it is included by use of a provision.

Section 3 Notes to the Movement in Reserves Statement

3.1 Transfers (to)/from Earmarked Reserves – PCC and Group

This shows how monies have been set aside or used during the year. All earmarked reserves are within the PCC accounts only.

	Balance at 31 March 2018	Transfers In 2018-19	Transfers Out 2018-19	Balance at 31 March 2019	Transfers In 2019-20	Transfers Out 2019-20	Balance at 31 March 2020
	£000	£000	£000	£000	£000	£000	£000
Police Property Act	(196)	-	-	(196)	-	-	(196)
Drug Fund	(27)	-	-	(27)	-	-	(27)
PFI Life Cycle Costs	(10)	(38)	-	(48)	(39)	-	(87)
Revenue Grants	(2,849)	(217)	1,092	(1,974)	(4)	280	(1,698)
Medium Term Financial Plan	(2,000)	(254)	2,254	-	-	-	-
Tax Base Reserve	(1,047)	(469)	2	(1,514)	(166)	1	(1,679)
Animal Welfare	(19)	-	-	(19)	-	-	(19)
PCC	(733)	(53)	26	(760)	(83)	26	(817)
Grants and Commissioning	(3,441)	(712)	154	(3,999)	(1,180)	43	(5,136)
PCC Night Time Levy	(181)	(20)	-	(201)	(68)	22	(247)
Target Hardening	(73)	-	-	(73)	-	-	(73)
Allard Reserve	(1,200)	-	-	(1,200)	-	-	(1,200)
Asset Replacement	(2,731)	(2,216)	-	(4,947)	(3,440)	2,088	(6,299)
IT Investment	(1,100)	-	378	(722)	(427)	265	(884)
TPAC Collisions	-	-	-	-	(100)	-	(100)
Joint Operations	(1,246)	-	338	(908)	(146)	-	(1,054)
Total Earmarked Reserves	(16,853)	(3,979)	4,244	(16,588)	(5,653)	2,725	(19,516)
General Fund	(7,075)	-	-	(7,075)	-	-	(7,075)
Total General Fund Balance	(23,928)	(3,979)	4,244	(23,663)	(5,653)	2,725	(26,591)

3.2 Usable Reserves – PCC and Group

31 March 2019 £000	Capital Receipts Reserve	31 March 2020 £000
(3,887)	Balance 1 April	(3,000)
(1,828)	Capital Receipts in Year	(2,246)
2,715	Applied in Year	364
(3,000)	Balance 31 March	(4,882)

31 March 2019 £000	Capital Grants & Contributions Unapplied	31 March 2020 £000
-	Balance 1 April	-
(839)	Capital Grants and Contributions Recognised in Year	(830)
839	Capital Grants and Contributions Applied	830
-	Balance 31 March	-

3.3 Unusable Reserves

31 March 2019		Type of Reserve	31 March 2020	
PCC £000	Group £000		PCC £000	Group £000
2,149	2,844,158	Pensions	1,425	2,668,332
10	3,479	Accumulated Absences	12	3,562
(1,422)	(1,422)	Revaluation Reserve	(1,225)	(1,225)
13,483	13,483	Capital Adjustment	14,227	14,227
(759)	(759)	Collection Fund	(536)	(536)
13,461	2,858,939	Total	13,903	2,684,360

3.3 Unusable Reserves (continued)

31 March 2019		Pensions Reserve	31 March 2020	
PCC £000	Group £000		PCC £000	Group £000
(2,125)	(2,624,493)	Balance 1 April	(2,149)	(2,844,158)
-	-	Analysis adjustment between PCC and CC	698	-
191	(55,752)	Re-measurements of the net defined benefit liability/(asset)	275	229,839
(303)	(234,983)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	(345)	(125,377)
88	71,070	Employer's contributions to pensions schemes	96	71,364
(2,149)	(2,844,158)	Balance 31 March	(1,425)	(2,668,332)

2018-19 RESTATED				Accumulated Absences	2019-20			
PCC		Group			PCC		Group	
£000	£000	£000	£000		£000	£000	£000	£000
	(197)		(3,512)	Balance 1 April		(10)		(3,479)
197		3,512		Settlement or cancellation of accrual made at the end of the preceding year	10		3,479	
(10)		(3,479)		Amounts accrued at the end of the current year	(12)		(3,562)	
	187		33	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1)		(83)
	(10)		(3,479)	Balance at 31 March		(12)		(3,562)

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

3.3 Unusable Reserves (continued)

31 March 2019 £000	Revaluation Reserve	31 March 2020 £000
(1,579)	Balance 1 April	(1,422)
-	Upward Revaluation of assets	(423)
128	Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the provision of services	-
128	(Surplus) or deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services	(423)
10	Difference between fair value depreciation and historical cost depreciation	27
19	Accumulated gains on assets disposed	593
29	Amount written off to the Capital Adjustment Account	620
(1,422)	Balance 31 March	(1,225)

31 March 2019 RESTATE £000	Capital Adjustment Account	31 March 2020 £000
10,743	Balance 1 April	13,483
	Capital Accounting	
5,263	Depreciation & Amortisation	6,221
1,523	Disposals	900
3,010	Revaluations & Impairments	(140)
(18)	Historic Cost Adjustments	(27)
	Capital Financing	
(839)	Grants & Contributions	(830)
(2,715)	Receipts Reserve	(364)
-	Earmarked Reserves	(988)
(800)	Revenue financing	(239)
(268)	Lease Accounting	(162)
(2,416)	MRP charge	(2,827)
-	ARP charge	(800)
13,483	Balance 31 March	14,227

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

3.3 Unusable Reserves (continued)

2018-19 £000	Collection Fund	2019-20 £000
(891)	Balance 1 April	(759)
132	Amount by which council tax income credited to the comprehensive income and expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements	223
(759)	Balance 31 March	(536)

3.4 Unusable Reserves Movements

The table analyses the unusable reserves movements in the MIRS.

31 March 2019 RESTATED		Movement in Unusable Reserves	31 March 2020	
PCC £000	Group £000		PCC £000	Group £000
10,593	2,636,276	Balance at Start of year	13,461	2,858,939
(99)	55,844	Comprehensive Income and Expenditure	(650)	(230,214)
2,968	168,818	Adjustments between accounting basis and funding basis under regulations	1,092	55,636
-	-	Transfers from Earmarked Reserves	-	-
13,461	2,858,939	Balance at End of Year	13,903	2,684,360

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2019-20	General Fund Balance PCC £000	General Fund Balance Group £000	Capital Receipts Reserve Group £000	Capital Grants Unapplied Group £000	Movement in Unusable Reserves PCC £000	Movement in Unusable Reserves Group £000
Pension costs (transferred to/(from) the Pensions Reserve)	(249)	(54,013)	-	-	249	54,013
Pension reserve adjustment of PCC/CC b/f split	698	-	-	-	(698)	-
Council tax (transfers to/(from) the Collection Fund)	(223)	(223)	-	-	223	223
Holiday pay (adjustments to the Accumulated Absences reserve)	(1)	(83)	-	-	2	83
Revaluation Reserve	197	197	-	-	(197)	(197)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(7,559)	(7,559)	-	-	7,559	7,559
Capital Grants	830	830	-	(830)	-	-
Total Adjustments to Revenue Resources	(6,308)	(60,851)	-	(830)	7,138	61,681
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,246	2,246	(2,246)	-	0	0
Statutory Provision for the repayment of debt	3,627	3,627	-	-	(3,627)	(3,627)
Capital expenditure financed from revenue balances	239	239	-	-	(239)	(239)
Total Adjustments between Revenue & Capital Resources	6,112	6,112	(2,246)	-	(3,866)	(3,866)
Application of capital grant to finance capital expenditure	-	-	-	830	(830)	(830)
Use of capital receipts reserve to finance capital expenditure	-	-	364	-	(364)	(364)
Use of earmarked reserves to finance capital expenditure	988	988	-	-	(988)	(988)
Total Adjustments to Grants/Contributions & Reserves	988	988	364	830	(2,182)	(2,182)
Total Adjustments	792	(53,751)	(1,882)	-	1,090	55,634

2018-19 RESTATED	General Fund Balance	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Movement in Unusable Reserves
	PCC	Group	Group	Group	PCC	Group
	£000	£000	£000	£000	£000	£000
Pension costs (transferred to/(from) the Pensions Reserve)	(215)	(163,913)	-	-	215	163,913
Council tax (transfers to/(from) the Collection Fund)	(132)	(132)	-	-	132	132
Holiday pay (adjustments to the Accumulated Absences reserve)	187	33	-	-	(187)	(33)
Revaluation Reserve	157	157	-	-	(157)	(157)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(9,986)	(9,986)	-	-	9,986	9,986
Capital Grants	839	839	-	(839)	-	-
Total Adjustments to Revenue Resources	(9,150)	(173,002)	-	(839)	9,989	173,841
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,828	1,828	(1,828)	-	-	-
Statutory Provision for the repayment of debt	2,416	2,416	-	-	(2,416)	(2,416)
Capital expenditure financed from revenue balances	800	800	-	-	(800)	(800)
Total Adjustments between Revenue and Capital Resources	5,044	5,044	(1,828)	-	(3,216)	(3,216)
Application of capital grant to finance capital expenditure	-	-	-	839	(839)	(839)
Use of capital receipts reserve to finance capital expenditure	-	-	2,715	-	(2,715)	(2,715)
Use of earmarked reserves to finance capital expenditure	250	250	-	-	(250)	(250)
Total Adjustments to Grants/Contributions & Reserves	250	250	2,715	839	(3,804)	(3,804)
Total Adjustments	(3,856)	(167,708)	887	-	2,969	166,821

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

Section 4 Notes to the Balance Sheet

4.1 Property, Plant and Equipment

Assets with physical substance which are held for operational or administrative purposes with an expected life of over a year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that the cost of the item can be measured reliably and it is probable it can generate future economic benefits or service potential. Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred, to the CIES.

Revenue expenditure funded from capital under statute (REFCUS) represents expenditure that may be capitalised under statutory provisions, but does not result in the creation of tangible assets.

De-minimis levels are applied to allow sensible administration arrangements without materially affecting the figures presented. The de-minimis levels applied for all property, plant and equipment (including finance leases) is £0.020m.

Component Accounting

Components with appropriate depreciation are included where this is significant as determined by the following test: Only assets with a carrying value above £0.600m are considered and then components are included if the item forms at least 5% of the asset value.

Measurement

Assets are initially measured at cost, comprising the purchase price plus costs in bringing the asset to the location and to be fit for purpose. The value of assets acquired other than by purchase is deemed to be its fair value.

Assets are then carried in the Balance Sheet using the following measurement bases in accordance with IAS 16:

- Fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV) Operational buildings have been valued on this basis.
- If there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Bridewell custody suite is valued on this basis.

- For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Vehicles, equipment and furniture is on this basis.
- Non-operational buildings including assets for sale and investment properties have been valued on the basis of Open Market Value.
- Assets under construction are included at actual cost.

These standards are incorporated into the RICS 'Red book' valuation standards.

Increases in valuations have been matched by credits to the Revaluation Reserve since 1 April 2007, the date of its formal implementation. Gains prior to that date are consolidated into the Capital Adjustment Account. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES once the Revaluation Reserve is fully utilised.

Impairment

Assets are assessed annually for potential impairment. When material, an impairment loss is recognised for the deficit, as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the CIES.
- Where an impairment loss is reversed subsequently by a revaluation gain, the reversal is credited to the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is charged on all operational non-current assets by the systematic allocation of their depreciable amounts, over their useful lives, after allowing for residual values.

Asset Type	Depreciation Method	Period of Years
Land	Nil	Nil as unlikely to reduce in value
Property	Straight Line	10-50 years as estimated by the valuer
Vehicles	Straight Line	1-20 years
Plant & Equipment	Straight Line	1-20 years
Finance Leases	Straight Line	Over the life of the finance lease

A full year's charge is made in the year of acquisition, with no charge made in the year of disposal. Depreciation is charged to the CIES. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and

depreciation that would have been chargeable based on their historical cost. This is transferred each year from the Revaluation Reserve to the Capital Adjustment Account. Where an item of property, plant and equipment has major components whose cost and life span is significantly different from the rest, the components are depreciated separately (subject to meeting de minimis levels).

Assets held for Sale

When a non-current asset is actively marketed and reasonably expected to be sold in the next 12 months it is reclassified as an Asset Held for Sale and is held as a current asset.

Disposal

The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the 'Other Operating Expenditure' line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the 'Surplus or Deficit on Provision of Services'.

If assets no longer meet the criteria of Assets Held for Sale, they are reclassified back to non-current assets and re-valued appropriately.

Amounts received for a disposal are categorised as capital receipts, and credited to the Capital Receipts Reserve for application to future capital investment. Revaluation Reserve balances relating to disposed assets are transferred to the Capital Adjustment Account.

4.2 Property Plant and Equipment Movements to 31 March 2020

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2019	32,305	24,751	1,477	58,533
Adjustments to cost/value	(163)	-	-	(163)
Additions	2,106	3,634	3,294	9,034
Revaluation increases/(decreases) recognised in the Revaluation Reserve	375	-	-	375
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	-	-	-	-
De-recognition – disposals	(140)	(119)	-	(259)
Reclassifications and transfers	314	143	(457)	-
at 31 March 2020	34,797	28,409	4,314	67,520
Depreciation & Impairment				
at 1 April 2019	(5,537)	(13,221)	-	(18,758)
Adjustments to depreciation/impairment	163	-	-	163
Depreciation charge	(920)	(4,753)	-	(5,673)
De-recognition – disposals	9	57	-	66
Reclassifications and transfers	-	-	-	-
at 31 March 2020	(6,285)	(17,917)	-	(24,202)
Net Book Value				
at 31 March 2020	28,512	10,492	4,314	43,318
at 31 March 2019	26,768	11,530	1,477	39,775

4.2 Property Plant and Equipment Movements to 31 March 2019

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2018	33,262	32,388	477	66,127
Adjustments to cost/value	(536)	-	-	(536)
Additions	3,303	4,161	1,000	8,464
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(80)	-	-	(80)
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(2,597)	-	-	(2,597)
De-recognition – disposals	-	(11,798)	-	(11,798)
Reclassifications and transfers	(1,047)	-	-	(1,047)
at 31 March 2019	32,305	24,751	1,477	58,533
Depreciation & Impairment				
at 1 April 2018	(5,228)	(20,585)	-	(25,813)
Adjustments to depreciation/impairment	536	-	-	536
Depreciation charge	(845)	(4,106)	-	(4,951)
De-recognition – disposals	-	11,470	-	11,470
Reclassifications and transfers	-	-	-	-
at 31 March 2019	(5,537)	(13,221)	-	(18,758)
Net Book Value				
at 31 March 2019	26,768	11,530	1,477	39,775
at 31 March 2018	28,034	11,803	477	40,314

4.3 Property, Plant and Equipment Revaluations

Land and buildings are revalued on a five year rolling programme to ensure that their carrying amount is not materially different from their fair value. Land and Building values are based on valuations by Andrew Martin BSc MRICS, (Director) and Roger Smalley BSc MRICS, (Associate Director) of the independent valuers Lambert Smith Hampton.

The resulting revaluations were considered by the internal valuer and it was not considered appropriate to commission any further valuations, because there were no trends emerging that would materially affect the valuations.

Revaluations	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets under Construction	Total
	£000	£000	£000	£000
Carried at historical cost	11,918	26,296	4,314	42,528
Valued at current value as at:				
31/03/2020	1,925	-	-	1,925
31/03/2019	7,897	-	-	7,897
31/03/2018	1,200	-	-	1,200
31/03/2017	8,863	-	-	8,863
31/03/2016	577	-	-	577
Total Cost or Valuation	32,380	26,296	4,314	62,990
Share of Joint Operations Property/Plant/Equipment				4,530
Total Gross Value				67,520

4.4 Investment Properties

Investment properties are used to earn rentals or for capital appreciation, and not used in any way to deliver services or are being held for sale. The carrying value is annually revalued under IFRS13 to current fair value. This is currently £0.575m (£0.435m 2018-19). Rentals received in relation to investment properties are credited to the CIES.

Income is received on investment properties (telecoms masts) from Cell C.M., who also undertake the maintenance and repair of the telecoms masts. These costs are not identified separately in the Statement of Accounts and are included within the management charge. Investment income net of this management charge was retained by Cell C.M. in 2019-20 for maintenance (£0.092m received in 2018-19).

4.5 Intangible Assets

Intangible assets do not have physical substance, but it is expected that future economic benefits or service potential will occur. Software licences are intangible assets, and are included at historic cost amortised over seven years, as there is no alternate method to ascertain a fair value.

Amortisation is a revenue expense. Movements are summarised in the table below:

31 March 2019 Other Assets £000	Intangible Assets	31 March 2020 Other Assets £000
4,577	Balance at start of year:	6,071
(3,477)	Gross carrying amounts	(3,836)
	Accumulated amortisation	
1,100	Net carrying amount at start of year	2,235
1,494	Purchases	116
(359)	Amortisation for the period	(524)
2,235	Net carrying amount at end of year	1,827
	Comprising:	
6,071	Gross carrying amounts	6,187
(3,836)	Accumulated amortisation	(4,360)
2,235		1,827

4.6 Capital Expenditure and Capital Financing

The total amount of capital expenditure, including capitalised PFI and leases and sources of finance are shown in the table below. It shows cumulative capital expenditure which is to be financed in future years by charges to revenue. The Capital Financing Requirement is determined by these factors.

At the 31 March 2020 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These future obligations totalled £14.0m. The contracts covered new buildings, building renovations and IT systems. (£3.4m 31 March 2019).

31 March 2019 RESTATED £000	Capital Expenditure and Capital Financing	31 March 2020 £000
53,899	Opening Capital Financing Requirement	57,092
5	In Year Adjustment	-
	Capital Investment:	
8,464	Property Plant and Equipment	9,034
1,494	Intangible Assets	116
9,958	Total Capital Spending	9,150
	Sources of Finance:	
(2,715)	Capital Receipts	(364)
-	Earmarked Reserves	(988)
(839)	Government Grants and other contributions	(830)
(800)	Revenue Contributions	(239)
	Sums set aside from revenue:	
(2,416)	Minimum Revenue Provision	(2,827)
-	Additional Revenue Provision	(800)
(6,770)	Total Sources of Finance	(6,048)
57,092	Closing Capital Financing Requirement	60,194

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

4.7 Assets Held for Sale

The Commissioner's Estates Strategy is to review all property held and place surplus property up for sale. The following table shows the value of properties held for sale at the Balance Sheet dates.

When classified as 'Held For Sale' the asset is no longer subject to depreciation. It is shown as a current asset because the funds are due within the forthcoming year.

31 March 2019 £000	Assets Held for Sale	31 March 2020 £000
2,748	Balance outstanding at start of year	2,586
1,047	Newly classified as held for sale	-
-	Revaluations	-
(1,209)	Assets sold	(1,338)
2,586	Balance outstanding year end	1,248

4.8 Debtors PCC and Group

An impairment allowance of £4.081m is held against Council Tax arrears of £6.448m at 31 March 2020 (£3.663m and £5.679m respectively at 31 March 2019). This level of allowance has been assessed by the Council Tax Billing Authorities. Debtors relate to the Commissioner only.

31 March 2019 £000	Debtors	31 March 2020 £000
9,908	Central Government Bodies	11,729
3,193	Other Local Authorities	4,376
9,394	Other Entities and Individuals	9,152
22,495	Total Debtors	25,257

4.9 Short Term Investments PCC and Group

31 March 2019 £000	Short Term Investments	31 March 2020 £000
4,000	Liverpool City Council	-
-	Blaenau Gwent County Borough Council	3,000
-	Lancashire County Council	5,000
-	South Ayrshire Council	5,000
-	Woking Borough Council	5,000
4,000	Total Short Term Investments	18,000

4.10 Creditors PCC and Group

The creditors figure includes receipts under The Proceeds of Crime Act 2002 and The Police Property Act 1997 (as amended by the Serious Crime Act 2005 and 2007). These cover monies received from the confiscation or sale of property which has come into their possession in connection with a criminal charge.

Once judgement is made monies are either, paid over to the State, repaid to the individual or made available for the Commissioner to use on specific purposes. At 31 March 2020 cash totalling £3.051m was held in the Commissioner's bank account (£0.145m at 31 March 2019).

31 March 2019		Creditors	31 March 2020	
PCC £000	Group £000		PCC £000	Group £000
(3,026)	(3,026)	Central Government Bodies	(7,341)	(6,674)
(7,113)	(7,113)	Other Local Authorities	(8,108)	(8,108)
(8,920)	(12,389)	Other Entities and Individuals	(8,953)	(13,170)
(19,059)	(22,528)	Total Creditors	(24,402)	(27,952)

4.11 Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and also that a reliable estimate can be made of the amount of the obligation. This is charged to the CIES on becoming aware of the obligation. They are measured as the best estimate at the balance sheet date, taking into account relevant risks and uncertainties.

Settlement of the obligation is charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed and further transactions to or from the CIES are made appropriately. Liability claims are generally paid out within one to three years. It is expected that the majority will be utilised within a year and hence the provision is all short term. Provisions relate to the Commissioner only.

2019-20	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Joint Operations £000	Pay Award £000	Total £000
Opening Balance	(3,218)	(488)	-	(78)	(27)	(2)	-	(3,813)
Increase in provision during year	(913)	(304)	-	-	-	-	-	(1,217)
Utilised during year	735	120	-	-	13	2	-	870
Closing Balance	(3,396)	(672)	-	(78)	(14)	-	-	(4,160)

2018-19	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Joint Operations £000	Pay Award £000	Total £000
Opening Balance	(3,189)	(300)	(115)	-	(51)	-	(730)	(4,385)
Increase in provision during year	(966)	(209)	-	(78)	(27)	(2)	(5)	(1,287)
Utilised during year	937	21	115	-	51	-	735	1,859
Closing Balance	(3,218)	(488)	-	(78)	(27)	(2)	-	(3,813)

4.12 Short and Long Term Debt

31 March 2019 £000	Short Term Borrowing	31 March 2020 £000
(3,543)	Market Loan – L.O.B.O.	(3,500)
(1,302)	PWLB	(3,557)
-	Market Loan - Oxfordshire County Council	(5,000)
-	Market Loan - PCC West Yorkshire	(5,000)
(5,009)	Market Loan - Waverley Borough Council	-
(9,854)	Total Short Term Borrowing	(17,057)

31 March 2019 £000	Long Term Borrowing	31 March 2020 £000
-	Market Loan - Elmbridge Borough Council	(2,000)
(41,992)	PWLB	(50,337)
(41,992)	Total Long Term Borrowing	(52,337)

4.13 Leases

Leases are classified according to the conditions of IAS 17. Lease payments are made for land, buildings, vehicles and equipment. Leases are classified as finance leases if the terms of the lease transfer (substantially) the risks and rewards incidental to ownership from the lessor to the lessee. Leases that do not meet the definition of finance leases are accounted for as operating leases.

Where a lease covers both land and buildings, those elements are considered separately for classification. Major contracts are reviewed for the possibility of embedded leases within them. Assets held under a finance lease are recognised on the Balance Sheet at fair value. There is a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Operating leases are charged to the CIES. These payments in 2019-20 were £1.633m (£1.435m in 2018-19).

Finance Lease assets on the balance sheet are accounted for in the same way as other non-current assets.

The contract for the provision of an agreed number of vehicles runs until 2026-27. A grant of £1.3m was received in 2019-20 (£1.3m in 2018-19).

Lease payments are apportioned between finance charges debited to the CIES, and the acquisition charge applied to write down the lease liability.

The minimum lease payments exclude values that are contingent on events such as subsequent rent reviews. Currently there are no such events.

The minimum finance lease payments will be payable over the following periods:

Minimum Lease Payments			Finance Lease Payments	
31 March 2019 £000	31 March 2020 £000		31 March 2019 £000	31 March 2020 £000
85	85	Not later than one year	85	85
340	340	Later than one year and not later than five years	340	340
397	397	Later than five years	397	397
822	822	Total	822	822

Included in short-term creditors

31 March 2019 £000	31 March 2020 £000
85	85

Included in other long-term liabilities

31 March 2019 £000	31 March 2020 £000
737	737

PCC as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2019 £000		31 March 2020 £000
1,480	Not later than one year	1,466
2,652	Later than one year and not later than five years	2,794
352	Later than five years	314
4,484	Total	4,574

4.14 Service Concession Arrangements – Private Finance Initiative Agreements

Private Finance Initiative Agreements (PFI) is a way to receive assets, whereby the responsibility for asset availability is with the PFI contractor.

The first contractor, Vensons, is responsible for the provision and maintenance of vehicles on a 25 year contract until 2026-27, from a building at Chilwell. The vehicle provision and maintenance is accounted for as an operating lease as opposed to the building being on the balance sheet with a capital value of £1.152m.

The second contractor, Miven, provides and maintains the Riverside building on a 25 year contract until 2026-27, at which point the Commissioner has the option to purchase. The capital value of this scheme is £1.943m. £1.045m was paid in 2019-20 (£1.045m in 2018-19).

With the PFI agreement now being less than 10 years until completion, the opportunity was taken to review the accounting policy to ensure that best practice was being followed.

Future payments are linked to the retail price index but are otherwise fixed, except reductions for poor contractor performance. Specific government grant of £1.858m was received (£1.858m in 2018-19).

The annual amounts payable for the buildings comprise:

- Fair value of the services received during the year – debited to the relevant service in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, has been debited to the Financing and Investment Income and Expenditure line in the CIES for the PFI buildings.
- The repayment of the capital liability on the balance sheet.
- Contingent rent – increases in the amount to be paid for the properties arising during the contracts, debited to the 'Financing and Investment Income and Expenditure' line in the CIES.

Lifecycle replacement costs – whereby a proportion of the amounts payable is carried as an earmarked reserve. This may be a negative balance in some years but by the end of the agreement the balance will be zero and the revenue charges are equalised.

Reimbursement of Capital Expenditure 2018-19 £000	Payment for Services 2018-19 £000	Riverside Premises PFI	Reimbursement of Capital Expenditure 2019-20 £000	Payment for Services 2019-20 £000
212	833	Payable within one year	222	823
949	3,230	Payable within two to five years	991	3,187
730	2,175	Payable within six to ten years	517	1,394
1,891	6,238	Total	1,731	5,404

2018-19 £000	PFI	2019-20 £000
2,332	Gross PFI liabilities	2,079
	Due:	
304	Not later than one year	304
1,217	Later than one year and not later than five years	1,217
810	Later than five years	558
2,332		2,079
(441)	Finance charges allocated to future periods	(349)
1,891	Net PFI liabilities	1,731
	Net PFI liabilities	
	Due:	
212	Not later than one year	222
949	Later than one year and not later than five years	991
730	Later than five years	517
1,891		1,731
	Finance cost payments committed in respect of PFI	
92	Not later than one year	83
269	Later than one year and not later than five years	226
80	Later than five years	40
441		349
	Services and contingent rents payable to PFI operator (included in the unitary payment)	
740	Not later than one year	740
2,962	Later than one year and not later than five years	2,962
2,094	Later than five years	1,354
5,797		5,056
	Total unitary payments to PFI operator	
1,045	Not later than one year	1,045
4,179	Later than one year and not later than five years	4,179
2,905	Later than five years	1,912
8,129		7,135

Section 5 Notes to the Cash Flow Statement

5.1 Cash and Equivalents

Cash and cash equivalents consist of bank, temporary investments and instant access accounts.

31 March 2019 £000	Cash and Equivalents Comprise	31 March 2020 £000
4,760	Low Volatility Net Asset Value Funds (LVNAVs)	12,090
15,000	Temporary Investments	12,000
1,048	Cash and Bank	4,762
20,808	Total	28,852

Section 5 Notes to the Cash Flow Statement

5.2 Cash Flow from Operating Activities – Group Cash Flows

31 March 2019 £000	The cash flows for operating activities include the following items	31 March 2020 £000
(249)	Interest Received	(399)
1,385	Interest Paid	1,555
1,136	Total	1,156

31 March 2019 RESTATE £000	The cash flows for operating activities include the following items	31 March 2020 £000
(5,624)	Depreciation	(5,673)
-	Amortisation	(524)
(2,697)	Property revaluations	140
5,077	(Increase)/decrease in creditors	(5,771)
(9,965)	Increase/(decrease) in debtors	2,762
(16)	(Increase)/decrease in inventories	(30)
(163,913)	Movement in long term liability	(54,013)
958	Movement in other non-current assets/liabilities	169
(1,542)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(1,531)
301	Other non-cash movements charged to the (surplus) or deficit on provision of services	(70)
(177,421)	Total	(64,541)

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

31 March 2019 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2020 £000
1,828	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,246
839	Any other items for which the cash effects are investing or financing cash flows	830
2,667	Total	3,076

5.3 Cash Flow from Investing and Financing Activities - Group Cash Flows

31 March 2019 £000	Cash Flow from Investing and Financing Activities	31 March 2020 £000
9,653	Purchase of property, plant and equipment, investment property and intangible assets	9,150
4,000	Purchase of short term and long term investments	36,000
-	Repayments of short-term and long term investments	(22,000)
(1,828)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,246)
(839)	Other receipts from investing activities	(830)
10,986	Net cash flows from investing activities	20,074
(34,500)	Cash receipts of short-term and long-term borrowing	(39,000)
20,320	Repayments of short-term and long-term borrowing	21,452
(14,180)	Net cash flows from financing activities	(17,548)

Section 6 Remuneration Notes

6.1 Members Remuneration

Members of the Audit and Scrutiny Panel were paid £0.007m (£0.006m 2018-19).

6.2 Officers Remuneration over £50,000

Employees within the Group who are receiving over £50,000 remuneration for the year are shown in the table below. This excludes the senior officers reported in a separate table.

One is within the PCC.

Remuneration over £50,000	2018-19 RESTATED	2019-20
£50,001 to £55,000	14	12
£55,001 to £60,000	8	4
£60,001 to £65,000	2	2
£65,001 to £70,000	-	-
£70,001 to £75,000	1	1
£75,001 to £80,000	3	2
£80,001 to £85,000	-	1
£85,001 to £90,000	2	1
£90,001 to £95,000	1	1
£95,001 to £100,000	-	-
Total	31	24

The 2018-19 figures have been restated due to the previous inclusion of police officers not of a rank above superintendent. The restatement of the 2018-19 has reduced the number disclosed from 335 to 31.

6.3 Senior Officer Payments

Officers Remuneration 2019-20	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner - P Tipping		76,500	-	1,178	-	10,251	87,929
Chief Executive to the Police & Crime Commissioner - K Dennis		99,799	-	626	-	13,373	113,798
Chief Finance Officer to the Police & Crime Commissioner - C Radford		101,480	-	2,506	-	13,598	117,584
TOTAL PCC		277,779	-	4,310	-	37,222	319,311
Chief Constable - C Guildford		173,416	-	10,660	-	52,486	236,563
Deputy Chief Constable - R Barber		134,153	-	9,248	-	-	143,401
Assistant Chief Constable - S Cooper		115,058	-	7,510	-	35,668	158,236
Assistant Chief Constable - K Meynell		112,929	-	7,029	-	33,906	153,864
Chief Finance Officer to the Chief Constable - M Kimberley		64,172	-	614	-	8,599	73,385
TOTAL CHIEF CONSTABLE		599,728	-	35,061	-	130,659	765,448
TOTAL FOR GROUP		877,507	-	39,370	-	167,882	1,084,759

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office.

Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances and medical expenses .

6.3 Senior Officer Payments

Officers Remuneration 2018-19	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner - P Tipping		76,375	-	2,693	-	10,234	89,303
Chief Executive to the Police & Crime Commissioner - K Dennis		99,072	-	1,833	-	13,276	114,181
Chief Finance Officer to the Police & Crime Commissioner - C Radford		101,380	-	1,594	-	13,585	116,559
TOTAL PCC		276,827	-	6,121	-	37,095	320,042
Chief Constable - C Guildford		159,313	-	14,196	-	36,575	210,084
Deputy Chief Constable - R Barber	5	131,754	-	11,321	-	12,979	156,054
Assistant Chief Constable - S Cooper		106,042	-	7,588	-	25,662	139,292
Assistant Chief Constable - S Prior	3	60,154	-	2,640	-	11,772	74,566
Assistant Chief Constable - K Meynell	4	67,681	-	4,451	-	13,500	85,632
Chief Finance Officer to the Chief Constable - M Kimberley		63,990	-	602	-	8,531	73,124
TOTAL CHIEF CONSTABLE		588,934	-	40,798	-	109,019	738,751
TOTAL FOR GROUP		865,761	-	46,919	-	146,114	1,058,793

Note 1: Salary, Fees & Allowances includes Rent Allowance, Housing Allowance, Compensatory Grant, Honoraria and Compensation for Loss of Office

Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances, medical expenses and mortgage interest payments relating to relocation

Note 3: ACC retired on 9 September 2018

Note 4: ACC appointed on 6 August 2018

Note 5: DCC opted out of pension scheme 30 years on 4 September 2018

6.4 Exit Packages

Contracts were terminated for six employees in the group during the year (20 in 2018-19), incurring costs of £0.275m (£0.378m in 2018-19). This included redundancy payments of £0.067m and pension strain costs of £0.190m. In 2019-20 there were no exit payments within the PCC. The Group made no material payments in relation to injury awards during the year.

6.5 Auditor remuneration

Ernst Young LLP are the external auditor to the Commissioner and Group the fees in the year were £0.039m of which £0.027m related to the Commissioner and no other services were purchased (£0.040m in 2018-19).

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
£0 - £20,000	7	1	8	3	15	4	101,000	27,353
£20,001 - £40,000	2	1	1	-	3	1	98,000	22,020
£40,001 - £60,000	-	-	1	-	1	-	49,000	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	1	-	1	-	130,000	-
Over £150,000	-	-	-	1	-	1	-	226,017
Total	9	2	11	4	20	6	378,000	275,390

Section 7 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Commissioner enters a contract. They are initially measured at fair value and carried at their amortised charged to the CIES is the amount payable per the loan agreement. Financial assets held by the Group comprise loans and receivables. These have determinable payments but are not quoted in an active market. The financial liabilities of the Group consist of short-term cost. This generally will equate to the principal outstanding plus accrued interest. Impairment may be appropriate if it becomes likely that the contract may not be fulfilled.

7.1 Risks Arising from Financial Instruments

The Commissioners activities expose it to a variety of financial risks:

- Credit risk – the possibility that the amounts due may not be received.
- Liquidity risk – the possibility that insufficient funds are available to meet expenditure commitments.
- Market risk – the possibility that loss arises as a result of changes to interest rates and stock market movements.

The Treasury Management Strategy (incorporating the Annual Investment Strategy) focuses on mitigating the risk of the unpredictability of financial markets, It includes policies on the risks above.

Credit Risk

Credit risk arises from investments and customer debt. The risk is minimised through the Annual Investment Strategy. This requires that deposits are only made with financial institutions meeting identified minimum credit criteria, as laid down by market leading rating services.

Maximum investment limits and durations are also specified to reduce credit risk. The maximum exposure to credit risk for deposits during the year was £75.1m. This was placed within the criteria of the strategy with high quality counterparties. There was no evidence at year end of potential counterparty default.

Customers owed £2.07m at year end (£0.93m in 2018-19). An allowance of £0.33m is set aside for debts to mitigate the effect of default (£0.12m in 2018-19).

Liquidity Risk

Cash flow management ensures that cash is available as needed. For unexpected events, there is ready access to borrowings from the money markets and the PWLB. There is no significant risk of being unable

to raise the required finance. If a significant proportion of borrowing needed replacing at a time of unfavourable interest rates, this could be costly. The Treasury Management Strategy limits the proportion of borrowing maturity in specific periods to minimise the risk. All trade and other payables are due within one year.

Interest Rate Risk

There is a risk from exposure to interest rate movements on borrowings and investments. Borrowings are not carried out at fair value, so nominal gains and losses on fixed rate borrowings do not impact on the CIES. A rise in interest rates would have the following effects:

- Borrowing at variable rates - the interest charged to the CIES will rise
- Borrowings at fixed rates - the fair value of the liabilities will fall
- Investments at variable rates - the interest credited to the CIES will rise
- Investments at fixed rates - the fair value of the assets will fall

The Treasury Management Strategy sets a maximum of 50% of debt to be variable rate loans to mitigate this. Only £3.5m is held as variable which is 5%. There was £10.0m temporary borrowing at 31 March 2020.

Price Risk

Investments are not held as equity shares, and therefore there is no exposure to losses arising from movements in the prices of the shares.

Foreign Exchange Risk

Investments are not held in foreign currencies and therefore there is no exposure to loss arising from movements in exchange rates.

The table below shows the maturity spread of debt.

Liquidity Risk	31 March 2019 £000	31 March 2020 £000
Less than one year	(9,854)	(17,056)
Between one and two years	(3,188)	(3,441)
Between two and five years	(4,216)	(4,824)
More than 5 Years	(5,126)	(6,912)
More than 10 Years	(29,462)	(37,161)
	(51,846)	(69,394)

7.2 Financial Instruments – Fair Value

Financial liabilities and financial assets represented by loans and receivables, and long term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Interest rates paid during 2019-20 ranged between 1.59% and 7.75% for PWLB loans and 3.73% on the market loan. The average interest rates received were 0.86%. No early repayment or impairment is recognised.

- For instruments maturing in the next year, the carrying amount is assumed to be fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of the loans is £74.4m which is £5.0m higher than the carrying amount because there are a number of fixed rate loans with the PWLB with an interest rate payable higher than the prevailing rates at the Balance Sheet date.

This shows a notional future loss as there is a commitment to pay the PWLB at a rate above current market rates. The fair value of assets is the year end carrying value, being either variable rate instruments or short term.

Long term borrowing of £12.0m took place in 2019-20, £10.0m of which is for 2020-21 capital financing.

7.3 Financial Instruments Outstanding

The Market Loan of £3.5m was taken out with Danske Bank in May 2006 for 60 years. Since May 2011 it has featured a break clause every six months (Lenders Option, Borrowers Option LOBO).

This option has not yet been used. The CIPFA Treasury Management Code categorises this as a short term liability.

	Long-term 31 March 2019 £000	Long-term 31 March 2020 £000	Current 31 March 2019 £000	Current 31 March 2020 £000
Financial Assets				
Debtors				
Debtors at Amortised Cost	-	-	18,182	20,860
Other at Amortised Cost	-	-	-	-
Total included in Debtors	-	-	18,182	20,860
Investments				
Investments at Amortised Cost	-	-	23,760	42,090
Total included in Investments	-	-	23,760	42,090
Total Financial Assets	-	-	41,942	62,950
Financial Liabilities				
Borrowings				
Borrowings at Amortised Cost	(41,992)	(52,337)	(9,854)	(17,057)
Total included in Borrowings	(41,992)	(52,337)	(9,854)	(17,057)
Other Long Term Liabilities				
PFI and finance lease liabilities	(2,415)	(2,246)	(297)	(307)
Total included in Other Long Term liabilities	(2,415)	(2,246)	(297)	(307)
Creditors				
Creditors at Amortised Cost	-	-	(22,528)	(27,952)
Total included in Creditors	-	-	(22,528)	(27,952)
Total Financial Liabilities	(44,407)	(54,583)	(32,679)	(45,316)
Financial Liabilities at amortised cost				
Interest expense			1,385	1,555
Financial Assets: Loans and receivables				
Interest income			(249)	(399)
Net expense in (Surplus) or Deficit on the Provision of Services			1,136	1,156

Section 8 Other Notes

8.1 Basis of Cost Allocation

The basis of splitting costs between The Commissioner and the Chief Constable for revenue is based on operational activity of the Chief Constable.

All assets and liabilities belong to the Group apart from the provision for accumulated absences and pension liabilities that relate for the officers and staff that report to the Chief Constable.

8.2 Contingent Assets

Contingent assets arise where an event has taken place that gives the potential for an asset, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly in the control of the Group. They are not recognised in the Balance Sheet, The Commissioner had no contingent assets as at 31 March 2020.

8.3 Contingent Liabilities

A contingent liability arises where a past event gives a possible obligation which depends on the outcome of uncertain future events not wholly in the control of the Group.

Contingent liabilities also arise in circumstances where a provision or reserve would otherwise be made, but there is not the level of certainty on either likelihood or value. Contingent liabilities are not recognised in the Balance Sheet.

Following successful claims in the court case *Allard v Devon and Cornwall Police* for unpaid overtime following recalls to duty, the judge has selected a number of test cases to consider all of the issues arising in these claims against forces across the country. Nottinghamshire's claims are therefore stayed by order of the High Court pending the outcome of the test cases. The total cost of the claims will be dependent upon the principles established in the test cases and a number could go back over several years. An estimate has been reserved for (Allard Reserve).

8.4 Related Parties

Disclosures are required for material transactions with related parties, bodies or individuals that have the potential to control or influence the Group or vice versa. This allows transparency to the extent that the Group might have been constrained in its ability to operate independently, or might have limited another party's ability to bargain freely.

Central Government asserts significant influence over the general operations of the police. It provides the statutory framework, and the majority of its funding in the form of grants and limits the increase in precepts. There is also influence by other Local Authority partners. This is particularly relevant to Nottingham City Council, who provide funding for specific roles.

The CIPFA Code requires members to complete a declaration of personal interests under section 81(1) of the Local Government Act 2000 and the Local Authorities (Model Code of Conduct) Order 2007. Audit and Scrutiny Panel members are required to complete a register of interest form. Senior employees can influence decisions and they also complete a declaration of personal interests. Joint Operations are areas where significant influence can be exerted by all parties.

The image is a composite of two photographs. The left half shows a view through a large, dark stone archway looking out onto a wide river. The water is blue and reflects the sky. In the background, there are green trees and a small town. The right half of the image is a photograph of a riverbank with a paved walkway and a metal railing, looking down the river towards a bridge. This right half is overlaid with a semi-transparent green filter. The text 'SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES' is written in white, bold, sans-serif capital letters across the middle of the right half.

SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES

PENSION FUND ACCOUNTS AND EXPLANATORY NOTES

2018-19 £000	Pension Fund	2019-20 £000
	Contributions Receivable	
(4,493)	Employers Contributions 1987 Scheme	(4,423)
(180)	Employers Contributions 2006 Scheme	(204)
(12,110)	Employers Contributions 2015 Scheme	(17,118)
(1,169)	Additional Contributions for early retirements - all schemes	(508)
(2,665)	Members contributions 1987 Scheme	(1,921)
(90)	Members contributions 2006 Scheme	(89)
(6,639)	Members contributions 2015 Scheme	(7,428)
-	Transfer in 1987 Scheme	-
-	Transfer in 2006 Scheme	-
(630)	Transfer in 2015 Scheme	(734)
	Benefits Payable	
56,262	Pensions 1987 Scheme	59,136
23	Pensions 2006 Scheme	17
227	Pensions 2015 Scheme	364
14,890	Commutations and lump sum retirement benefits 1987 Scheme	12,865
-	Annual Allowance Tax charge	242
-	GAD v Milne Payments	-
	Payments to / on account of leavers	
-	Refund of contributions 2006 Scheme	-
2	Refund of contributions 2015 Scheme	11
-	Transfers out 1987 Scheme	-
-	Transfers out 2006 Scheme	-
-	Transfers out 2015 Scheme	-
43,428	Sub-total before transfer from the PCC of amount equal to the deficit	40,211
(43,428)	Transfer of Government Grant from the PCC to meet the deficit	(40,211)
-	Balance at 31 March	-

This fund account relates solely to the Police Officer Pension Scheme

Post-Employment Benefits

Employees are members of two separate defined benefits pension schemes providing retirement lump sums and pensions, earned whilst employed by the Group. The Pension Reserve absorbs the timing differences between the difference in accounting and funding for post-employment benefits in accordance with statutory provisions. The debit balance on the Pension Reserve represents a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements ensure that funding will meet payments. Actuarial gains and losses are charged to the Pension Reserve.

The CIES recognises the benefits earned by employees accruing service in accordance with IFRS19 but the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. This ensures that there is no effect on the amounts to be met from government grant and local taxpayers.

The liabilities are adjusted for inflation, valuation assumptions and investment returns.

The Group makes contributions towards the pension schemes and contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations.

The Local Government Pensions Scheme

The Local Government Pensions Scheme (LGPS) for staff is administered by Nottinghamshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. This scheme is a multi-employer scheme and the underlying assets and liabilities cannot be directly identified with individual employers. Therefore assets and liabilities are incorporated within these accounts on an apportioned basis. The assets are included at fair value. The liabilities are included at current prices using the appropriate discount rate. The discount rate is the annualised yield at the 22 year point on the Merrill Lynch AA-rated corporate bond yield curve which meets the requirements of IAS19.

The Police Pension Scheme

The Police Pension Scheme for police officers is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, the Group must transfer amounts to reduce the balance on the pension fund to zero.

This is reimbursed from Central Government by way of Pension Top-up grant of up to 100%, subject to parliamentary scrutiny and approval. More details are included in the pension fund Statement. If however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Commissioner who then must repay the amount to central government. This means that the true liability relating to police pensions rests with the Home Office. The element relating to The Group's assets and liabilities is included within these accounts. Since 1 April 2015 pensions have been based on a career average value.

Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements due to medical reasons or injury. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. Assets are not built up within the scheme to meet these pension liabilities.

Accounting Treatment

The Group Balance Sheet recognises the net pension liability and reserve. The actuarial valuation of the staff LGPS fund was carried out as at 31 March 2020 and set contributions for the period from 1 April 2019 to 31 March 2020. This scheme includes both staff working for the Chief Constable entity and the Commissioner. It was not practical or economical to obtain separate actuarial reports for the two entities. As a reasonable estimate the relevant information was calculated on a pro rata basis to scheme participants in the year.

Police officer pension schemes are unfunded defined benefit final salary schemes. Contributions from officers are paid into the fund and pension payments are met from the fund. Any surplus or deficit is either paid to or recovered from Central Government. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. The figures for 2019-20 are based on a detailed valuation based on information compiled as at 31 March 2016.

The figures for the LGPS are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2016 for members receiving funded benefits and as at 31 March 2014 for any members receiving unfunded benefits. This has then been rolled forward to reflect the position as at 2020. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

Liabilities have been assessed on an actual basis using the projected unit credit method, an estimate of future pension payments. This depends on assumptions about mortality rates, salary levels etc.

The figures reflect McCloud and any other relevant adjustments.

Accounting Treatment cont'd

When assessing the potential implications of McCloud on the IAS19 liabilities, the actuary has considered those members with benefits in the 2015 scheme who were former members of the 1987 and 2006 schemes. The actuary has calculated the additional liability arising had these members not ceased to accrue benefits in the 1987 and 2006 schemes on 1 April 2015 (or after this date if their start date in the 2015 Scheme was tapered) and had continued instead to accrue final salary benefits in the 1987 and 2006 Schemes. The actuary has also included the impact for those who retired after joining the 2015 Scheme. Whilst members who left the service over this period and took deferred benefits were considered, the actuary concluded the effects are not material. Using these assumptions the actuary has estimated the potential increase in scheme liabilities for Nottinghamshire to be approximately 6.2% or £175m of pension scheme liabilities. The McCloud element of this is reflected in the IAS19 Disclosures as a Past Service Cost.

The costs emerging are sensitive to the underlying assumptions. The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023-24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

2018-19 RESTATED		Pension Fund Comprehensive Income and Expenditure Statement	2019-20	
LGPS £000	Police £000		LGPS £000	Police £000
13,156	38,110	Current Service Cost	14,654	53,810
91	-	Admin Expense	94	-
3,146	113,900	Past Service Cost	363	(13,120)
-	-	(Gain) / loss from curtailments	-	-
3,570	63,010	Net interest expense / (income)	3,396	66,180
19,963	215,020	Total charged to (Surplus) and Deficit on Provision of Services	18,507	106,870
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Account		
		Re-measurement of the net defined benefit liability comprising:		
(13,051)	-	Return on Assets	23,356	-
-	(6,700)	Actuarial (gains) and losses - experience	15,797	(51,840)
(21,471)	-	Actuarial (gains) and losses arising on changes in demographic assumptions	(8,316)	(80,750)
21,934	75,040	Actuarial (gains) and losses arising on changes in financial assumptions	(46,460)	(82,470)
-	-	Other Actuarial Gains/Losses	844	-
7,375	283,360	Total charged to the Comprehensive Income and Expenditure Statement	3,728	(108,190)

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

2018-19 RESTATED		Pension Fund Movement in Reserves Statement	2019-20	
LGPS £000	Police £000		LGPS £000	Police £000
(19,963)	(215,020)	Reversal of net charges made to the deficit on the Provision of Services	(18,507)	(106,870)
5,770	-	Amount charged against the general fund balance for pensions in the year:	5,134	-
-	65,300	Employers' contributions payable to scheme	-	66,230
		Retirement benefits payable to pensioners		

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

2018-19		Pensions Assets and Liabilities Recognised in the Balance Sheet	2019-20	
LGPS £000	Police £000		LGPS £000	Police £000
(376,863)	(2,702,560)	Present value of the defined obligation	(356,238)	(2,528,140)
235,265	-	Fair value of plan assets	216,046	-
(141,598)	(2,702,560)	Value of Assets / (Liabilities)	(140,192)	(2,528,140)
(141,598)	(2,702,560)	Net (liability) / asset arising from the defined benefit obligation	(140,192)	(2,528,140)

2018-19 £000	Net Asset Statement as at 31 March		2019-20 £000
	Net Current Assets and Liabilities		
688	LGPS pension benefits paid in advance		-
(688)	Creditors to the PCC for Nottinghamshire		-
0	Total		-

2018-19 RESTATED		Movement in the Fair Value of Scheme Assets	2019-20	
LGPS	Police Officer Pension Scheme		LGPS	Police Officer Pension Scheme
£000	£000		£000	£000
216,634	-	Opening fair value of scheme assets	235,265	-
5,633	-	Interest income	5,101	-
		Re-measurement gain / (loss):		
13,051	-	The return on plan assets, excluding the amount included in the net interest expense	(23,356)	-
5,770	65,300	Contributions from employer	5,134	66,230
2,283	10,020	Contributions from employees into the scheme	2,344	10,090
(8,015)	(75,320)	Benefits / transfers paid	(7,504)	(76,320)
-	-	Other actuarial gains/(losses) on assets	(844)	-
(91)	-	Admin Expense	(94)	-
235,265	-	Closing value of scheme assets	216,046	-

2018/19 is restated as this has Prior Year Adjustments – details are provided in Note 1.5

2018-19		Movements in the Present Value of Scheme Liabilities	2019-20	
LGPS	Police Officer Pension Scheme		LGPS	Police Officer Pension Scheme
£000	£000		£000	£000
(356,627)	(2,484,500)	Opening balance at 1 April	(376,863)	(2,702,560)
(13,156)	(38,110)	Current service cost	(14,654)	(53,810)
(9,203)	(63,010)	Interest cost	(8,497)	(66,180)
(2,283)	(10,020)	Contributions from scheme participants	(2,344)	(10,090)
		Re-measurement gains and losses:		
-	6,700	- Actuarial gains / (losses) - experience	(15,797)	51,840
21,471	-	- Actuarial gains / (losses) from changes in demographic assumptions	8,316	80,750
(21,934)	(75,040)	- Actuarial gains / (losses) from changes in financial assumptions	46,460	82,470
(3,146)	(113,900)	Past service cost	(363)	13,120
-	-	Gains / (losses) on curtailments	-	-
8,015	75,320	Benefits / transfers paid	7,504	76,320
(376,863)	(2,702,560)	Balance as at 31 March	(356,238)	(2,528,140)

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,668.3m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

The deficit on the local government scheme has been recovered by increased monetary contributions for three years until this year. The situation will be re-assessed for the next three years based on an actuarial valuation report.

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31 March 2020 are £6.0m and £23.6m respectively.

The expected return on scheme assets is determined by considering the expected returns available on the assets with the current investment policy:

- Expected yields on fixed interest investments are based on gross.
- Redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £-18.3m (2018-19, £+18.7m). The pension liability is sensitive to changes and the actuaries give an indication of this.

For the LGPS an increase of 0.1% on the discounting rate used decreases the pension liability by £8.4m and a decrease by the same amount increases the pension liability by £8.7m.

For the police officers scheme an extra 0.5% on the discounting rate used decreases the liability by £200m with a 0.5% decrease in the rate increasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2018-19	2019-20	2018-19	2019-20
Mortality assumptions				
Longevity at 65 retiring today				
Men	21.6 yrs	21.8 yrs	22.7 yrs	21.9 yrs
Women	24.4 yrs	24.4 yrs	24.3 yrs	23.6 yrs
Longevity at 65 retiring in 20 years				
Men	23.3 yrs	23.2 yrs	24.6 yrs	23.6 yrs
Women	26.2 yrs	25.8 yrs	26.2 yrs	25.2 yrs
Rate of inflation				
CPI increases	2.40%	1.85%	2.35%	2.00%
Rate of increase in salaries	3.90%	2.85%	4.35%	4.00%
Rate of increase in pensions	2.40%	1.85%	2.35%	2.00%
Rate for discounting scheme liabilities	2.45%	2.35%	2.45%	2.25%

Value of LGPS Assets at Bid Value	31 March 2019 £000	31 March 2019 %	31 March 2020 £000	31 March 2020 %
Equity Investments	146,022	62	138,160	64
Gilts	7,662	3	7,103	3
Other Bonds	21,800	9	18,741	9
Property	31,836	14	27,431	13
Cash	5,684	2	5,284	2
Inflation-linked pooled fund	8,549	4	7,866	4
Infrastructure	11,326	5	11,461	5
Unit Trust	2,386	1	-	-
	235,265	100	216,046	100

JOINT OPERATIONS

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by legally binding Section 22 Agreements and incorporated into the accounts on agreed proportions. The Group participates in 12 collaborative arrangements with other PCC's covered by formal legal documents. The police officers involved are seconded from the individual forces and costs are borne in agreed proportions. These agreements meet the definition of JO's in that decisions on relevant activities require the unanimous consent of the parties sharing control. The relevant proportions of these assets are incorporated throughout these Accounts.

The collaboration formed this year is the Regional Emergency Services Network which has been the replacement for the Airwave system.

There are six JO's between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire, Nottinghamshire's proportion is 27.3% (27.3% 2018-19).

- The East Midlands Special Operations Unit (EMSOU), which includes The Technical Surveillance Unit (TSU)
- The East Midlands Special Operations Major Crime (EMSOU MC).
- The East Midlands Occupational Health Unit (EMCHRS OHU).
- The East Midlands Forensic Support Services (EMFSS).
- The East Midlands Legal Service (EMLS).
- The Regional Emergency Services Network (ESN) 22.6% (22.6% 2018-19).

There is one collaboration which is a four way shared services with Leicestershire, Lincolnshire and Northamptonshire.

- The East Midlands Criminal Justice Service (EMCJS). Nottinghamshire's proportion is 34.9% (34.9% 2018-19)

The other collaborations are:

- The East Midlands Commercial Services Unit (EMSCU), is a two way shared service with Northamptonshire. The share of costs for Nottinghamshire this year is 50% (50% 2018-19).
- The East Midlands Learning & Development (EMCHRS L&D) is a four way shared service with Leicestershire, Derbyshire, and Northamptonshire. Nottinghamshire's proportion is 31.42% (31.42% 2018-19).
- The shared service for transactional HR and finance - MFSS with Cheshire and Northamptonshire and Civil Nuclear Police. Nottinghamshire this year is 31.04% (31.04% 2018-19).

2018-19			Joint Operations Comprehensive Income and Expenditure Statement	2019-20		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
12,807	-	12,807	Cost of Police Services	12,868	-	12,868
12,807	-	12,807	Cost of Services	12,868	-	12,868
5	(670)	(665)	Other Operating Expenditure / Income	10	(974)	(964)
-	(1,204)	(1,204)	External Grants and Contributions	-	(986)	(986)
-	(10,629)	(10,629)	Contributions From Partners	-	(10,900)	(10,900)
12,812	(12,503)	309	(Surplus) or Deficit on Provision of Services	12,878	(12,860)	18
		12	Other CIES			-
		321	Total CIES			18

Joint Operations Movement in Reserves	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2019	(75)	(908)	-	(983)	(2,903)	(3,886)
Movements in reserves during 2019-20	(165)	-	-	(165)	165	-
(Surplus) / deficit on the provision of services	18	-	-	18	-	18
Other CIES	-	-	-	-	-	-
Total CIES	(147)	-	-	(147)	165	18
Adjustments between accounting basis and funding basis under regulations	-	-	-	-	-	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(147)	-	-	(147)	165	18
Transfers to / (from) Earmarked Reserves	131	(131)	-	-	-	-
(Increase) or Decrease in 2019-20	(16)	(131)	-	(147)	165	18
Balance at 31 March 2020	(91)	(1,039)	-	(1,130)	(2,738)	(3,868)

31 March 2019 £000	Joint Operations Balance Sheet	31 March 2020 £000
2,918	Property, Plant and Equipment	2,828
140	Intangible Assets	83
3,058	Long Term Assets	2,911
-	Assets Held for Sale	-
1,169	Short Term Debtors	970
871	Cash and Cash Equivalents	1,315
2,040	Current Assets	2,285
(1,212)	Short-Term Creditors	(1,328)
(1,212)	Current Liabilities	(1,328)
-	Long Term Liabilities	-
3,886	Net Assets	3,868
(983)	Usable Reserves	(1,130)
(2,903)	Unusable Reserves	(2,738)
(3,886)	Total Reserves	(3,868)

Group Accounts

Joint Operations & Associate Entities

The OPCC's share of Joint Operations (JO's) for 2019-20 is as follows:

Ownership %	Arrangement	2019-20		
		Expenditure £000	Income £000	Net £000
27.30%	EM Legal Services	504	(499)	5
50.00%	EM Strategic Commercial Unit	628	(626)	2
27.30%	EM Major Crime	212	(213)	(1)
27.30%	EM Serious Organised Crime	5,094	(5,088)	6
34.90%	EM Criminal Justice	213	(212)	1
27.30%	EM Occupational Health Unit	450	(449)	1
27.30%	EM Forensics	2,527	(2,466)	61
31.42%	EM Learning & Development	864	(847)	17
31.04%	Multi Force Shared Service (MFSS)	2,279	(2,279)	-
22.60%	Emergency Services Network (ESN)	107	(181)	(74)
		12,878	(12,860)	18

The OPCC's does not have any Associate Entities in 2019-20.



GLOSSARY



GLOSSARY

ACCOUNTING PERIOD	ACCOUNTING POLICIES	ACCRUALS
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.	These are a set of rules and codes of practice used when preparing the Accounts.	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
ACT	ACTUARIAL GAINS AND LOSSES	ASSET
The Police Reform and Social Responsibilities Act 2011.	<p>For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:</p> <p>Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.</p>	<p>An item having value to the PCC in monetary terms. Assets are categorised as either current or non-current.</p> <ul style="list-style-type: none"> • A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). • A non-current asset provides benefits to the PCC and to the services it provides for a period of more than one year and may be tangible e.g. a police station, or intangible, e.g. computer software licences.
AUDIT OF ACCOUNTS	BALANCE SHEET	BORROWING
An independent examination of the PCC's financial affairs	A statement of the recorded assets, liabilities and other balances at the end of the accounting period.	Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET	CAPITAL EXPENDITURE	CAPITAL FINANCING
The forecast of net revenue and capital expenditure over the accounting period.	Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.	Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.
CAPITAL PROGRAMME	CAPITAL RECEIPT	CIPFA
The capital schemes the PCC intends to carry out over a specific period of time.	The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.	The Chartered Institute of Public Finance and Accountancy.
CODE	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	CONSISTENCY
The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.	The account of the PCC that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.	The concept that the accounting treatment of like items, within an accounting period and from one period to the next, are the same.

CONTINGENT ASSET	CONTINGENT LIABILITY	CREDITOR
<p>A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the PCC's accounts.</p>	<p>A contingent liability is either:</p> <ul style="list-style-type: none"> • A possible obligation arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the PCC's control; or • A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability. 	<p>Amount owed by the PCC for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.</p>
CURRENT SERVICE COST (PENSIONS)	DEBTOR	DEFINED BENEFIT PENSION SCHEME
<p>The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.</p>	<p>Amount owed to the PCC for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of the accounting period.</p>	<p>Pension schemes in which benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.</p>
DEPRECIATION	DISCRETIONARY BENEFITS (PENSIONS)	EVENTS AFTER BALANCE SHEET DATE
<p>The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the PCC's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.</p>	<p>Retirement benefits, which the employer has not legal, contractual or constructive obligation to award and are awarded under the PCC's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.</p>	<p>Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.</p>

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lease.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the PCC will continue in operational existence for the foreseeable future.

IFRS

International Financial Reporting Standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the notes to the Accounts.

GROUP

Nottinghamshire Office of the Police and Crime Commissioner and its Group.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. These are generally computer software licences.

INTEREST COSTS (PENSION)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

LIABILITY	MATERIALITY	NON-OPERATIONAL ASSETS
<p>A liability is where the PCC owes payment to an individual or another organisation:</p> <ul style="list-style-type: none"> • A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn. • A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time. 	<p>The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.</p>	<p>Fixed assets held by the PCC but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.</p>
NET BOOK VALUE	OPERATIONAL ASSETS	PAST COSTS (PENSIONS)
<p>The amount at which fixed assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.</p>	<p>Fixed assets held and occupied, used or consumed by the PCC in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.</p>	<p>For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to the employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.</p>
OPERATING LEASE	MINIMUM REVENUE PROVISION (MRP)	
<p>A lease where the ownership of the fixed asset remains with the lessor.</p>	<p>The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the PCC.</p>	

PENSION SCHEME LIABILITIES	PRECEPT	PRIOR YEAR ADJUSTMENT
The liabilities of a defined benefit pension scheme for our goings due after the valuation date. Scheme liabilities measure during the projected unit method reflect the benefits that the employer is committed to provide for services up to the valuation date.	The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.	Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.
PROVISION	PUBLIC WORKS LOAN BOARD (PWLB)	REMUNERATION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.	A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.
RESERVES	RETIREMENT BENEFITS	REVENUE EXPENDITURE
The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the PCC. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.	All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.	The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

USEFUL ECONOMIC LIFE (UEL)

The period over which the PCC will derive benefits from the use of a fixed asset.