



Annual Accounts 2018-19

Nottinghamshire Police & Crime Commissioner and Group





COMMISSIONER'S FOREWORD	WRITTEN STATEMENTS AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT	CORE FINANCIAL STATEMENTS	NOTES TO THE ACCOUNTS	SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES	GLOSSARY
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**COMMISSIONER'S
FOREWORD**

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COMMISSIONER'S FOREWORD

The past year has seen continued improvement and success.

This was confirmed in the most recent PEEL (Police Effectiveness, Efficiency, and Legitimacy) Inspection by HMICFRS, which awarded Nottinghamshire Police an overall 'Good' grade.

Highlighting the improvements, HMI Zoe Billingham said: "I am encouraged by the progress that Nottinghamshire Police has made over the past year. I am confident that the force will continue to make improvements in the year ahead".

These improvements have undoubtedly been helped along by the recruitment programme that has seen our numbers steadily rising again after years of cuts. My budget has allowed for 2,040 police officers by the end of the coming year, helped by careful planning, workforce reorganisation and of course the increased levy from the police precept on the council tax.

In 2017-18 the Government increased the amount that could be raised via the precept to £12 per annum for an average (Band D) property. This allowed us to boost the 2018-19 recruitment programme and simultaneously seek a more representative workforce.

In response to repeated and increasingly powerful arguments for additional police funding, in its financial settlement for 2018-19 the Government raised the ceiling on the precept once again, meaning that a Band D property will pay an additional £24 per annum

towards policing.

The increased financial freedom and the promise of a two-year settlement brought additional benefits, enabling longer-term planning and the confidence to make change defining-decisions. New, additional officers are being seen on the streets of Nottinghamshire and we are getting to grips with crimes such as burglary and robbery. There is a specialist team to tackle knife crime. Police officers are back in schools. There is much to be proud of.

But, as always, there is more that can, and should, be done. I'm pleased to see our relationships with our partners, particularly those in blue light services, becoming closer. I welcomed the legislation that allows a Police and Crime Commissioner to sit on the Fire Authority, because as I have repeatedly made clear, while I have no wish to take governance responsibility for another service, I firmly believe it's possible to bring about integration without taking control.

The decision to create a joint Police and Fire & Rescue Headquarters on the Sherwood Lodge site epitomises our approach and will create a modern, efficient working environment fit for many years to come.

In addition, work has now begun on the new Custody Suite to replace the outdated and inefficient Bridewell. The new building will provide a much-improved environment for all users and improve efficiency allowing officers to return to public facing duties. Constructed



using modern materials and the latest technology, the building will deliver reductions on both running costs and environmental impact.

Looking ahead, there are plans in place to consolidate our improvements and build upon these still further. This year's welcome increase in funding was absolutely necessary, but won't solve all our challenges. There will still be tough decisions to be made.

I know that people want to see more officers out and about in communities. We all want to feel safe, and be safe, on the streets and in our neighbourhoods. That's why we must continue to address the issues that concern people most and that's why we will redouble our efforts to secure a fair funding deal.

Paddy Tipping
Nottinghamshire Police and Crime
Commissioner

COMMISSIONER'S FOREWORD





**WRITTEN STATEMENT AND
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: this 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 66% of the funding required to police Nottinghamshire. The remainder is met from local council tax payers.

For 2018-19 the Government Grant was maintained at £134.0m and a two year settlement was offered, providing national efficiency targets were achieved. For 2018-19 precept freedoms to raise council tax by £12pa (Band D equivalent) were given.

The Force still needed to achieve savings of £5.9m to balance the budget. Whilst those efficiencies have been met other costs have been incurred resulting in an overspend position of £0.9m.

Brexit has had a significant impact on Government resources and the planned Comprehensive Spending Review is unlikely to take place in 2019-20. The existing funding formula has been in place since 2005 and despite occasional "tweaks" has never been fully implemented.

Further impacts of Brexit on public spending remain uncertain and therefore unquantifiable.

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 2018-19

Over the last year numerous strategic activities were undertaken to help achieve the Commissioners objectives. A few examples include:

- A new adult Sexual Assault Referral Centre (SARC), which was co-commissioned with NHS England, began delivery in April 2018 and has supported almost 300 victims with crisis support and forensic examinations.
- A new regional paediatric SARC, co-commissioned with NHS England began delivery in April 2018 offering a comprehensive support service to children and young people from hubs located in Nottingham and Northamptonshire.
- New independent Sexual Violence Advisor services began delivering wide ranging support to adults, children and young people in July 2018. The adult service supported 540 survivors and won “Exceptional ISVA Team of the Year” from the foremost national provider, Lime Culture. The children and young people’s service supported almost 200 victims, survivors, parents and siblings from 128 families.
- A dedicated support service for survivors of child sexual abuse, which took place in institutional care, received increasing referrals following the Nottingham hearings of the Independent Inquiry into Child Sexual Abuse (IICSA). During the year nearly 80 survivors were supported. The service is funded by the Commissioner, City and County Councils.
- Following an open tender process, a new DVA support contract was awarded in the city; bringing a wide range of domestic abuse support into one contract.
- The Commissioner has continued to take action to better understand and respond with Partners to protect victims from human trafficking and develop local capability to provide specialist advice and support on modern slavery and organised illegal immigration.
- The Commissioner awarded a grant to POW from the 2018-19 Community Safety Fund to provide support around online sexual exploitation.
- The Commissioner has maintained his investment into outcomes focussed domestic abuse support services. This includes maintaining funding for the two new MARAC IDVA posts.
- The Commissioner has also agreed to co-commission a new domestic abuse support contract in the city (awarded to WAIS following an open tender process in 2018) and is working with the County Council to do the same.
- Victim CARE has significantly expanded the number of community points in 2018. At the end of March 2018 there were 14 community points in place, another 41 completing the application forms and over 100 organisations interested. Victim CARE now has work planned to bring together the community points and further develop the working relationships.
- The Commissioner has awarded contracts to NSVSS (Nottinghamshire Sexual Violence Support Services) (ISVA) and Imara (CHISVA). The services began on 1 July 2018.
- Operation Equinox was established as part of the new Force Operating Model in April 2018 to continue to ensure sufficient resource is allocated to the investigation and detection of historical sex offences. A review of the resources took place in December 2018, the current investigative resources will be maintained with an increased terms of reference to capture all non-recent abuse allegations.

PERFORMANCE (cont.)

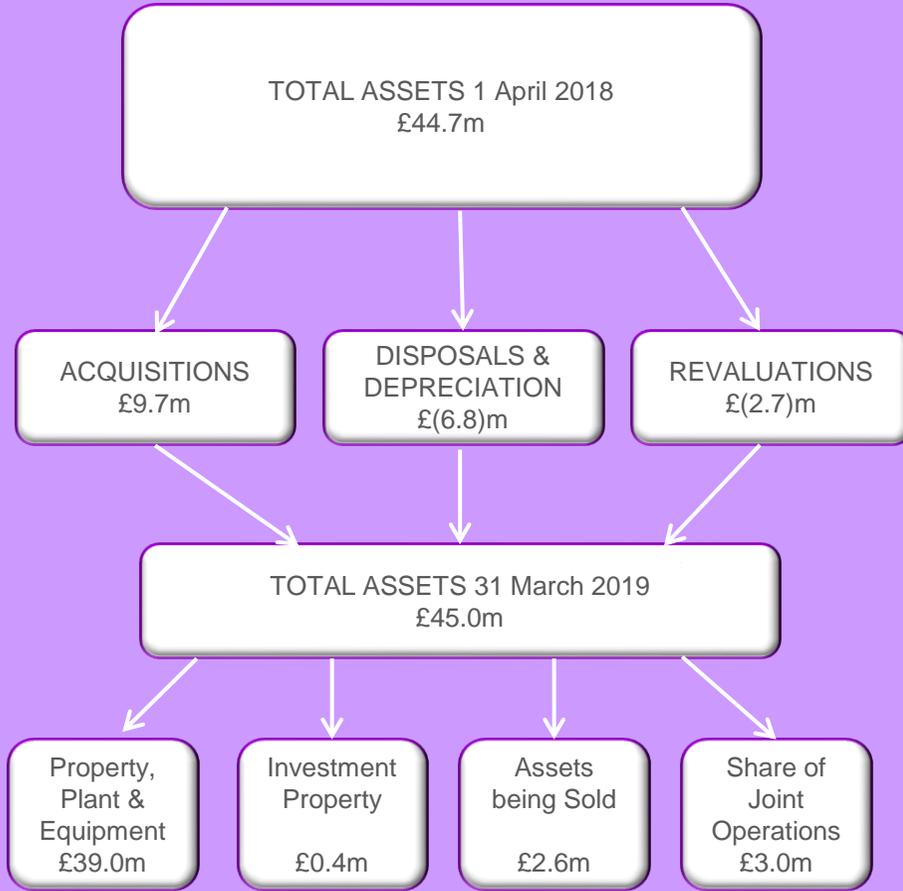
Achievements 2018-19

- The Commissioner made a £20,000 contribution to the National Justice Museum to help fund the Choices and Consequences Workshops (in association with the Ben Kinsella Trust). The exhibition and workshops are aimed at diverting young people away from knife crime.
- The Commissioner continues to fund a Superintendent with a specific knife crime partnership role, co-ordinating activity to reduce offences.
- The Partnership Knife Crime Strategy was launched in September 2018.
- Additionally, at the end of 2018-19 the Commissioner bid for and obtained £60,000 from the Home Office to fund two short term pilot projects – Violence Interrupters and Educational Plays in schools around knife crime and serious violent crime.
- The Force continues to maintain a high compliance rate with crime recording standards, which means more incidents are recorded as crimes, enabling more victims to receive support.
- Whilst recorded crime has increased overall by 11.2% during the year, it is less than last year (+18.4%) indicating an improved position.
- Despite the overall increase, there have been some significant crime reductions. For example, the number of homicides have almost halved (-46.7%, -7).
- During the year, the Commissioner provided additional funding to the Chief Constable to enable him to establish a dedicated burglary team, which has led to 431 fewer burglaries representing a reduction of 5.2%.
- It is believed that many offenders targeted and dealt with by the burglary team were also responsible for vehicle crime. Consequently, vehicle offences have also reduced by 294 offences representing a reduction of 3.1%.
- Other Theft (which includes theft of cash, mobile telephones etc.) has also reduced by 1,360 offences, representing a reduction of 10.9%.
- Nottingham was successful in being selected for the second round of the Home Office's Local Alcohol Area Action Plan (LAAA2) in 2018. A comprehensive Delivery Plan has been completed for the LAAA2 covering the five themes and use of the night time levy funding.
- In 2019, HMICFRS assessed Nottinghamshire Police as "Good" overall in relation to the Forces performance in keeping people safe, reducing crime and treating the public with fairness and respect.

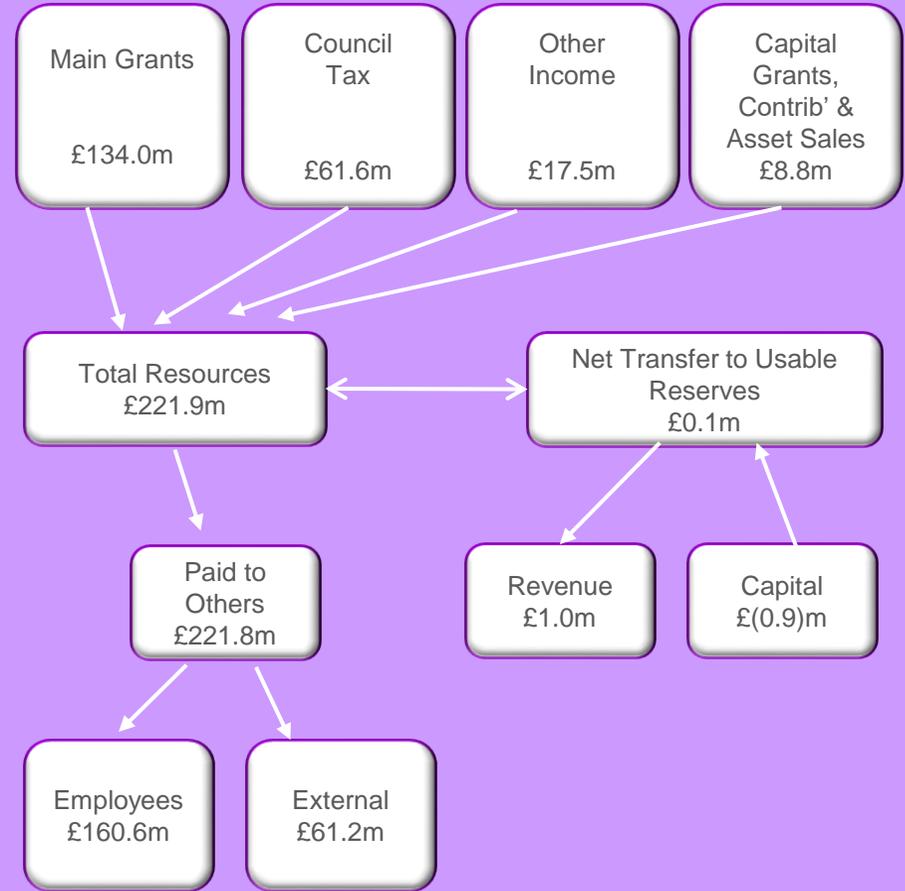
More information regarding performance can be found within the Annual Report published on the Commissioners website.

Capital Cash Flows

Nottinghamshire is responsible for managing non-current assets and assets being sold in excess of £45m



Revenue Cash Flows



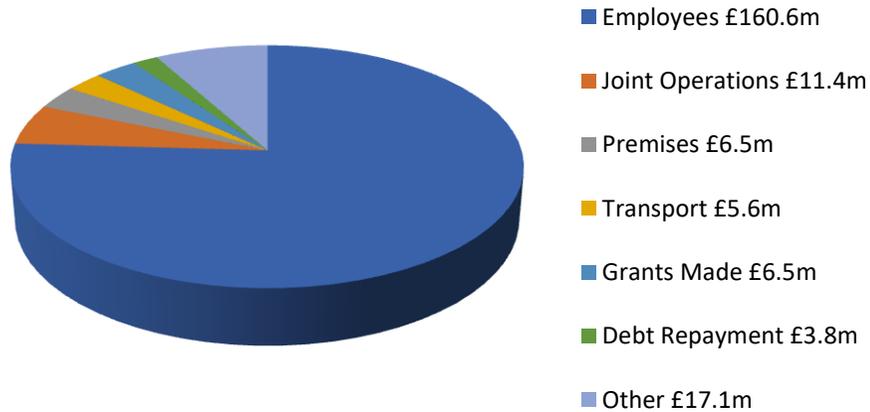
Active Treasury management of these cash flows involved £4,756.2m of transactions in 2018-19

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.)

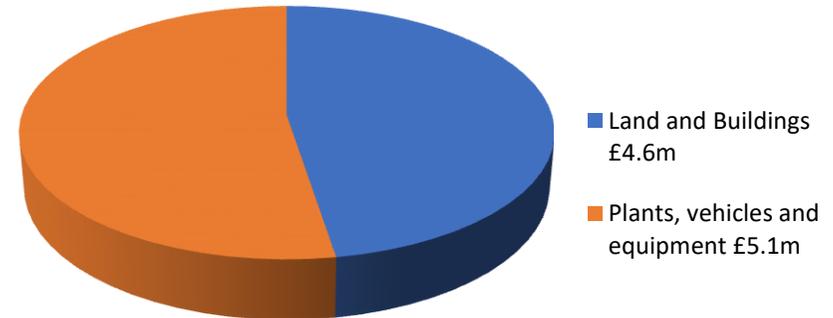
Revenue Expenditure

Revenue Expenditure



Capital Expenditure

Capital Expenditure



Financed by:	£m
Police and Crime Grant	124.3
Legacy Grant	9.7
Precept	61.6
Other Income	17.5
Net Contribution to Reserves	(1.0)
	<u>212.1</u>

The net difference between total expenditure and financing relates to Council Tax surplus transferred directly to reserves.

Financed by:	£m
Reserves & contributions	0.3
Capital Grants	0.8
Capital Receipts	2.7
External Borrowing	5.9
	<u>9.7</u>

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

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 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 2019	£m
TOTAL PROVISION	3.8
TOTAL USABLE REVENUE RESERVES	23.7
TOTAL USABLE CAPITAL RESERVES	3.0

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 1,981 police officers, 185 PCSOs, 199 specials and 1,271 staff in full-time and part-time positions.

Active recruitment plans for 2018-19 include positive action to improve the diversity and reflect more closely that of the County.

Overall Equality Characteristics

Gender	Headcount	%
Male	2,027	55.75
Female	1,609	44.25

Age Band	Headcount	%
25 and under	386	10.62
24-40	1,456	40.04
41-55	1,499	41.23
56 or over	295	8.11

Self-Declared Disability	Headcount	%
No	3,415	93.92
Yes	152	4.18
Unspecified	69	1.90

Ethnicity	Headcount	%
Asian/Asian British	103	2.83
Black/Black British	41	1.13
Mixed	54	1.49
White/White British	3,326	91.47
Other	8	0.22
Not known/provided	104	2.86

PRINCIPLE 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
Brexit	Detrimental impact of Brexit on public sector financing.	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 has improved significantly with annual targets for replacement being exceeded each year. Although the target for 2018-19 was not met due to additional demands on resources. The total available now provides opportunity for investment in IT and Property.
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 2019. 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 2018-19; 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.



OPINION

We have audited the financial statements of the Police and Crime Commissioner for Nottinghamshire for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Nottinghamshire and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Nottinghamshire and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Nottinghamshire and Group Balance Sheet;
- Police and Crime Commissioner for Nottinghamshire and Group Cash Flow Statement;
- related notes 1 to 8; and
- Police and Crime Commissioner for Nottinghamshire Pension Fund Account and explanatory notes; and
- Joint Operations.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Nottinghamshire and Group as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Nottinghamshire and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the Commissioner's foreword and the Chief Finance Officer's Narrative Report included in the Annual Accounts 2018-19 set out on pages 5 to 17 and the Annual Governance Statement on pages 25 to 32, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

Basis for Qualified Conclusion

- Informed decision making, sustainable resource deployment and working with partners and other third parties.

On 22 March 2017, the Police and Crime Commissioner and the Chief Constable approved the Business Case for the upgrade of the Police's back office system by the Multi Force Shared Service (MFSS) to "Oracle Cloud Computing" (project Fusion). On review of the progress of the project in 2018-19, we noted that:

- The project was not delivered until 1 April 2019 a year after its expected implementation date of 1 April 2018;
- As a result of the delayed implementation and the addition of a new partner, in 2018/19 the share of Police and Crime Commissioner and Chief Constable's MFSS budget increased from £2.2 million to £4.2 million with an extra £1.9 million costs attributable to Project Fusion, funded from the Police and Crime Commissioner's earmarked reserves; and
- The expected functionality of the newly implemented system was not in line with the original scope, which has reduced the recurring revenue savings expected from implementing the project.

In investigating these issues, Police and Crime Commissioner and Chief Constable identified that MFSS did not have adequate governance and monitoring arrangements in place to enable them to exercise significant influence on the progress of the project and cost implications. As such we have concluded that these issues are evidence of weaknesses in the Police and Crime Commissioner for Nottinghamshire's arrangements for commissioning services effectively to support the delivery of strategic priorities.

Qualified conclusion

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2019, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Nottinghamshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.



Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 24, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner either intends to cease operations, or have no realistic alternative but to do so.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2019, as to whether the Police and Crime Commissioner for Nottinghamshire had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Nottinghamshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Certificate

We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for Nottinghamshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to Police and Crime Commissioner for Nottinghamshire, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Nottinghamshire, for our audit work, for this report, or for the opinions we have formed.



Neil Harris (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
30 November 2020

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 his 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.
- Keeps 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 Chief Constable as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime
Commissioner
27 November 2020

Approval
The Statement of Accounts was
approved by the Joint Audit and Scrutiny
Panel on 27 November 2020

P Tipping
Nottinghamshire Police & Crime
Commissioner
27 November 2020

INTRODUCTION

Police and Crime Commissioner are designated as Local Authority 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 direction for the use of resources

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 and Stakeholder events – 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 Audit & Scrutiny 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

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 2018-19.</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 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 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**

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.

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.

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.

PRINCIPLE D**Determining the intervention necessary to optimise the achievement of intended outcomes**

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.

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.

PRINCIPLE E**Developing capacity and capability**

The Force works closely with the College of Policing to ensure we maximise our investment in officers and staff.

This now includes the apprenticeship scheme for new recruits and further development of officers aspiring into senior ranks.

Nottinghamshire is the first Force to recruit new officers on the national apprenticeship scheme.

Internally, the Force and OPCC are identifying posts within the staffing structures that could be provided through the apprenticeship scheme.

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.

PRINCIPLE F**Managing risks and performance**

Performance is a key driver for the Force. This year there has been a national focus on ensuring compliance with the National Crime Recording Standard. This resulted in a reported crime increase during the year (11.2% for Nottinghamshire's total crime for 2018-19). However, we were ranked best for tackling most serious crime.

The Force continues to experience a significant reduction in the number of people held in custody with mental health issues; ensuring these people are now directed to the correct help at first point of contact.

The Office of the Police & Crime Commissioner and the Force have a joint risk management strategy and monitor risks through the same system. The strategy was reviewed and reported to the Joint Audit & Scrutiny Panel in May 2018. These strategic risks are monitored and reported to every meeting of the Joint Audit and Scrutiny Panel.

The Office of the Police & Crime Commissioner will be developing a risk plan linked to the new Police & Crime Plan.

There are joint policies in place for risk management; anti-fraud, corruption and bribery and together with the financial regulations 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 has been set up to review discrimination complaints.

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. And the Commissioner meets with the Chief Constable on a weekly basis to challenge where the 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.

In 2018-19 Nottinghamshire OPCC was awarded the "Transparency Quality Mark" by CoPaCC for the fourth year running.

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 2018-19, 14 areas, including collaboration areas, were reported on. Of which eight were deemed to be satisfactory (56% of local recommendations and 100% of regional recommendations). All key financial systems have been audited and considered satisfactory with the exception of the Creditors system which had a limited opinion. This will be followed up in 2019-20.

Of the remaining two areas reviewed, none were core financial systems. One was the follow-up of the previous limited assurance recommendations (satisfactory) and the other was the IT strategy which was an advisory piece of work on what a good strategy would include. These are detailed within the published annual report and will be monitored and reviewed during 2019-20. The internal auditors opinion for 2018-19 is that in the areas audited this was generally adequate, and effective risk management, control and governance processes were in place to manage the achievement of the organisations objectives.

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 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	None issued
Proven frauds by members of staff or officers	None
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2018-19
Limited assurance from Internal Audit Reports	Four out of 14 Internal Audit reports were issued with limited assurance. In addition to this HMCFRS issued "requires improvement" reviews relating to Crime Data Integrity and Police Custody. Details of these can be found within the Chief Constables AGS and reports to the Audit & Scrutiny Panel.
ISA 260 2017-18 issues identified	Please refer to Chief Constable's Annual Governance Statement for full details

Follow-up of issues identified in 2017-18

Issues identified:	Action taken:
Levels of Reserves were considered to be low, but compared with the previous year this was improving significantly.	The repayment of Reserves has faulted in 2018-19 due to additional unbudgeted revenue pressures, during the year. The repayment will still be made over the medium term and provide resources for new capital projects.
Internal Audit – limited assurance on Key Financial Systems.	<p>None of the Key Financial Systems were considered to have limited assurance.</p> <p>The four audits with limited assurance were Force Management of MFSS Arrangements, Health and Safety, GDPR and Property Management. These will be followed-up in 2019-20.</p> <p>The two audits with limited assurance in 2017-18 have been followed-up during the year and found to be satisfactory.</p>
Economic Outlook.	<p>The settlement for 2018-19 and 2019-20 provided the opportunity to deliver balanced budgets for the medium term. However, a funding formula review will take place, probably post the next CSR, and this provides some uncertainty.</p> <p>The public finances continue to be monitored in light of Brexit and the potential impact on police funding.</p>
VFM qualification of MFSS.	During the year steps have been taken to significantly improve the Governance arrangements of the Management Board and Joint Committee. Including the monitoring of costs associated with the implementation of Oracle Fusion. All budgetary increases are approved by the Joint Committee.

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 he remains 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

Paddy Tipping
Nottinghamshire Police and Crime Commissioner
27 November 2020

Kevin Dennis
Chief Executive
27 November 2020

Charlotte Radford CPFA
Chief Finance Officer
27 November 2020



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.

2017-2018 (Restated, see note 1.5 for details)					PCC & GROUP CIES		2018-19				
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
227,509	0	227,509	(227,509)	0	Funding to Chief Constable		238,983	0	238,983	(238,983)	0
5,254	(1,641)	3,613	211,145	214,758	Service cost		6,063	(1,625)	4,438	336,308	340,746
232,763	(1,641)	231,122	(16,364)	214,758	Cost of Services		245,046	(1,625)	243,421	97,325	340,746
1,704	(1,053)	651	0	651	Other Operating (Income) and Expenditure	2.6	2,138	(2,387)	(249)	0	(249)
1,910	(194)	1,716	72,469	74,185	Financing and Investment	2.4	2,165	(578)	1,587	53,673	55,260
0	(238,715)	(238,715)	0	(238,715)	Taxation and Non Specific Grant Income	2.5	0	(240,836)	(240,836)	0	(240,836)
236,377	(241,603)	(5,226)	56,105	50,879	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	249,349	(245,426)	3,923	150,998	154,921
		(19)	0	(19)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				92	0	92
		(250)	(165,866)	(166,116)	Re-measurement of the net defined benefit liability / asset				7	68,796	68,803
		(269)	(165,866)	(166,135)	Other Comprehensive (Income) and Expenditure				99	68,796	68,895
		(5,495)	(109,761)	(115,256)	Total Comprehensive (Income) and Expenditure				4,022	219,794	223,816

2017-18 (Restated, see note 1.5 for details)			GROUP CIES		2018-19		
Expenditure £'000	Income (Note 2.3) £'000	Net £'000		Note	Expenditure £'000	Income (Note 2.3) £'000	Net £'000
237,370	(22,612)	214,758	Group Cost of Services		356,398	(15,652)	340,746
1,704	(1,053)	651	Other Operating (Income) and Expenditure	2.6	2,138	(2,387)	(249)
79,944	(5,759)	74,185	Financing and Investment	2.4	77,225	(21,966)	55,260
0	(238,715)	(238,715)	Taxation and Non Specific Grant Income	2.5	0	(240,836)	(240,836)
319,018	(268,139)	50,879	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	435,761	(280,840)	154,921
	(19)		(Surplus) or deficit on revaluation of Property, Plant and Equipment				92
	(166,116)		Re-measurement of the net defined benefit liability / asset				68,803
	(166,135)		Other Comprehensive (Income) and Expenditure				68,895
	(115,256)		Total Comprehensive (Income) and Expenditure				223,816

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	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	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 restated	(7,075)	(16,853)	(3,887)	0	(27,815)	2,636,276	2,608,461
Movement in reserves during 2018-19							
(Surplus) or deficit on the provision of services	154,921	0	0	0	154,921	0	154,921
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	68,895	68,895
Total Comprehensive Income and Expenditure	154,921	0	0	0	154,921	68,895	223,816
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(155,030)	250	887	0	(153,893)	153,893	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(109)	250	887	0	1,028	222,788	223,816
Transfers to / (from) Earmarked Reserves (Note 3.1)	109	15	0	0	124	(124)	0
(Increase) or Decrease in 2018-19	0	265	887	0	1,152	222,663	223,815
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	0	(26,663)	2,858,939	2,832,276

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	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 restated	(7,075)	(16,853)	(3,887)	0	(27,815)	10,593	(17,222)
Movement in reserves during 2017-18							
(Surplus) or deficit on the provision of services	3,923	0	0	0	3,923	0	3,923
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	99	99
Total Comprehensive Income and Expenditure	3,923	0	0	0	3,923	99	4,022
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(4,032)	250	887	0	(2,895)	2,895	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(109)	250	887	0	1,028	2,994	4,022
Transfers to / (from) Earmarked Reserves	109	15	0	0	124	(124)	0
(Increase) or Decrease in 2017-18	0	265	887	0	1,152	2,868	4,020
Balance at 31 March 2019	(7,075)	(16,588)	(3,000)	0	(26,663)	13,461	(13,202)

Group Movement in Reserves (2017-18 has been restated, see note 1.5 for details)	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
2017-18	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017	(7,075)	(11,783)	(3,293)	0	(22,151)	2,746,222	2,724,071
Error correction from previous year	0	(40)	0	0	(40)	40	0
Change in leased asset treatment from previous year	0	0	0	0	0	(354)	(354)
Corrected balance as at 31 march 2017	(7,075)	(11,823)	(3,293)	0	(22,191)	2,745,908	2,723,717
Movement in reserves during 2017-18							
(Surplus) or deficit on the provision of services	50,879	0	0	0	50,879	0	50,879
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(166,135)	(166,135)
Total Comprehensive Income and Expenditure	50,879	0	0	0	50,879	(166,135)	(115,256)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(55,909)	0	(594)	0	(56,503)	56,503	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(5,030)	0	(594)	0	(5,624)	(109,632)	(115,256)
Transfers to / (from) Earmarked Reserves	5,030	(5,030)	0	0	0	0	0
(Increase) or Decrease in 2017-18	0	(5,030)	(594)	0	(5,624)	(109,632)	(115,256)
Balance at 31 March 2018	(7,075)	(16,853)	(3,887)	0	(27,815)	2,636,276	2,608,461

PCC Movement in Reserves (2017-18 has been restated, see note 1.5 for details)	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
2017-18	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017	(7,075)	(11,783)	(3,293)	0	(22,151)	27,492	5,341
Pension Reserve Restatement	0	0	0	0	0	(16,713)	(16,713)
Restated Balance	(7,075)	(11,783)	(3,293)	0	(22,151)	10,779	(11,372)
Error correction from previous year	0	(40)	0	0	(40)	40	0
Change in leased asset treatment from previous year	0	0	0	0	0	(354)	(354)
Corrected balance as at 31 March 2017	(7,075)	(11,823)	(3,293)	0	(22,191)	10,465	(11,726)
Movement in reserves during 2017-18					0		
(Surplus) or deficit on the provision of services	(5,226)	0	0	0	(5,226)	0	(5,226)
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(269)	(269)
Total Comprehensive Income and Expenditure	(5,226)	0	0	0	(5,226)	(269)	(5,495)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	196	0	(594)	0	(398)	398	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(5,030)	0	(594)	0	(5,624)	128	(5,496)
Transfers to / (from) Earmarked Reserves	5,030	(5,030)	0	0	0	0	0
(Increase) or Decrease in 2017-18	0	(5,030)	(594)	0	(5,624)	128	(5,496)
Balance at 31 March 2018	(7,075)	(16,853)	(3,887)	0	(27,815)	10,593	(17,222)

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.

2017-18	2017-18 (Restated, see note 1.5)		PCC & Group Balance Sheet	Note	2018-2019		
	Group	PCC			Group	PCC	Group
	£000	£000			£000	£000	£000
41,072	40,314	40,314	Property, Plant and Equipment	4.2	39,775	39,775	
534	534	534	Investment Property	4.4	435	435	
376	1,100	1,100	Intangible Assets	4.5	2,235	2,235	
0	0	0	Long-Term Debtors		0	0	
41,982	41,948	41,948	Long Term Assets		42,445	42,445	
2,364	2,748	2,748	Assets Held for Sale	4.7	2,586	2,586	
167	167	167	Inventories		151	151	
32,460	32,460	32,460	Short-Term Debtors	4.8	22,495	22,495	
0	0	0	Short Term Investments		4,000	4,000	
10,832	10,832	10,832	Cash and Cash Equivalentents	5.1	20,808	20,808	
45,823	46,207	46,207	Current Assets		50,040	50,040	
(8,249)	(8,249)	(8,249)	Short-Term Borrowing	4.9	(9,854)	(9,854)	
(27,760)	(24,289)	(27,605)	Short-Term Creditors	4.10	(19,059)	(22,528)	
(4,385)	(4,385)	(4,385)	Provisions	4.11	(3,813)	(3,813)	
(40,394)	(36,923)	(40,239)	Current Liabilities		(32,726)	(36,195)	
(28,920)	(28,920)	(28,920)	Long-Term Borrowing	4.12	(41,992)	(41,992)	
(2,626,720)	(5,089)	(2,627,457)	Other Long-Term Liabilities		(4,564)	(2,846,573)	
(2,655,640)	(34,009)	(2,656,377)	Long Term Liabilities		(46,556)	(2,888,565)	
(2,608,229)	17,222	(2,608,461)	Net Assets		13,202	(2,832,276)	
(27,815)	(27,815)	(27,815)	Usable Reserves	3.1 & 3.2	(26,663)	(26,663)	
2,636,044	10,593	2,636,276	Unusable Reserves	3.3	13,461	2,858,939	
2,608,229	(17,222)	2,608,461	Total Reserves		(13,202)	2,832,276	

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.

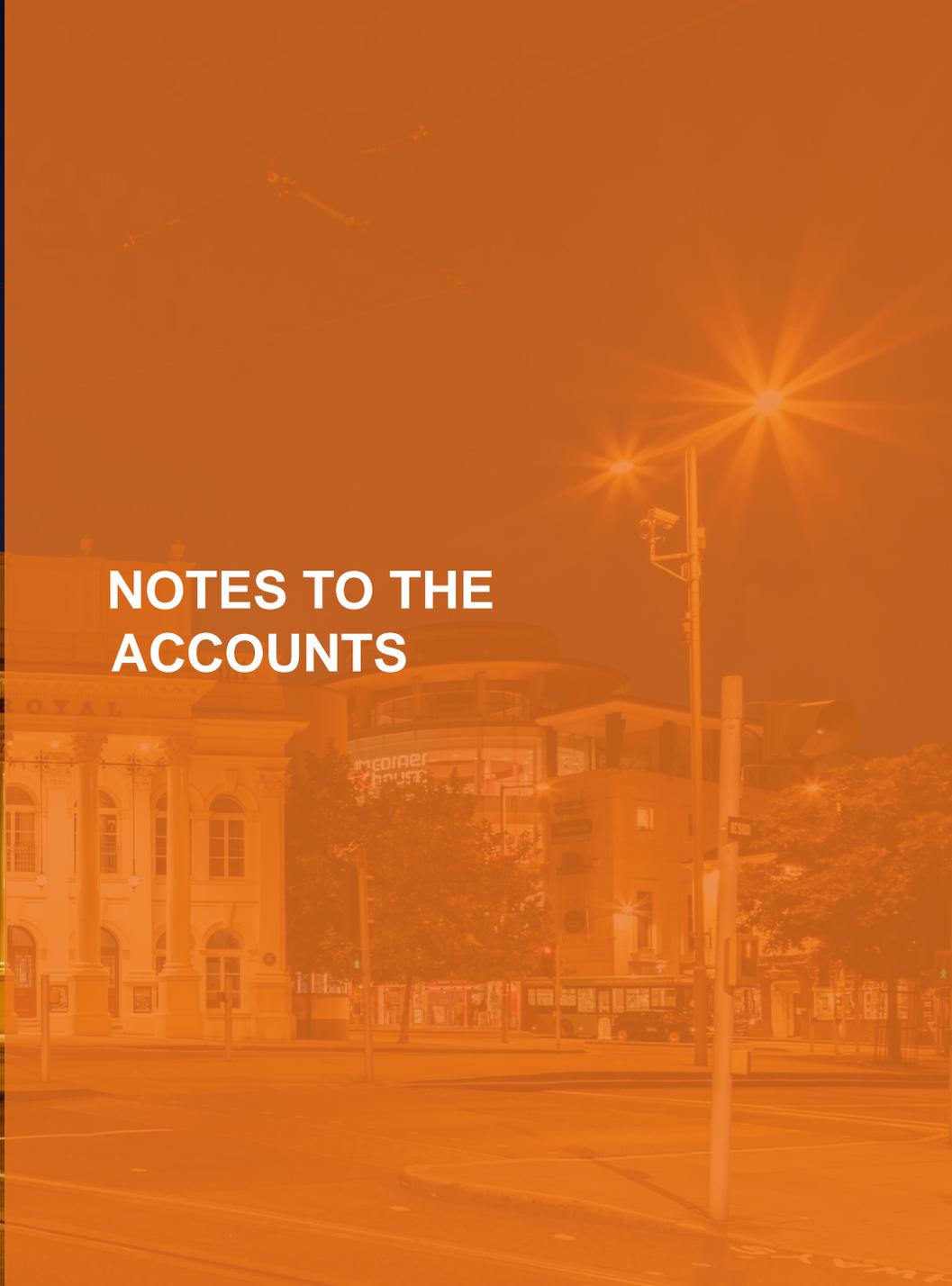
Cash includes cash in hand and deposits of up 24 hours' notice. Cash equivalents are investments that mature up to three months from acquisition date. These are readily convertible to known amounts of cash with

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

2017-18	2017-18 (Restated, see note 1.5)			Cash Flow Statement	Note	2018-19			
	Group	Commissioner	Chief Constable			Group	Commissioner	Chief Constable	Group
	£000	£000	£000			£000	£000	£000	£000
50,132	(5,226)	56,105	50,879	Net (surplus) or deficit on the provision of services		3,923	150,998	154,921	
(67,033)	(11,675)	(56,105)	(67,780)	Adjustment to (surplus) or deficit on the provision of services for non cash movements	5.2	(13,372)	(150,998)	(164,370)	
3,795	3,795	0	3,795	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	2,667	0	2,667	
(13,106)	(13,106)	0	(13,106)	Net cash flows from operating activities		(6,782)	0	(6,782)	
586	586	0	586	Net cash flows from investing activities	5.3	10,986	0	10,986	
3,709	3,709	0	3,709	Net cash flows from financing activities	5.3	(14,180)	0	(14,180)	
(8,811)	(8,811)	0	(8,811)	Net (increase) or decrease in cash and cash equivalents		(9,976)	0	(9,976)	
(2,021)	(2,021)	0	(2,021)	Cash and cash equivalents at the beginning of the reporting period		(10,832)	0	(10,832)	
(10,832)	(10,832)	0	(10,832)	Cash and cash equivalents at the end of the reporting period	5.1	(20,808)	0	(20,808)	



NOTES TO THE ACCOUNTS



GENERAL ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2018-19 financial year and its position as at 31 March 2019. 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 2018-19, 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.

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 other than shorter deadlines. 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 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.

As the condition did not exist at the year end, this is therefore a non-adjusting

1.3 Going Concern (continued)

event for which a limited estimate of its financial effect on the reporting entity can be made as at 31 March 2019, particularly with regards to financial impact for 2019-20 and future years and asset impairments and pension valuations as at the balance sheet date.

As at the end of August 2020, the cumulative net cost of COVID-19 stood at £475k, comprising £754k expenditure and £279 government grant. This includes £185k of IT equipment purchased earlier than planned as a result of Covid-19 response. Additional costs are expected in the form of lost income, which are expected to be substantially funded by additional government grant.

At the present time absence rates due to COVID19 are much lower than anticipated and there has been a significant short term reduction in other policing activity, meaning that it has been possible to manage resources to minimise the financial impact. Costs are continuing to be monitored on the impact of this during 2020-21 and positive funding discussions with the Home Office continue. It seems certain that the impact can be managed in 2020-21 by use of budget underspends and that there will be minimal impact on the general reserve balance.

Beyond 2020-21, planning assumptions underpinning the medium term financial plan are being reviewed and will consider, inter alia, the potential for a reduction in council tax income as a result of:

- Reduced collection rates
- Increase Council Tax Support Scheme costs
- Reduced growth in the number of properties paying council tax

It is therefore not considered that COVID19 will have a material impact on the going concern of the organisation.

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 are £20.9m and are held by the PCC as detailed in Note 5. The Group is forecasting that this will remain positive to the end of 2021-22 throughout and is estimated to be £33.7m at the end of November 2021.
- This forecast and the Treasury Management Strategy 2020-21 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 has ongoing ready access to borrowings from the Public Works Loan Board and other approved lenders

1.4 Accounting Standards Issued but not Adopted

There are no Accounting Standards that have been issued but not yet adopted, that need to be disclosed in these accounts.

1.5 Prior Period Adjustments

During the audit of the statements it was discovered that material errors had been made on Non-Current Assets during 2016-17 and 2017-18 relating to the following:

- Incorrect valuation figures used
- Incorrect figures used when categorising assets as 'Assets Held for Sale'
- Assets not correctly categorised as 'Intangibles'
- Revised balance sheet accounting for PFI and leases assets

Core statements and notes affected have been amended for 2017-18 comparatives.

The financial impact on the Comprehensive Income & Expenditure Statement is – £0.747m

The financial impact on the Movement in Reserves Statement is – £0.747m

The financial impact on the Balance Sheet is –

- Long term assets - £(0.034)m
- Current assets - £0.384m
- Current liabilities - £0.155m
- Long term liabilities - £(0.737)m
- Reserves - £0.232m

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.

The professional judgement of the Transport Manager is relied upon to provide vehicle valuations added to the Balance Sheet. These estimations are required due to the unavailability of the purchase information from the PFI supplier.

The pension's adjustments are based on the professional judgement of the Actuaries and these form a significant part of these accounts.

1.6 Future Assumptions and Other Major Sources of Estimation Uncertainty (continued)

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 £3.2m 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.

On 23 March 2020, in response to the global Covid-19 pandemic, the Prime Minister announced that people should stay at home, where possible work from home and only make essential journeys. Regulations passed by parliament also required the closure of a range of businesses.

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

The global pandemic developed after 31 March 2019 and represents a non-adjusting event for which a limited estimate of its financial effect on the reporting entity can be made as at 31 March 2019. Beyond 31 March 2019, the financial impact for 2019-20 and subsequent financial years may be significant: there may be further implications and considerations for the Balance Sheet, for example, in relation to asset impairments and pension fund liability valuations.

Whilst any future financial implications of such valuation movements would be recognised within the comprehensive income and expenditure statement in the year to which they relate, in accordance with proper accounting practice, they 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

2.1 Expenditure Funding Analysis

2017-18 has been restated, see note 1.5 for details.

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.

2017-18 (Restated, see note 1.5)			Commissioner & Group Expenditure Funding Analysis	2018-19		
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
227,509	(16,364)	211,145	Policing	238,983	97,325	336,308
4,049	(436)	3,613	Commissioner	4,707	(269)	4,438
231,558	(16,800)	214,758	Net Cost of Services	243,690	97,056	340,746
			Other (Income) and Expenditure			
0	72,469	72,469	Policing	0	53,673	53,673
(236,588)	240	(236,348)	Commissioner	(243,425)	3,927	(239,498)
(5,030)	55,909	50,879	(Surplus) or Deficit on Provision of Service	265	154,656	154,921
(18,898)			Opening General Fund Balance	(23,928)		
(23,928)			Closing General Fund Balance	(23,663)		

2.2 Adjustments to the Expenditure Funding Analysis

2018-19	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Policing Commissioner	0	97,172 (269)	153 0	97,325 (269)
Net Cost of Services	0	96,903	153	97,056
Other (Income) and Expenditure Chief Constable	0	53,673	0	53,673
Other (Income) and Expenditure Commissioner	4,203	(144)	(132)	3,927
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	4,203	150,432	21	154,656

2017-18 (Restated, see note 1.5)	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Policing Commissioner		(16,336) 124	(28) 34	(16,364) (436)
Net Cost of Services	(594)	(16,212)	6	(16,800)
Other (Income) and Expenditure Chief Constable	0	72,469	0	72,469
Other (Income) and Expenditure Commissioner	109	67	64	240
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	(485)	56,324	70	55,909

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 deminimis 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

2017-2018 £000		2018-2019 £000
(1,641)	Relating to the Commissioner - Other Income	(1,625)
(5,883)	Partnership and Joint Controlled Operations	(2,175)
(1,858)	PFI Grant	(1,858)
(3,002)	Recharge of Officers	(2,142)
(10,228)	Other Income	(7,852)
(22,612)	Total for the Group	(15,652)

2.4 Financing and Investment Income and Expenditure

2017-18 £000		2018-19 £000
1,753	Interest payable and similar charges	1,979
67	Net interest on the net defined benefit liability (asset)	(144)
(104)	Interest receivable and similar income	(249)
1,716	Relating to the Commissioner	1,587
72,469	Other net interest on the defined benefit liability (asset)	53,672
74,185	Total for the Group	55,260

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

2017-18 (Restated, see note 1.5) £000		2018-19 £000
(57,273)	Council tax income	(61,433)
(136,418)	Non ring-fenced government grants	(135,136)
(41,650)	HO Police Pension Grant	(43,428)
(3,374)	Capital grants and contributions	(839)
(238,715)	Total for the Commissioner and Group	(240,836)

2.6 Other Operating Expenditure – Commissioner and Group

2017-18 (Restated, see note 1.5) £000		2018-19 £000
651	(Gains)/losses on the Disposal of Non-Current Assets	(249)
0	Other	0
651	Total for the Commissioner and Group	(249)

2.7 Impairment Losses

There are no instances of impairment to report.

2.8 Income and Expenditure Analysed by Nature

2017-18 Restated (see note 1.5)			Nature of Expenditure or Income	2018-19		
PCC	Chief Constable	Group		PCC	Chief Constable	Group
£000	£000	£000		£000	£000	£000
668	191,945	192,613	Expenditure on services - employees	1,009	308,216	309,225
4,585	35,417	40,002	Expenditure on services - other	5,055	33,798	38,853
(1,641)	(20,971)	(22,612)	Income from services	(1,625)	(14,027)	(15,652)
(57,273)		(57,273)	Income from local taxation	(61,433)	0	(61,433)
(181,441)		(181,441)	Government grants and contributions	(179,404)	0	(179,404)
0	4,754	4,754	Depreciation, amortisation and impairment	0	8,320	8,320
1,716	72,469	74,185	Other Financing	1,587	53,673	55,260
651		651	(Gain) or loss on disposal of non-current assets	(249)	0	(249)
227,509	(227,509)	0	Intra Group Funding	238,983	(238,983)	0
(5,226)	56,105	50,879	(Surplus) or Deficit for Year	3,923	150,998	154,921

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 Notes to the Movement in Reserves Statement

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

(2017-18 has been restated, see note 1.5 for details).

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

	Balance at 31 March 2017	Opening Balance Adjustment	Transfers In 2017-18	Transfers Out 2017-18	Balance at 31 March 2018	Transfers In 2018-19	Transfers Out 2018-19	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Police Property Act	(183)		(13)	0	(196)	0	0	(196)
Drug Fund	(76)		(2)	51	(27)	0	0	(27)
PFI Life Cycle Costs	27		(37)	0	(10)	(38)	0	(48)
Revenue Grants	(2,747)		(411)	309	(2,849)	(217)	1,092	(1,974)
Medium Term Financial Plan	(3,275)	139	0	1,136	(2,000)	(254)	2,254	0
Tax Base Reserve	(1,247)		0	200	(1,047)	(469)	2	(1,514)
Animal Welfare	(19)		0	0	(19)	0	0	(19)
PCC	(622)		(111)	0	(733)	(53)	26	(760)
Grants and Commissioning	(2,499)		(1,080)	138	(3,441)	(712)	154	(3,999)
PCC Night Time Levy	(284)		0	103	(181)	(20)	0	(201)
Estimation Reserve	(13)		0	13	0	0	0	0
Target Hardening	0		(73)	0	(73)	0	0	(73)
Allard Reserve	0		(1,200)	0	(1,200)	0	0	(1,200)
Asset Replacement	0		(2,731)	0	(2,731)	(2,216)	0	(4,947)
IT Investment	0		(1,100)	0	(1,100)	0	378	(722)
Joint Operations	(845)	(139)	(262)	0	(1,246)	0	338	(908)
Total Earmarked Reserves	(11,783)	0	(7,020)	1,950	(16,853)	(3,979)	4,244	(16,588)
General Fund	(7,075)	0	0	0	(7,075)	0	0	(7,075)
Total General Fund Balance	(18,858)	0	(7,020)	1,950	(23,928)	(3,979)	4,244	(23,663)

3.2 Usable Reserves – Commissioner and Group

31 March 2018 £000	Capital Reserves Receipt	31 March 2019 £000
(3,293)	Balance 1 April	(3,887)
0	Applied in Year	2,715
(594)	Capital Receipts in Year	(1,828)
(3,887)	Balance 31 March	(3,000)

31 March 2018 £000	Capital Grants & Contributions Applied	31 March 2019
0	Balance 1 April	0
(2,794)	Capital Grants and Contributions Recognised in Year	(839)
2,794	Capital Grants and Contributions Applied	839
0	Balance 31 March	0

3.3 Unusable Reserves

31 March 2018	31 March 2018 (Restated, see note 1.5)		Type of Reserve	31 March 2019	
Group £000	PCC £0	Group £000		PCC £000	Group £000
2,624,493	2,125	2,624,493	Pensions	2,149	2,844,158
3,512	197	3,512	Accumulated Absences	10	3,479
(1,137)	(1,568)	(1,568)	Revaluation Reserve	(1,422)	(1,422)
10,080	10,743	10,743	Capital Adjustment	13,483	13,483
(891)	(891)	(891)	Collection Fund	(759)	(759)
(13)	(13)	(13)	Deferred Receipt	0	0
2,636,044	10,593	2,636,276	Total	13,461	2,858,939

3.4 Unusable Reserves Movements

The table below analyses the unusable reserves movements in the MIRS.

31 March 2018	31 March 2018 (Restated, see note 1.5)		Movement in Unusable Reserves	31 March 2019	
	Group £000	PCC £000		Group £000	PCC £000
2,746,383	27,492	2,746,222	Balance at Start of year	10,593	2,636,276
0	(17,027)	(314)	Adjustment	0	0
(166,135)	(269)	(166,135)	Comprehensive Income and Expenditure	99	68,895
55,796	398	56,503	Adjustments between accounting basis and funding basis under regulations	2,895	153,893
0	0	0	Transfers from Earmarked Reserves	(124)	(124)
2,636,044	10,593	2,636,276	Balance at End of Year	13,461	2,858,939

This includes movements in the Capital Adjustment Account as follows.

31 March 2018 £000	Capital Adjustment Account	31 March 2019 £000
9,481	Balance 1 April	10,743
	Capital Accounting	
5,981	Depreciation & Amortisation	5,263
1,516	Disposals	1,523
213	Revaluations & Impairments	3,010
12	Historic Cost Adjustments	(18)
	Capital Financing	
(3,201)	Grants & Contributions	(839)
0	Receipts Reserve	(2,715)
0	Earmarked Reserves	0
(344)	Revenue Financing	(800)
(240)	Lease Accounting	68
(2,675)	MRP Charge	(2,752)
10,743	Balance 31 March	13,483

3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2018-19	General Fund / Earmarked Reserve	General Fund / Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Movement in Unusable Reserves
	Commissioner £000	Group £000	Group £000	Group £000	Commissioner £000	Group £000
Pension costs (transferred to / (from) the Pensions Reserve)	17	(150,862)			(17)	150,862
Council tax (transfers to / (from) the Collection Fund)	(132)	(132)			132	132
Receipt of deferred debtor	0	0			0	0
Holiday pay (adjustments to the Accumulated Absences reserve)	(4)	33			4	(33)
Revaluation Reserve	22	22			(22)	(22)
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)	(9,066)	(9,220)		(839)	9,905	10,059
Total Adjustments to Revenue Resources	(9,163)	(160,159)	0	(839)	10,002	160,998
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,828	1,828	(1,828)		0	0
Statutory Provision for the repayment of debt	2,752	2,752			(2,752)	(2,752)
Capital expenditure financed from revenue balances	550	550			(550)	(550)
Total adjustments between Revenue and Capital Resources	5,130	5,130	(1,828)	0	(3,302)	(3,302)
Application of capital grant to finance capital expenditure	0	0		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)
Other adjustments	1	(1)			(1)	1
Total adjustments	(3,782)	(154,780)	887	0	2,895	153,893

2017-18	General Fund / Earmarked Reserve	General Fund / Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Movement in Unusable Reserves
	Commissioner	Group	Group	Group	Commissioner	Group
	£000	£000	£000	£000	£000	£000
Pension cost (transferred to / (from) the Pensions Reserve)	(191)	(56,324)			191	56,324
Council tax (transfers to / (from) the Collection Fund)	(83)	(83)			83	83
Receipt of deferred debtor	(32)	(32)			32	32
Holiday pay (adjustments to the Accumulated Absences reserve)	(13)	13			13	(13)
Revaluation Reserve	(137)	(137)			137	137
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)	(2,367)	(2,365)		(2,794)	5,161	5,159
Total Adjustments to Revenue Resources	(2,823)	(58,928)	0	(2,794)	5,617	61,722
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	(594)		594	594
Statutory Provision for the repayment of debt	2,675	2,675			(2,675)	(2,675)
Capital expenditure financed from revenue balances	344	344			(344)	(344)
Total adjustments between Revenue and Capital Resources	3,019	3,019	(594)	0	(2,425)	(2,425)
Application of capital grant to finance capital expenditure				2,794	(2,794)	(2,794)
Other adjustments						0
Total adjustments	196	(55,909)	(594)	0	398	56,503

Section 4 Notes to the Balance Sheet

4.1 Property, Plant and Equipment

Assets with physical substance and 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 deminimis 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 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 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 Restated, see note 1.5	33,262	32,388	477	66,127
Adjustments to cost/value & depreciation/impairment	(536)	0	0	(536)
Additions	3,303	4,161	1,000	8,464
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(80)	0	0	(80)
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(2,597)	0	0	(2,597)
De-recognition – disposals	0	(11,798)	0	(11,798)
Reclassifications and transfers	(1,047)	0	0	(1,047)
at 31 March 2019	32,305	24,751	1,477	58,533
Depreciation & Impairment				
at 1 April 2018 Restated, see note 1.5	(5,228)	(20,585)	0	(25,813)
Adjustments to cost/value & depreciation/impairment	536	0	0	536
Depreciation charge	(845)	(4,106)	0	(4,951)
De-recognition – disposals	0	11,470	0	11,470
Reclassifications and transfers	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0
at 31 March 2019	(5,537)	(13,221)	0	(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

4.2 Property Plant and Equipment Movements to 31 March 2018 Restated, see note 1.5	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 2017	31,773	33,242	307	65,322
Adjustments to cost/value & depreciation/impairment	(798)	0	0	(798)
Additions	1,572	3,585	500	5,657
Revaluation increases/(decreases) recognised in the Revaluation Reserve	558	0	0	558
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	1,293	0	0	1,293
De-recognition – disposals	(290)	(4,439)	0	(4,729)
Reclassifications and transfers	(846)	0	(330)	(1,176)
at 31 March 2018	33,262	32,388	477	66,127
Depreciation & Impairment				
at 1 April 2017	(5,133)	(18,979)	0	(24,112)
Adjustments to cost/value & depreciation/impairment	0	0	0	0
Depreciation charge	(914)	(4,628)	0	(5,542)
De-recognition – disposals	39	3,022	0	3,061
Reclassifications and transfers	(16)	0	0	(16)
Eliminated on reclassification to Held for Sale	796	0	0	796
at 31 March 2018	(5,228)	(20,585)	0	(25,813)
Net Book Value				
at 31 March 2018	28,034	11,803	477	40,314
at 31 March 2017	26,640	14,263	307	41,210

4.3 Property, Plant and Equipment Revaluations

2017-18 has been restated, see note 1.5 for details

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 and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total
	£000	£000	£000	£000
Carried at historical cost	11,142	23,021	1,030	35,193
Valued at current value as at:				
31/03/2019	6,995	0	0	6,995
31/03/2018	1,200	0	0	1,200
31/03/2017	8,603	0	0	8,603
31/03/2016	566	0	0	566
31/03/2015	1,713	0	0	1,713
Total cost or Valuation	30,219	23,021	1,030	54,270
Share of Joint Operation Property				4,263
Total Gross Value				58,533

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 £0.435m (£0.535m 2017-18) 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 £0.92m in 2018-19 (£0.080m in 2017-18).

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 2018 (Restated, see note 1.5) £000	Intangible Assets	31 March 2019 £000
3,584 (3,133)	Balance at start of year: Gross carrying amounts Accumulated amortisation	4,577 (3,477)
451	Net carrying amount at start of year	1,100
993 (344)	Additions: Purchases Amortisation for the period	1,494 (359)
1,100	Net carrying amount at end of year	2,235
4,577 (3,477)	Comprising: Gross carrying amounts Accumulated amortisation	6,071 (3,836)
1,100		2,235

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.

This table only shows the position of the Commissioner excluding the Joint Operations. At the 31 March 2019 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These totalled £3.4m. The contracts covered building alterations and IT systems. (£3.2m 31 March 2018).

31 March 2018 Restated, see note 1.5 £000	Capital Expenditure and Capital Financing	31 March 2019 £000
59,137	Opening Capital Financing Requirement	57,705
	Capital Investment:	
3,132	Property Plant and Equipment	8,159
905	Intangible Assets	1,494
4,037	Total Capital Spending	9,653
	Sources of Finance:	
0	Capital Receipts	(2,715)
0	Earmarked Reserves	(250)
(2,794)	Government Grants and other contributions	(753)
	Sums set aside from revenue:	
(2,675)	Minimum Revenue Provision	(2,752)
(5,469)	Total Sources of Finance	(6,470)
57,705	Closing Capital Financing Requirement	60,888

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 2018 (Restated, see note 1.5) £000	Assets Held for Sale	31 March 2019 £000
2,786	Balance outstanding at start of year	2,748
1,330	Newly classified as held for sale	1,047
(63)	Revaluations	0
(1,305)	Assets sold	(1,209)
2,748	Balance outstanding year end	2,586

4.8 Debtors Commissioner and Group

A bad debt provision of £0.12m is provided against specific debts considered to be unlikely to be collected (£0.03m at 31 March 2018).

A provision of £3.663m is held against Council Tax arrears of £5.679m at 31 March 2019 (£3.184m and £4.953m respectively at 31 March 2018). This level of provision has been assessed by the Council Tax Billing Authorities. Debtors relate to the Commissioner only.

31 March 2018 £000	Debtors	31 March 2019 £000
18,107	Central Government Bodies	9,908
5,080	Other Local Authorities	3,193
9,273	Other Entities and Individuals	9,394
32,460	Total Debtors	22,495

4.9 Short Term Borrowing Commissioner and Group

31 March 2018 £000	Short Term Borrowing	31 March 2019 £000
(3,500)	Market Loan - L.O.B.O.	(3,543)
(749)	PWLB	(1,302)
0	Market Loan - Waverley	(5,009)
(4,000)	Market Loan - Torbay	0
(8,249)		(9,854)

4.10 Creditors Commissioner 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 2019 cash totalling £0.145m was held in the Commissioner's bank account (£0.797m at 31 March 2018).

31 March 2018		Creditors	31 March 2019	
PCC £000	Group £000		PCC £000	Group £000
(4,876)	(4,876)	Central Government Bodies	(3,026)	(3,026)
(6,812)	(6,812)	Other Local Authorities	(7,113)	(7,113)
(12,601)	(15,917)	Other Entities and Individuals	(8,920)	(12,389)
(24,289)	(27,605)	Total Creditors	(19,059)	(22,528)

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.

2018-19	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Bad Debt £000	Joint Operations £000	Pay Award £000	Total £000
Opening Balance	(3,189)	(300)	(115)	0	(51)	0	0	(730)	(4,385)
Increase in provision during year	(966)	(209)	0	(78)	(27)	(24)	(2)	(5)	(1,311)
Utilised during year	937	21	115	0	51	24	0	735	1,883
Closing Balance	(3,218)	(488)	0	(78)	(27)	0	(2)	0	(3,813)

2017-18	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Bad Debt £000	Joint Operations £000	Pay Award £000	Total £000
Opening Balance	(2,898)	(268)	(115)	0	0	0	0	0	(3,281)
Increase in provision during year	(1,342)	(158)	0	0	(51)	0	0	(735)	(2,286)
Utilised during year	1,051	126	0	0	0	0	0	5	1,182
Closing Balance	(3,189)	(300)	(115)	0	(51)	0	0	(730)	(4,385)

4.12 Long Term Debt

31 March 2018 £000	Long Term Borrowing	31 March 2019 £000
0	Market Loans	0
(28,921)	PWLB	(41,992)
(28,921)	Total Long Term Borrowing	(41,992)

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 2018-19 were £1.435m (£1.231m in 2017-18).

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. The estimated value of this scheme is £14.8m. The amount paid in 2018-19 was £3.3m (£3.3m in 2017-18). Future payments are linked to inflation increases. Grant of £1.3m was received in 2018-19 (£1.3m in 2017-18).

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 2018 £000	31 March 2019 £000		31 March 2018 £000	31 March 2019 £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 2018 £000	31 March 2019 £000
85	85

Included in long-term liabilities

31 March 2018 £000	31 March 2019 £000
737	737

Authority as Lessee - Operating Leases

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

31 March 2018 £000		31 March 2019 £000
1,408	Not later than one year	1,480
2,251	Later than one year and not later than five years	2,652
435	Later than five years	352
4,094	Total	4,484

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 Commissioner has entered into two PFI contracts.

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 2018-19 (£1.045m in 2017-18).

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 2017-18).

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 2017-18 £000	Payment for Services & Interest 2017-18 £000	PFI	Reimbursement of Capital Expenditure 2018-19 £000	Payment for Services & Interest 2018-19 £000
203	842	Payable within one year	212	833
907	3,271	Payable within two to five years	949	3,230
1,035	2,967	Payable within six to ten years	730	2,175
2,145	7,080	Total	1,891	6,238

PFI	2018-19 £000
Gross PFI liabilities	2,332
Due:	
Not later than one year	304
Later than one year and not later than five years	1,217
Later than five years	810
	2,332
Finance charges allocated to future periods	(441)
Net service concession liabilities	1,891
Net PFI liabilities	
Due:	
Not later than one year	212
Later than one year and not later than five years	949
Later than five years	730
	1,891
Finance cost payments committed in respect of PFI	
Not later than one year	92
Later than one year and not later than five years	269
Later than five years	80
	441
Services and contingent rents payable to PFI operator (included in the unitary payment)	
Not later than one year	740
Later than one year and not later than five years	2,962
Later than five years	2,094
	5,797
Total unitary payments to PFI operator	
Not later than one year	1,045
Later than one year and not later than five years	4,179
Later than five years	2,905
	8,129

Section 5 Notes to the Cash Flow Statement

5.1 Cash and Equivalents

All cash and cash equivalents consist of bank and instant access accounts.

31 March 2018 £000	Cash and Equivalents Comprise	31 March 2019 £000
9,800	Low Volatility Net Asset Value Funds	4,760
0	Temporary Investments	15,000
1,032	Cash and Bank	1,048
10,832	Total	20,808

Section 5 Notes to the Cash Flow Statement

5.2 Cash Flow from Operating Activities – Group Cash Flows

31 March 2018 £000	The cash flows for operating activities include the following items	31 March 2019 £000
(104)	Interest Received	(249)
1,351	Interest Paid	1,385
1,247	Total	1,136

31 March 2018 Restated, see note 1.5 £000	The cash flows for operating activities include the following items	31 March 2019 £000
(5,886)	Depreciation / amortisation	(5,624)
1,413	Property revaluations	(2,697)
(4,292)	(Increase)/decrease in creditors	5,077
276	Increase/(decrease) in debtors	(9,965)
(103)	(Increase)/decrease in inventories	(16)
(56,323)	Movement in long term liability	(150,862)
(1,431)	Carrying amount of other non-current assets / liabilities	958
(2,973)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(1,542)
1,539	Other non-cash movements charged to the (surplus) or deficit on provision of services	301
(67,780)	Total	(164,370)

31 March 2018 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2019 £000
594	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,828
3,201	Any other items for which the cash effects are investing or financing cash flows	839
3,795	Total	2,667

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

31 March 2018 £000	Cash Flow from Investing and Financing Activities	31 March 2019 £000
4,381	Purchase of property, plant and equipment, investment property and intangible assets	9,653
0	Purchase of short term and long term investments	4,000
(594)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,828)
(3,201)	Other receipts from investing activities	(839)
586	Net cash flows from investing activities	10,986
(11,500)	Cash receipts of short-term and long-term borrowing	(34,500)
15,209	Repayments of short-term and long-term borrowing	20,320
3,709	Net cash flows from financing activities	(14,180)

Section 6 Remuneration Notes

6.1 Members Remuneration

Members of the Audit and Scrutiny Panel were paid £0.006m (£0.005m 2017-18).

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. It includes three above the rank of Superintendent (five in 2017-18).

Remuneration over £50,000	2017-18	2018-19
£50,001 to £55,000	161	175
£55,001 to £60,000	89	96
£60,001 to £65,000	27	30
£65,001 to £70,000	8	5
£70,001 to £75,000	10	8
£75,001 to £80,000	6	8
£80,001 to £85,000	6	9
£85,001 to £90,000	1	2
£90,001 to £95,000	1	1
£95,001 to £100,000	0	1
Total	309	335

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	0	2,693	0	10,234	89,303
Chief Finance Officer to the Police & Crime Commissioner - C Radford		101,380	0	1,594	0	13,585	116,559
Chief Executive to the Police & Crime Commissioner - K Dennis		99,072	0	1,833	0	13,276	114,181
TOTAL PCC		276,827	0	6,121	0	37,095	320,042
Chief Constable - C Guildford		159,313	0	14,196		36,575	210,084
Deputy Chief Constable - R Barber	5	131,754	0	11,321		12,979	156,054
Assistant Chief Constable - S Cooper		106,042	0	7,588	0	25,662	139,292
Assistant Chief Constable - S Prior	3	60,154	0	2,640	0	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		63,990	0	602		8,531	73,124
TOTAL CHIEF CONSTABLE		588,934	0	40,798	0	109,019	738,751
TOTAL FOR GROUP		865,761	0	46,919	0	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 09-09-18

Note 4: ACC appointed 06-08-18

Note 5: DCC opted out of pension scheme 30 years 04-09-18

6.3 Senior Officer Payments

Officers Remuneration 2017-18	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner - P Tipping		75,017	0	1,864	0	10,052	86,933
Chief Finance Officer to the Police & Crime Commissioner - C Radford		86,934	0	1,577	0	11,567	100,078
Chief Executive to the Police & Crime Commissioner - K Dennis		95,480	0	429	0	12,794	108,703
TOTAL PCC		257,431	0	3,870	0	34,413	295,714
Chief Constable - C Guildford		156,436	0	12,464	0	36,004	204,904
Deputy Chief Constable - R Barber	3	122,743	0	6,788	0	28,391	157,922
Assistant Chief Constable - S Cooper	4	92,359	0	6,117	0	22,004	120,480
Assistant Chief Constable - S Prior		103,916	0	3,225	0	25,148	132,289
Assistant Chief Officer - Finance and Resources	5	95,349	0	5,435	0	18,879	119,663
Director of Human Resources	5	100,385	0	8,335	0	17,683	126,403
Director of Information Services & IT	5,6,7	49,485	0	6,618	0	6,275	62,378
TOTAL CHIEF CONSTABLE		720,673	0	48,982	0	154,384	924,039
TOTAL FOR GROUP		978,104	0	52,852	0	188,797	1,219,753

Note 1: Salary, Fees & Allowances include Rent Allowance, Housing Allowance, Compensatory Grant, Honoraria & 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: Deputy Chief Constable was appointed 17 -04-17

Note 4: Assistant Chief Constable was appointed 05-04-17

Note 5: This is the total earned. The costs are apportioned between Nottinghamshire, Northamptonshire and Leicestershire Police

Note 6: Includes Market Rate Premium

Note 7: Director of Information Services and IT resigned 15-09-17

In 2017-18 the PCC and CC had a shared Regional ACO and Director of Human Resources. Both were employed by Leicestershire Police.

6.4 Exit Packages

Contracts were terminated for 20 employees in the group during the year (9 in 2017-18), incurring costs of £0.378m (£0.209m in 2017-18). This included redundancy payments of £0.203m and pension strain costs of £0.145m. Other departures agreed including compromise agreements incurred costs of £0.030m. In 2018-19, 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 £0.040m of which £0.027m related to the Commissioner and no other services were purchased (£0.050m in 2017-18).

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 (£)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
£0 - £20,000	5	7	1	8	6	15	67,000	101,000
£20,001 - £40,000	2	2	0	1	2	3	67,000	98,000
£40,001 - £60,000	0	0	0	1	0	1	0	49,000
£60,001 - £80,000	1	0	0	0	1	0	75,000	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	130,000
Total	8	9	1	11	9	20	209,000	378,000

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 £65.6m. 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 £0.93m at year end (£2.24m in 2017-18). An allowance of £0.12m is set aside for debts to mitigate the effect of default (£0.03m in 2017-18).

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 borrowings 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 7%. There was £5m temporary borrowing at 31 March 2019.

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. All trade and other payables are due within one year.

Liquidity Risk	31 March 2018 £000	31 March 2019 £000
Less than one year	(8,249)	(9,854)
Between one and two years	(471)	(3,188)
Between two and five years	(5,677)	(4,216)
More than 5 Years	(3,259)	(5,126)
More than 10 Years	(19,513)	(29,462)
	(37,169)	(51,846)

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 2018-19 ranged between 2.19% and 7.75% for PWLB loans and 3.73% on the market loan. The average Interest rates received was 0.66%. 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 £58.3m which is £7m 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 borrowings of £14m took place in 2018-19.

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 6 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.

At 31 March 2019 a short term investment of £4m was held with City of Liverpool Council.

	Long-term 31 March 2018 £000	Long-term 31 March 2019 £000	Current 31 March 2018 £000	Current 31 March 2019 £000
Debtors				
Loans and receivables	0	0	43,292	47,303
Other	0	0	2,748	2,586
Total included in Debtors	0	0	46,040	49,889
Borrowings				
Financial liabilities at amortised cost	(28,920)	(41,992)	(8,249)	(9,854)
Total included in Borrowings	(28,920)	(41,992)	(8,249)	(9,854)
Other Long Term Liabilities				
PFI and finance lease liabilities	(2,227)	(2,415)	(288)	(297)
Total other long term liabilities	(2,227)	(2,415)	(288)	(297)
Creditors				
Financial liabilities carried at contract amount	0	0	(27,605)	(22,528)
Total Creditors	0	0	(27,605)	(22,528)
Financial Liabilities at amortised cost				
Interest expense			1,351	1,385
Financial Assets: Loans and receivables				
Interest income			(104)	(249)
Net expense in (Surplus) or Deficit on the Provision of Services			1,247	1,136

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 2019.

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.

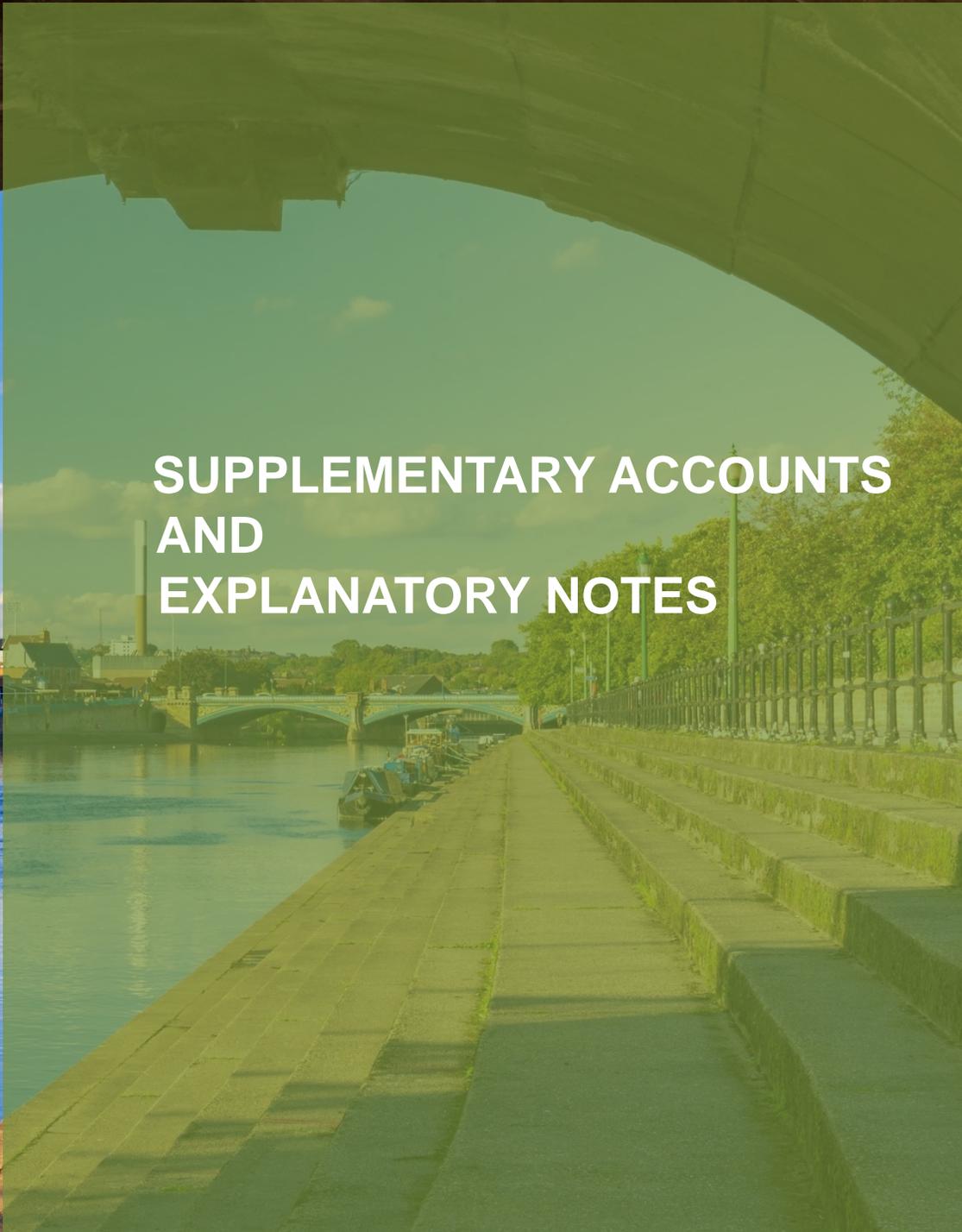
Following successful claims in the court case Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty, the judge has selected a number of test cases to consider all of the issues arising in these claims against forces across the country. Nottinghamshire's claims are therefore 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.



SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES

PENSION FUND ACCOUNTS AND EXPLANATORY NOTES

2017-18 £000	Pension Fund	2018-19 £000
	Contributions Receivable	
(5,777)	Employers Contributions 1987 Scheme	(4,493)
(208)	Employers Contributions 2006 Scheme	(180)
(10,348)	Employers Contributions 2015 Scheme	(12,110)
(1,411)	Additional Contributions for early retirements - all schemes	(1,169)
(3,414)	Members contributions 1987 Scheme	(2,665)
(101)	Members contributions 2006 Scheme	(90)
(5,710)	Members contributions 2015 Scheme	(6,639)
0	Transfer in 1987 Scheme	0
0	Transfer in 2006 Scheme	0
(310)	Transfer in 2015 Scheme	(630)
	Benefits Payable	
53,187	Pensions 1987 Scheme	56,262
18	Pensions 2006 Scheme	23
143	Pensions 2015 Scheme	227
15,517	Commutations and lump sum retirement benefits 1987 Scheme	14,890
15	GAD v Milne Payments	0
	Payments to / on account of leavers	
2	Refund of contributions 2006 Scheme	0
4	Refund of contributions 2015 Scheme	2
0	Transfers out 1987 Scheme	0
43	Transfers out 2006 Scheme	0
0	Transfers out 2015 Scheme	0
41,650	Sub-total before transfer from the Commissioner of amount equal to the deficit	43,428
(41,650)	Transfer of Government Grant from the Commissioner to meet the deficit	(43,428)
0	Balance at 31st March	0

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 2019 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 actuary 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 2018-19 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 2019. 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

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 5.4% or £120m of pension scheme liabilities. This increase is reflected in the IAS19 Disclosure as a Past Service Cost.

The actuary has commented that the additional costs emerging are sensitive to the underlying assumptions to roughly the same extent as the other figures calculated as part of the accounting process. Hence, even if the assumptions underlying the accounting calculations were different, the actuary would still expect the potential additional costs in relation to McCloud to be broadly similar in magnitude to those shown above. 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.

2017-18		Pension Fund Comprehensive Income and Expenditure Statement	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
12,814	37,330	Current Service Cost	13,156	38,110
82	0	Admin Expense	91	0
58	1,660	Past Service Cost	3,146	113,900
0	0	(Gain) / loss from curtailments	0	0
4,206	68,330	Net interest expense / (income)	(9,481)	63,010
17,160	107,320	Total charged to (Surplus) and Deficit on Provision of Services	6,912	215,020
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Account		
		Re-measurement of the net defined benefit liability comprising:		
0	0	Return on plan assets (excluding the amount included in the net interest expense)	0	0
0	(142,220)	Actuarial (gains) and losses - experience	0	(6,700)
0	(83,260)	Actuarial (gains) and losses arising on changes in demographic assumptions	(21,471)	0
(15,696)	75,060	Actuarial (gains) and losses arising on changes in financial assumptions	21,934	75,040
1,464	(43,100)	Total charged to the Comprehensive Income and Expenditure Statement	7,375	283,360

2017-18		Pension Fund Movement in Reserves Statement	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
(17,160)	(107,320)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services	(6,912)	(215,020)
5,187	0	Actual amount charged against the general fund balance for pensions in the year: Employers' contributions payable to scheme	5,770	0
0	62,970	Retirement benefits payable to pensioners	0	65,300

2017-18		Pensions Assets and Liabilities Recognised in the Balance Sheet	2018-19	
LGPS £000	Police £000		LGPS £000	Police £000
(356,627)	(2,484,500)	Present value of the defined obligation	(376,863)	(2,702,560)
216,634	0	Fair value of plan assets	235,265	0
(139,993)	(2,484,500)	Value of Assets / (Liabilities)	(141,598)	(2,702,560)
(139,993)	(2,484,500)	Net (liability) / asset arising from the defined benefit obligation	(141,598)	(2,702,560)

2017-18 £000	Net Asset Statement as at 31 March	2018-19 £000
	Net Current Assets and Liabilities	
1,360	LGPS pension benefits paid in advance	688
(1,360)	Creditors to the PCC for Nottinghamshire	(688)
0	Total	0

2017-18		Movement in the Value of Scheme Assets	2018-19	
LGPS	Police Officer Pension Scheme		LGPS	Police Officer Pension Scheme
£000	£000		£000	£000
210,984	0	Opening fair value of scheme assets	216,634	0
5,655	0	Interest income	18,684	0
	0	Re-measurement gain / (loss):		
0	0	The return on plan assets, excluding the amount included in the net interest expense	0	0
5,187	62,970	Contributions from employer	5,770	65,300
2,119	9,530	Contributions from employees into the scheme	2,283	10,020
(7,229)	(72,500)	Benefits / transfers paid	(8,015)	(75,320)
(82)	0	Admin Expense	(91)	0
216,634	0	Closing value of scheme assets	235,265	0

2017-18		Movements in the Fair Value of Scheme Liabilities	2018-19	
LGPS	Police Officer Pension Scheme		LGPS	Police Officer Pension Scheme
£000	£000		£000	£000
(354,700)	(2,590,570)	Opening balance at 1 April	(356,627)	(2,484,500)
(12,814)	(37,330)	Current service cost	(13,156)	(38,110)
(9,861)	(68,330)	Interest cost	(9,203)	(63,010)
(2,119)	(9,530)	Contributions from scheme participants	(2,283)	(10,020)
		Re-measurement gains and losses:		
0	142,220	- Actuarial gains / (losses) - experience	0	6,700
0	83,260	- Actuarial gains / (losses) from changes in demographic assumptions	21,471	0
15,696	(75,060)	- Actuarial gains / (losses) from changes in financial assumptions	(21,934)	(75,040)
(58)	(1,660)	Past service cost	(3,146)	(113,900)
0	0	Gains / (losses) on curtailments	0	0
7,229	72,500	Benefits / transfers paid	8,015	75,320
(356,627)	(2,484,500)	Balance as at 31 March	(376,863)	(2,702,560)

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £3,079m 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 2019 are £5.8m and £16.8m 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 £18.7m (2017-18, £5.6m). 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 present value of liabilities decreases the pension liability by £8.4m and a decrease by the same amount increases the pension liability by £8.6m.

For the police officers scheme an extra 0.5% on the discounting rate used increases the liability by £259m with a 0.5% decrease in the rate decreasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2017-18	2018-19	2017-18	2018-19
Mortality assumptions				
Longevity at 65 retiring today				
Men	22.6 yrs	21.6 yrs	22.6 yrs	22.7 yrs
Women	25.6 yrs	24.4 yrs	24.2 yrs	24.3 yrs
Longevity at 65 retiring in 20 years				
Men	24.8 yrs	23.3 yrs	24.5 yrs	24.6 yrs
Women	27.9 yrs	26.2 yrs	26.1 yrs	26.2 yrs
Rate of inflation				
CPI Increases	2.30%	2.40%	2.30%	2.35%
Rate of increase in salaries	3.80%	3.90%	4.30%	4.35%
Rate of increase in pensions	2.30%	2.40%	2.30%	2.35%
Rate for discounting scheme liabilities	2.60%	2.45%	2.55%	2.45%

Value of LGPS Assets at Bid Value	31 March 2018 £000	31 March 2018 %	31 March 2019 £000	31 March 2019 %
Equity Investments	142,444	66	146,022	62
Gilts	4,963	2	7,662	3
Other Bonds	25,306	12	21,800	9
Property	27,213	13	31,836	14
Cash	4,280	2	5,684	2
Inflation-linked pooled fund	5,360	2	8,549	4
Infrastructure	7,068	3	11,326	5
Unit Trust	0	0	2,386	1
	216,634	100	235,265	100

JOINT OPERATIONS

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% 2017-18).

- The East Midlands Special Operations Unit (EMSOU), which includes The Technical Surveillance Unit (TSU)
- The East Midlands Special Operations Major Crime (EMSOMC).
- 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% 2017-18).

There are two collaborations which are four way shared services with Leicestershire, Lincolnshire and Northamptonshire.

1. The East Midlands Criminal Justice Service (EMCJS). Nottinghamshire's proportion is 34.9% (34.9% 2017-18)

2. The East Midlands Operational Support Services (EMOpSS), but Nottinghamshire withdrew from this on 30 April 2018 and the proportion of costs has reduced to 34.9% (34.9% 2017-18)

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% 2017-18).
- 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% 2017-18).
- The shared service for transactional HR and finance - MFSS with Cheshire and Northamptonshire and Civil Nuclear Police. Avon & Somerset Police have withdrawn from this collaboration during the year. Nottinghamshire this year is 31.04% (29.81% 2017-18).

Expenditure £000	Income £000	Net £000	Joint Operations Comprehensive Income and Expenditure Statement	Expenditure £000	Income £000	Net £000
14,586	0	14,586	Cost of Police Services	12,807	0	12,807
14,586	0	14,586	Cost of Services	12,807	0	12,807
174	(866)	(692)	Other Operating Expenditure / Income	5	(670)	(665)
0	(2,573)	(2,573)	External Grants and Contributions	0	(1,204)	(1,204)
0	(11,955)	(11,955)	Contributions From Partners	0	(10,629)	(10,629)
14,760	(15,394)	(634)	(Surplus) or Deficit on Provision of Services	12,812	(12,503)	309
		(12)	Other CIES			12
		(646)	Total CIES			321

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 2018	(75)	(1,246)	0	(1,321)	(2,896)	(4,217)
Movements in reserves during 2018-19	0	0	0	0	0	0
(Surplus) / deficit on the provision of services	309	0	0	309	0	309
Other CIES	12	0	0	12	0	12
Total CIES	321	0	0	321	0	321
Adjustments between accounting basis and funding basis under regulations	12	0	0	12	(12)	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	333	0	0	333	(12)	321
Transfers to / (from) Earmarked Reserves	(333)	338	0	5	5	10
(Increase) or Decrease in 2018-19	0	338	0	338	(7)	331
Balance at 31 March 2019	(75)	(908)	0	(983)	(2,903)	(3,886)

31 March 2018 £000	Joint Operations Balance Sheet	31 March 2019 £000
2,917	Property, Plant and Equipment	2,918
182	Intangible Assets	140
3,099	Long Term Assets	3,058
0	Assets Held for Sale	0
1,262	Short Term Debtors	1,169
1,541	Cash and Cash Equivalents	871
2,803	Current Assets	2,040
(1,685)	Short-Term Creditors	(1,212)
(1,685)	Current Liabilities	(1,212)
0	Long Term Liabilities	0
4,217	Net Assets	3,886
(1,321)	Usable Reserves	(983)
(2,896)	Unusable Reserves	(2,903)
(4,217)	Total Reserves	(3,886)

Group Accounts

Joint Operations & Associate Entities

The OPCC's share of Joint Operations (JO's) for 2018-19 is as follows:

Ownership %	Arrangement	2018-19		
		Expenditure £000	Income £000	Net £000
27.30%	EM Legal Services	493	(479)	14
50.00%	EM Strategic Commercial Unit	541	(534)	7
27.30%	EM Major Crime	212	(221)	(9)
27.30%	EM Serious Organised Crime	5,252	(4,892)	360
34.90%	EM Criminal Justice	227	(230)	(3)
34.90%	EM Operational Support Services	171	(224)	(53)
27.30%	EM Occupational Health Unit	459	(457)	2
27.30%	EM Forensics	2,301	(2,258)	43
31.42%	EM Learning & Development	803	(783)	20
31.04%	Multi Force Shared Service (MFSS)	2,244	(2,244)	0
22.60%	Emergency Services Network (ESN)	121	(181)	(60)
0.00%				
		12,824	(12,503)	321



GLOSSARY

GLOSSARY

ACCOUNTING PERIOD

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.

ACCOUNTING POLICIES

These are a set of rules and codes of practice used when preparing the Accounts.

ACCRUALS

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

The Police Reform and Social Responsibilities Act 2011.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.

ASSET

An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current.

- 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 Authority 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

An independent examination of the Authority's financial affairs

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

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 Authority 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 Authority 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

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 Authority's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the Authority'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.

CREDITOR

Amount owed by the Authority 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.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority 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.

DEFINED BENEFIT PENSION SCHEME

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

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

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 BALANCE SHEET DATE

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.

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 Authority 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

A liability is where the Authority owes payment to an individual or another organisation:

- 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.

MATERIALITY

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.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority 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.

NET BOOK VALUE

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.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST COSTS (PENSIONS)

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.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

MINIMUM REVENUE PROVISION (MRP)

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 Authority.

PENSION SCHEME LIABILITIES

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.

PRECEPT

The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

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

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.

PUBLIC WORKS LOAN BOARD (PWLB)

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.

REMUNERATION

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

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 Authority. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

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 Authority will derive benefits from the use of a fixed asset.