Draft Statement of Accounts 2019-20

Nottinghamshire Police & Crime Commissioner and Group

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COMMISSIONER’S FOREWORD

COMMISSIONER'S FOREWORD

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

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

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

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

We continue to build an organisation that remains resilient and well-prepared to meet the challenges of today. This means putting our resources in the best place to maximise public safety and drawing on the strengths of our partners.

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

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

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

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

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

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

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

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 is mainly in the south with the majority of the north and east of the County being rural.

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

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

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

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

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

For 2019-20 the Government Grant was maintained at £134.0m. This was supplemented with additional funding for additional Police Pensions of £4.0m of which £2.0m is now included in Core Grant.

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

The Force still needed to achieve savings of £3.3m to balance the budget. Whilst those efficiencies have been met other costs have been incurred resulting in an overspend position of £0.1m.

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

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

GOVERNANCE

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

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

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

PRIORITIES

Protecting People from Harm

Helping and Supporting Victims

Tackling Crime and Antisocial Behaviour

Transforming Services and Delivering Quality Policing

PERFORMANCE

Achievements 2019-20

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

- The PCC worked with Nottingham City and Nottinghamshire County Councils to put in place additional support for adult survivors of child sexual abuse who were affected by the July publication of the Independent Inquiry into Child Sexual Abuse's report into the abuse that took place whilst children were under the care of Nottinghamshire authorities.

- The PCC and NHS England co-commissioned a Sexual Violence Needs Assessment, which was produced by Lime Culture and published in November 2019. The needs assessment includes recommendations to commission a specialist SVA hub for adults, and to review and recommission therapy for sexual violence survivors.

- The PCC, working with partners, secured over £0.5m from NHS England's High Volume Fund to put in place additional support for sexual violence survivors in Nottinghamshire. The bid was based on the recommendations of Lime Culture's needs assessment.

- The PCC is now working with partners to implement other Lime Culture recommendations. A new model for support has been developed and is being tested with potential providers before a possible procurement later in 2020.

- The PCC has also secured over £0.2m of additional funding from Ministry of Justice for Independent Sexual Violence Advisers.

- Following an open tender process, new DVA support contracts were awarded in the county.

- The Commissioner has maintained his investment into outcomes focussed domestic abuse support services. This includes maintaining funding for the two new MARAC IDVA posts.

- The PCC has continued to work with local authorities to ensure that high quality substance misuse support has been provided to offenders in the criminal justice system.

- Victim CARE has again significantly expanded the number of community points in 2019-20. At the end of March 2020 there were 34 community points in place, another 41 completing the application forms and over 100 organisations interested. Victim CARE also hosted a Community Point networking event aimed at bringing together the community points to further develop the working relationships. Finally, throughout 2019-20 Victim CARE has awarded a number of small grants to some Community Points to enable them to expand their help to victims.

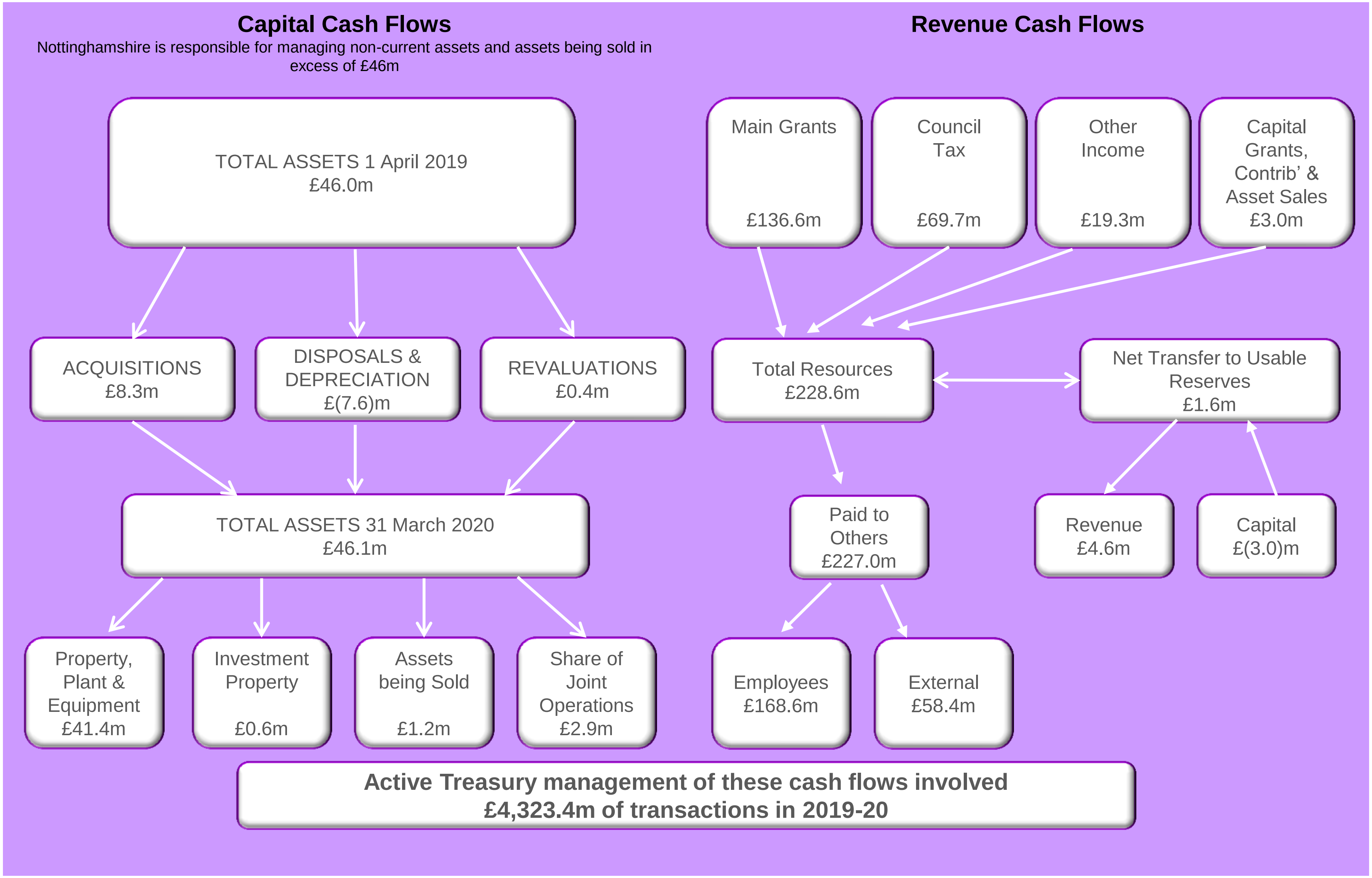
- The PCC has continued to fund IDVAs to support the partners of offenders who are being managed through Nottinghamshire DVA Integrated Offender Management (IOM) scheme. The scheme was reviewed in 2019. The review found that the domestic abuse related offending of those on the scheme reduced by over 40% across the cohort.

Achievements 2019-20

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

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

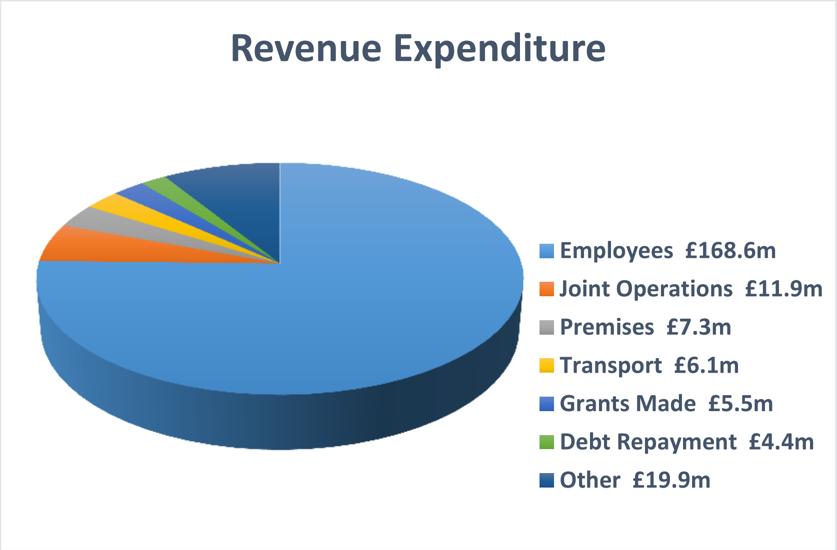
FINANCIAL PERFORMANCE



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

FINANCIAL PERFORMANCE (cont.)

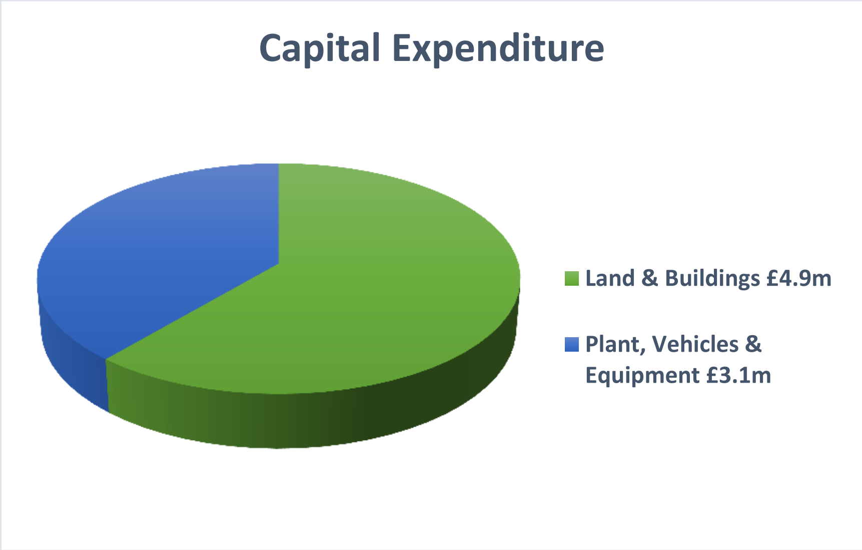
Revenue Expenditure



Financed by:	£m
Police & Crime Grant	126.9
Legacy Grant	9.7
Precept	69.6
Other Income	19.3
Net Contribution to Reserves	(1.6)
	223.9

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

Capital Expenditure



Financed by:	£m
Reserves & contributions	1.3
Capital Grants	0.8
Capital Receipts	0.4
External Borrowing	5.5
	8.0

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 East Midlands Ambulance Service (EMAS).

Provisions and Reserves

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

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

At 31 March 2020	£m
TOTAL PROVISION	4.1
TOTAL USABLE REVENUE RESERVES	27.2
TOTAL USABLE CAPITAL RESERVES	4.9

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

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

Overall Equality Characteristics

Gender	Headcount	Force %
Male	2,106	55.86%
Female	1,664	44.14%

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

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

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

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

Explanation of Accounting Statements

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

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

The Core Statements

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.

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.

The Balance Sheet is a "snapshot" of the assets, liabilities, cash balances and reserves at the year-end date.

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).

The Supplementary Financial Statements

- 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.

INDEPENDENT AUDITORS REPORT

To be added later in the year, please see the note on our website explaining the audit situation.

EY

Independent auditor’s report for the Police and Crime Commissioner for Nottinghamshire

STATEMENT OF RESPONSIBILITIES

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 Nottinghamshire Office of the Police and Crime Commissioner as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

C Radford CPFA
Chief Finance Officer
Nottinghamshire Police and Crime Commissioner
30 September 2020

Approval
The Statement of Accounts was approved by the Joint Audit and Scrutiny Panel on 30 September 2020

P Tipping
Nottinghamshire Police & Crime Commissioner
30 September 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 and commissioning

Scrutiny & Review

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

Police & Crime Panel

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

Decision making

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

Effective Management Team

- Chief Executive is the Monitoring Officer responsible for governance
- Chief Finance Officer is the Section 151 Officer responsible for safeguarding the financial position of the group

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**
The Commissioner has approved and adopted: • Code of Corporate Governance • The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance Framework: Delivering Good Governance in Local Government Framework • A number of specific strategies and processes for strengthening corporate governance Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2019-20.	The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity. 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. 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.	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. 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.

PRINCIPLE C	PRINCIPLE D	PRINCIPLE E
Defining outcomes in terms of sustainable, economic, social and environmental outcomes	**Determining the intervention necessary to optimise the achievement of intended outcomes**	**Developing capacity and capability**
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.	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.	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**		PRINCIPLE G **Implementing good practices in transparency, reporting and accountability**
The Force continues to ensure compliance with the National Crime Recording Standard (NCRS) and has a dedicated Force Crime Registrar who monitors performance and reports progress to the Crime & Data Quality Board chaired by an Assistant Chief Constable. End of year performance is estimated to be 94% compliance against the NCRS standard which could merit a Good grade if assessed by HMICFRS. Performance is monitored against a comprehensive Police and Crime Performance Framework and risks identified in the bimonthly Performance and Insight Report. The OPCC is represented at the Force Performance Board where risks are reviewed and mitigation activity undertaken. The joint PCC and Force Risk Management Strategy details how corporate risks are managed and mitigated. In addition, the independent Joint Audit and Scrutiny Panel receives a copy of the Force and PCC Strategic Risk Progress Report every six months, as per the Policy.	There are joint policies in place for risk management, anti-fraud, corruption and bribery and together with the financial regulations set out expected processes and internal controls. We have a regional contract for the provision of Internal Audit. The Internal Audit team regularly provides reports on the effective operation of control and an annual report of the overall control environment. Lessons are learnt across forces through this shared contract. The Professional Standards Directorate provides reports on actions within the disciplinary process and on lessons learnt nationally from the IPCC. An external community panel is being set up to review discrimination complaints, use of force and stop and search. All recommendations from external and internal reviews (e.g. Audit and HMICFRS) are collated, reviewed and regularly reported on.	All decisions of the Commissioner are published on the website, together with any supporting information to explain why any particular option was taken. The Police and Crime plan together with financial strategies and internal policies are also published and reviewed regularly. Reporting of performance both operational and financial is undertaken on a regular basis. The Commissioner meets with the Chief Constable on a weekly basis to challenge where 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.

REVIEW OF EFFECTIVENESS

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

Assurance from Internal Audit

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

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

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

6 out of 12 other audits were also issued with limited assurance. These were: OPCC Business Continuity, Custody Arrangements, OPCC Supplier, Information Assurance, Force Management of MFSS and Health and Safety follow-up. These will be followed-up in 2020-21.

Assurance from External Audit

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

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

Self-Assessment and Review of Key Performance Indicators

The Chief Executive and Chief Finance Officer of the OPCC have undertaken a review to confirm that the arrangements described above have been in place throughout the year. Assurance questionnaires have been completed and signed to provide confirmation that Codes of Conduct, Financial Regulations and other corporate governance processes, have been operating as intended throughout the year so far as they are aware.

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

Governance Issues Identified	Performance Indicator
Formal Reports Issued by the Section 151 or Monitoring Officer	None issued
Outcomes from Monitoring Officer's Investigations	Concerns relating to one third sector organisation were investigated by Internal Audit.
Proven frauds by members of staff or officers	None
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2019-20
Limited assurance from Internal Audit Reports	7 out of 18 Internal Audit reports were issued with limited assurance
ISA 260 2018-19 issues identified	Please refer to Chief Constable's Annual Governance Statement for full details

Follow-up of issues identified in 2018-19

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

REVIEW OF EFFECTIVENESS – Response to COVID19

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

Governance Meetings	
The usual Governance meetings have continued where possible. This has been through a variety of mediums. Initially telephone conferencing was used for Audit & Scrutiny Panel meetings, moving to Microsoft Teams meetings. The latter being the preferred option for all Governance meetings going forward.	This will continue to be monitored and where appropriate delegation to complete key tasks will be approved through the decision making process. Risks continue to be monitored and managed including those specific to Covid-19.
Decision making	
Decision making has continued in the usual way with meeting reports or decision records and all are published on the Commissioners website.	
Financial impact	
There has been some financial impact mainly in relation to the purchase of PPE for staff and officer protection. This is now part of a national procurement process. The Home Office requests monthly returns on expenditure relating to Covid-19 and it is expected that some grant will be made available.	As at 31 March 2020 very little financial impact had occurred and by the end of May it was estimated that c£0.3m of expenditure to that date had been incurred relating to Covid-19. All costs to the end of March 2020 have been included within these statements.

CONCLUSION

The Commissioner is satisfied that a sound system of Governance is in place. This includes the system of internal control which is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve polices, 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
30 September 2020

Kevin Dennis
Chief Executive
30 September 2020

Charlotte Radford CPFA
Chief Finance Officer
30 September 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.

2018-19					PCC & GROUP CIES		2019-20				
PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000		Note	PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000
238,983	0	238,983	(238,983)	0	Funding to Chief Constable		241,511	0	241,511	(241,511)	0
6,063	(1,625)	4,438	336,308	340,746	Service cost		7,396	(3,505)	3,891	255,590	259,481
245,046	**(1,625)**	**243,421**	**97,325**	**340,746**	**Cost of Services**		**248,907**	**(3,505)**	**245,402**	**14,079**	**259,481**
2,138	(2,387)	(249)	0	(249)	Other Operating (Income) and Expenditure	2.6	1,703	(2,252)	(549)	0	(549)
2,165	(578)	1,587	53,673	55,260	Financing and Investment	2.4	2,302	(59)	2,243	93,184	95,427
0	(240,836)	(240,836)	0	(240,836)	Taxation and Non Specific Grant Income	2.5	0	(250,406)	(250,406)	0	(250,406)
249,349	**(245,426)**	**3,923**	**150,998**	**154,921**	**(Surplus) or Deficit on Provision of Services**	2.1 & 2.8	**252,912**	**(256,222)**	**(3,310)**	**107,263**	**103,953**
		92	0	92	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(375)	0	(375)
		7	68,796	68,803	Re-measurement of the net defined benefit liability / asset				(704)	(256,214)	(256,918)
		99	**68,796**	**68,895**	**Other Comprehensive (Income) and Expenditure**				**(1,079)**	**(256,214)**	**(257,293)**
		4,022	**219,794**	**223,816**	**Total Comprehensive (Income) and Expenditure**				**(4,389)**	**(148,951)**	**(153,340)**

2018-19			GROUP CIES		2019-20		
Expenditure £'000	Income (Note 2.3) £'000	Net £'000		Note	Expenditure £'000	Income (Note 2.3) £'000	Net £'000
356,398	**(15,652)**	**340,746**	**Group Cost of Services**		**278,796**	**(19,315)**	**259,481**
2,138	(2,387)	(249)	Other Operating (Income) and Expenditure	2.6	1,703	(2,252)	(549)
77,225	(21,966)	55,260	Financing and Investment	2.4	95,486	(59)	95,427
0	(240,836)	(240,836)	Taxation and Non Specific Grant Income	2.5	0	(250,406)	(250,406)
435,761	**(280,840)**	**154,921**	**(Surplus) or Deficit on Provision of Services**	**2.1 & 2.8**	**375,985**	**(272,032)**	**103,953**
		92	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(375)
		68,803	Re-measurement of the net defined benefit liability / asset				(256,918)
		68,895	**Other Comprehensive (Income) and Expenditure**				**(257,293)**
		223,816	**Total Comprehensive (Income) and Expenditure**				**(153,340)**

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
2019-20	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2019	**(7,075)**	**(16,588)**	**(3,000)**	**0**	**(26,663)**	**2,858,939**	**2,832,276**
Movement in reserves during 2019-20							
(Surplus) or deficit on the provision of services	103,953	0	0	0	**103,953**		**103,953**
Other Comprehensive (Income) / Expenditure	0	0	0	0	**0**	**(257,293)**	**(257,293)**
Total Comprehensive Income and Expenditure	**103,953**	**0**	**0**	**0**	**103,953**	**(257,293)**	**(153,340)**
Adjustment PPE	(72)	**0**	**0**	**0**	**(72)**	**0**	**(72)**
Adjustments between accounting basis and funding basis under regulations **(Note 3.5)**	(103,881)	(3,508)	(1,882)	0	**(109,273)**	**109,273**	**0**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(0)**	**(3,508)**	**(1,882)**	**0**	**(5,390)**	**(148,020)**	**(153,412)**
Transfers to / (from) Earmarked Reserves	0	0	0	0	**0**	**0**	**0**
(Increase) or Decrease in 2019-20	**(0)**	**(3,508)**	**(1,882)**	**0**	**(5,390)**	**(148,020)**	**(153,412)**
Balance at 31 March 2020	**(7,075)**	**(20,096)**	**(4,882)**	**0**	**(32,054)**	**2,710,918**	**2,678,864**

PCC Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2019-20	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2019	**(7,075)**	**(16,588)**	**(3,000)**	**0**	**(26,663)**	**13,461**	**(13,202)**
Movement in reserves during 2019-20							
(Surplus) or deficit on the provision of services	(3,310)	0	0	0	**(3,310)**	**0**	**(3,310)**
Other Comprehensive (Income) / Expenditure	(72)	0	0	0	**(72)**	**(1,079)**	**(1,151)**
Total Comprehensive Income and Expenditure	**(3,382)**	**0**	**0**	**0**	**(3,382)**	**(1,079)**	**(4,461)**
Adjustment						**0**	**0**
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	3,382	(3,508)	(1,882)	0	**(2,008)**	**2,010**	**2**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(0)**	**(3,508)**	**(1,882)**	**0**	**(5,390)**	**931**	**(4,459)**
Transfers to / (from) Earmarked Reserves	0	0	0	0	**0**	**0**	**0**
(Increase) or Decrease in 2019-20	**(0)**	**(3,508)**	**(1,882)**	**0**	**(5,390)**	**931**	**(4,459)**
Balance at 31 March 2020	**(7,075)**	**(20,096)**	**(4,882)**	**0**	**(32,054)**	**14,391**	**(17,663)**

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	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 2018-19							
(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 2018-19	**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)**

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.

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2018-19		PCC & Group Balance Sheet	Note	2019-20	
PCC	Group			PCC	Group
£000	£000			£000	£000
39,775	39,775	Property, Plant and Equipment	4.2	42,506	42,506
435	435	Investment Property	4.4	575	575
2,235	2,235	Intangible Assets	4.5	1,827	1,827
0	0	Long-Term Debtors		0	0
42,445	**42,445**	**Long Term Assets**		**44,908**	**44,908**
2,586	2,586	Assets Held for Sale	4.7	1,248	1,248
151	151	Inventories		121	121
22,495	22,495	Short-Term Debtors	4.8	25,931	25,931
4,000	4,000	Short-Term Investments	4.9	18,000	18,000
20,808	20,808	Cash and Cash Equivalents	5.1	28,852	28,852
50,040	**50,040**	**Current Assets**		**74,152**	**74,152**
(9,854)	(9,854)	Short-Term Borrowing	4.12	(17,057)	(17,057)
(19,059)	(22,528)	Short-Term Creditors	4.10	(24,172)	(27,722)
(3,813)	(3,813)	Provisions	4.11	(4,160)	(4,160)
(32,726)	**(36,195)**	**Current Liabilities**		**(45,389)**	**(48,939)**
(41,992)	(41,992)	Long-Term Borrowing	4.12	(52,337)	(52,337)
(4,564)	(2,846,573)	Other Long-Term Liabilities		(3,671)	(2,696,648)
(46,556)	**(2,888,565)**	**Long Term Liabilities**		**(56,008)**	**(2,748,985)**
13,202	**(2,832,276)**	**Net Assets**		**17,663**	**(2,678,864)**
(26,663)	(26,663)	Usable Reserves	3.1 & 3.2	(32,054)	(32,054)
13,461	2,858,939	Unusable Reserves	3.3	14,391	2,710,918
(13,202)	**2,832,276**	**Total Reserves**		**(17,663)**	**2,678,864**

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.

2018-19			Cash Flow Statement	Note	2019-20		
Commissioner	**Chief Constable**	**Group**			**Commissioner**	**Chief Constable**	**Group**
£000	**£000**	**£000**			**£000**	**£000**	**£000**
3,923	150,998	154,921	Net (surplus) or deficit on the provision of services		(3,310)	107,263	103,953
(13,372)	(150,998)	(164,370)	Adjustment to (surplus) or deficit on the provision of services for noncash movements	5.2	(12,724)	(107,263)	(119,987)
2,667	0	2,667	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	3,076	0	3,076
(6,782)	**0**	**(6,782)**	**Net cash flows from operating activities**		**(12,958)**	**0**	**(12,958)**
10,986	0	10,986	Net cash flows from investing activities	5.3	22,962	0	22,962
(14,180)	0	(14,180)	Net cash flows from financing activities	5.3	(18,048)	0	(18,048)
(9,976)	**0**	**(9,976)**	**Net (increase) or decrease in cash and cash equivalents**		**(8,044)**	**0**	**(8,044)**
(10,832)	0	(10,832)	Cash and cash equivalents at the beginning of the reporting period		(20,808)	0	(20,808)
(20,808)	**0**	**(20,808)**	**Cash and cash equivalents at the end of the reporting period**	**5.1**	**(28,852)**	**0**	**(28,852)**

NOTES TO THE ACCOUNTS

GENERAL ACCOUNTING POLICIES

1. General Principles

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

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

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

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

NOTES TO CORE STATEMENTS

Section 1 Judgements and Major Accounting Events

1.1 Critical Judgements in Applying Accounting Policies

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

1.2 Material items of Income and Expense

There are no changes to accounting policies this year, and no significant amendments to the Code 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 Accounts have been prepared on the basis that the Group is a going concern. The provisions in the Code on the going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would not be appropriate for their financial statements to be prepared on anything other than a going concern basis.

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

There are no prior period adjustments.

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 the accounts.

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

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

1.7 Events after the Balance Sheet Date

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

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

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

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

Since putting the statements together and the delay in audit, the following has now occurred:

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia occurring in Wuhan. Following this and a substantial increase in infections, on 11 March 2020 the WHO declared the severe acute respiratory syndrome coronavirus (Covid-19) a pandemic. The number of infections within the UK increased during March 2020 and by late March the Government had declared a shutdown which impacted almost all UK operations in an unprecedented manner.

The financial and social outcomes of this 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 event for which no estimate of its financial effect on the reporting entity can be made as at 31 March 2020.

As at the 31 March 2020 the cost to the Force was £31k although early scenario planning did identify the potential for total costs to be much higher and ongoing talks with the Home Office suggest funding for this expenditure will be made available through specific grant.

At the present time absence rates due to Coviid-19 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 is therefore not considered that Covid-19 will have a material impact on the going concern of the organisation.

Section 2 Notes to Comprehensive Income & Expenditure Statement

2.1 Expenditure Funding Analysis

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

2018-19			Commissioner & Group Expenditure Funding Analysis	2019-20		
Net Expenditure Chargeable to the General Fund	**Adjustments (Note 2.2)**	**Net Expenditure in the CIES**		**Net Expenditure Chargeable to the General Fund**	**Adjustments (Note 2.2)**	**Net Expenditure in the CIES**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
238,983	97,325	336,308	Policing	241,511	14,079	255,590
4,707	(269)	4,438	Commissioner	3,724	167	3,891
243,690	**97,056**	**340,746**	**Net Cost of Services**	**245,235**	**14,246**	**259,481**
			Other (Income) and Expenditure			
0	53,673	53,673	Policing	0	93,184	93,184
(243,425)	3,927	(239,498)	Commissioner	(248,743)	31	(248,712)
265	**154,656**	**154,921**	**(Surplus) or Deficit on Provision of Service**	**(3,508)**	**107,461**	**103,953**
(23,928)			Opening General Fund Balance	(23,663)		
(23,663)			**Closing General Fund Balance**	**(27,171)**		

2.2 Adjustments to the Expenditure Funding Analysis

2019-20	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	**£000**	**£000**	**£000**
Policing	0	13,300	779	**14,079**
Commissioner		167	0	**167**
Net Cost of Services	**0**	**13,467**	**779**	**14,246**
Other (Income) and Expenditure Chief Constable	0	93,184	0	**93,184**
Other (Income) and Expenditure Commissioner	1,410	511	(1,890)	**31**
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	**1,410**	**107,162**	**(1,111)**	**107,461**

2018-19	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	**£000**	**£000**	**£000**
Policing	0	97,172	153	**97,325**
Commissioner		(269)	0	**(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**

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

2018-19 £000		2019-20 £000
(1,625)	**Relating to the Commissioner - Other Income**	**(3,505)**
(2,175)	Partnership and Joint Controlled Operations	(1,789)
(1,858)	PFI Grant	(1,858)
(2,142)	Recharge of Officers	(1,640)
(7,852)	Other Income	(10,523)
(15,652)	**Total for the Group**	**(19,315)**

2.4 Financing and Investment Income and Expenditure

2018-19 £000		2019-20 £000
1,979	Interest payable and similar charges	2,131
(144)	Net interest on the net defined benefit liability (asset)	511
(249)	Interest receivable and similar income	(399)
1,587	**Relating to the Commissioner**	**2,243**
53,672	Other net interest on the defined benefit liability (asset)	93,184
55,260	**Total for the Group**	**95,427**

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

2018-19 £000		2019-20 £000
(61,433)	Council tax income	(69,461)
(135,136)	Non-ringfenced government grants	(137,614)
(43,428)	HO Police Pension Grant	(42,502)
(839)	Capital grants and contributions	(830)
(240,836)	**Total for the Commissioner and Group**	**(250,406)**

2.6 Other Operating Expenditure – Commissioner and Group

2018-19 £000		2019-20 £000
(249)	(Gains)/losses on the Disposal of Non-Current Assets	(549)
0	Other	0
(249)	**Total for the Commissioner and Group**	**(549)**

2.7 Impairment Losses

There are no instances of impairment to report.

2.8 Income and Expenditure Analysed by Nature

2018-19			Nature of Expenditure or Income	2019-20		
PCC £000	Chief Constable £000	Group £000		PCC £000	Chief Constable £000	Group £000
1,009	308,216	309,225	Expenditure on services - employees	1,112	229,100	230,211
5,055	33,798	38,853	Expenditure on services - other	6,285	36,244	42,529
(1,625)	(14,027)	(15,652)	Income from services	(3,505)	(15,810)	(19,315)
(61,433)	0	(61,433)	Income from local taxation	(69,461)	0	(69,461)
(179,404)	0	(179,404)	Government grants and contributions	(180,945)	0	(180,945)
0	8,320	8,320	Depreciation, amortisation and impairment	0	6,056	6,056
1,587	53,673	55,260	Other Financing	2,243	93,184	95,427
(249)	0	(249)	(Gain) or loss on disposal of non-current assets	(548)	0	(548)
238,983	(238,983)	0	Intra Group Funding	241,511	(241,511)	0
3,923	**150,998**	**154,921**	**(Surplus) or Deficit for Year**	**(3,310)**	**107,263**	**103,953**

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

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 2018	Transfers In 2018-19	Transfers Out 2018-19	Balance at 31 March 2019	Transfers In 2019-20	Transfers Out 2019-20	Balance at 31 March 2020
	£000	£000	£000	£000	£000	£000	£000
Police Property Act	**(196)**	0	0	**(196)**	0	0	**(196)**
Drug Fund	**(27)**	0	0	**(27)**	0	0	**(27)**
PFI Life Cycle Costs	**(10)**	(38)	0	**(48)**	(39)	0	**(87)**
Revenue Grants	**(2,849)**	(217)	1,092	**(1,974)**	(4)	280	**(1,698)**
Medium Term Financial Plan	**(2,000)**	(254)	2,254	**0**	0	0	**0**
Tax Base Reserve	**(1,047)**	(469)	2	**(1,514)**	(166)	1	**(1,679)**
Animal Welfare	**(19)**	0	0	**(19)**	0	0	**(19)**
PCC	**(733)**	(53)	26	**(760)**	(83)	26	**(817)**
Grants and Commissioning	**(3,441)**	(712)	154	**(3,999)**	(1,180)	43	**(5,136)**
PCC Night Time Levy	**(181)**	(20)	0	**(201)**	(68)	22	**(247)**
Target Hardening	**(73)**	0	0	**(73)**	0	0	**(73)**
Allard Reserve	**(1,200)**	0	0	**(1,200)**	0	0	**(1,200)**
Asset Replacement	**(2,731)**	(2,216)	0	**(4,947)**	(3,128)	1,288	**(6,787)**
IT Investment	**(1,100)**	0	378	**(722)**	(427)	173	**(976)**
TPAC Collisions	**0**	0	0	**0**	(100)	0	**(100)**
Joint Operations	**(1,246)**	0	338	**(908)**	(146)	0	**(1,054)**
Total Earmarked Reserves	**(16,853)**	**(3,979)**	**4,244**	**(16,588)**	**(5,341)**	**1,833**	**(20,096)**
General Fund	**(7,075)**	**0**	**0**	**(7,075)**	**0**	**0**	**(7,075)**
Total General Fund Balance	**(23,928)**	**(3,979)**	**4,244**	**(23,663)**	**(5,341)**	**1,833**	**(27,171)**

3.2 Usable Reserves – Commissioner and Group

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

31 March 2019 £000	Capital Grants & Contributions Unapplied	31 March 2020 £000
0	Balance 1 April	0
(839)	Capital Grants and Contributions Recognised in Year	(830)
839	Capital Grants and Contributions Applied	830
0	**Balance 31 March**	**0**

3.3 Unusable Reserves

31 March 2019		Type of Reserve	31 March 2020	
PCC £000	Group £000		PCC £000	Group £000
2,149	**2,844,158**	Pensions	1,425	**2,694,402**
10	**3,479**	Accumulated Absences	12	**3,562**
(1,422)	**(1,422)**	Revaluation Reserve	(1,225)	**(1,225)**
13,483	**13,483**	Capital Adjustment	14,715	**14,715**
(759)	**(759)**	Collection Fund	(536)	**(536)**
13,461	**2,858,939**	**Total**	**14,391**	**2,710,918**

3.4 Unusable Reserves Movements

The table analyses the unusable reserves movements in the MIRS.

31 March 2019		Movement in Unusable Reserves	31 March 2020	
PCC £000	**Group £000**		**PCC £000**	**Group £000**
10,593	**2,636,276**	**Balance at Start of year**	**13,461**	**2,858,939**
99	68,895	Comprehensive Income and Expenditure	(1,079)	(257,293)
2,895	153,893	Adjustments between accounting basis and funding basis under regulations	2,010	109,273
(124)	(124)	Transfers from Earmarked Reserves	0	0
13,461	**2,858,939**	**Balance at End of Year**	**14,391**	**2,710,918**

3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2019-20	General Fund Balance Commissioner £000	General Fund Balance Group £000	Capital Receipts Reserve Group £000	Capital Grants Unapplied Group £000	Movement in Unusable Reserves Commissioner £000	Movement in Unusable Reserves Group £000
Pension costs (transferred to / (from) the Pensions Reserve)	(678)	(107,162)			**678**	**107,162**
Pension reserve adjustment of PCC / CC b/f split	698	0			**(698)**	**0**
Council tax (transfers to / (from) the Collection Fund)	(223)	(223)			**223**	**223**
Holiday pay (adjustments to the Accumulated Absences reserve)	(2)	(83)			**2**	**83**
Revaluation Reserve	188	188			**(188)**	**(188)**
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)	(4,475)	(4,475)		(830)	**5,305**	**5,305**
Total Adjustments to Revenue Resources	**(4,492)**	**(111,755)**	**0**	**(830)**	**5,322**	**112,585**
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve			(2,246)		**2,246**	**2,246**
Statutory Provision for the repayment of debt	2,826	2,826			**(2,826)**	**(2,826)**
Capital expenditure financed from revenue balances	239	239			**(239)**	**(239)**
Total adjustments between Revenue and Capital Resources	**3,065**	**3,065**	**(2,246)**	**0**	**(819)**	**(819)**
Application of capital grant to finance capital expenditure				830	**(830)**	**(830)**
Use of capital receipts reserve to finance capital expenditure			364		**(364)**	**(364)**
Use of earmarked reserves to finance capital expenditure	1,300	1,300			**(1,300)**	**(1,300)**
Total adjustments	**(126)**	**(107,389)**	**(1,882)**	**0**	**2,010**	**109,273**

2018-19	General Fund Balance Commissioner £000	General Fund Balance Group £000	Capital Receipts Reserve Group £000	Capital Grants Unapplied Group £000	Movement in Unusable Reserves Commissioner £000	Movement in Unusable Reserves 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**

Section 4 Notes to the Balance Sheet

4.1 Property, Plant and Equipment

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

Recognition

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

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

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

Component Accounting

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

Measurement

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

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

- Fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV) Operational buildings have been valued on this basis.
- If there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Bridewell custody suite is valued on this basis.
- For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Vehicles, equipment and furniture is on this basis.
- Non-operational buildings including assets for sale and investment properties have been valued on the basis of Open Market Value.
- Assets under construction are included at actual cost.

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

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

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

Impairment

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

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

Depreciation

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

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

A full year's charge is made in the year of acquisition, with no charge made in the year of disposal. Depreciation is charged to the CIES. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and depreciation that would have been chargeable based on their historical cost. This is transferred each year from the Revaluation Reserve to the Capital Adjustment Account. Where an item of property, plant and equipment has major components whose cost and life span is significantly different from the rest, the components are depreciated separately (subject to meeting 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 held as a current asset.

Disposal

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

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

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

4.2 Property Plant and Equipment Movements to 31 March 2020

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2019	**32,305**	**24,751**	**1,477**	**58,533**
Adjustments to cost/value	(163)	0	0	**(163)**
Additions	2,106	3,634	2,482	**8,222**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	375	0	0	**375**
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	0	0	0	**0**
De-recognition – disposals	(140)	(119)	0	**(259)**
Reclassifications and transfers	314	143	(457)	**0**
at 31 March 2020	**34,797**	**28,409**	**3,502**	**66,708**
Depreciation & Impairment				
at 1 April 2019	**(5,537)**	**(13,221)**	**0**	**(18,758)**
Adjustments to depreciation/impairment	163	0	0	**163**
Depreciation charge	(920)	(4,753)	0	**(5,673)**
De-recognition – disposals	9	57	0	**66**
Reclassifications and transfers	0	0	0	**0**
at 31 March 2020	**(6,285)**	**(17,917)**	**0**	**(24,202)**
Net Book Value				
at 31 March 2020	**28,512**	**10,492**	**3,502**	**42,506**
at 31 March 2019	**26,768**	**11,530**	**1,477**	**39,775**

4.2 Property Plant and Equipment Movements to 31 March 2019

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
at 1 April 2018	**33,262**	**32,388**	**477**	**66,127**
Adjustments to cost/value	(536)	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	**(5,228)**	**(20,585)**	**0**	**(25,813)**
Adjustments to 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**
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**

4.3 Property, Plant and Equipment Revaluations

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

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

Revaluations	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets under Construction	Total
	£000	£000	£000	£000
Carried at historical cost	**11,918**	**26,296**	**3,502**	**41,716**
Valued at current value as at:				
31/03/2020	1,925	0	0	**1,925**
31/03/2019	7,897	0	0	**7,897**
31/03/2018	1,200	0	0	**1,200**
31/03/2017	8,863	0	0	**8,863**
31/03/2016	577	0	0	**577**
Total cost or Valuation	**32,380**	**26,296**	**3,502**	**62,178**
Share of Joint Operations Property/Plant/Equipment				**4,530**
Total Gross Value				**66,708**

4.4 Investment Properties

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

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

4.5 Intangible Assets

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

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

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

4.6 Capital Expenditure and Capital Financing

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

This table only shows the position of the Commissioner excluding the Joint Operations. At the 31 March 2020 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These totalled £16.9m. The contracts covered new buildings, building renovations and IT systems. (£3.4m 31 March 2019).

31 March 2019 £000	Capital Expenditure and Capital Financing	31 March 2020 £000
57,705	**Opening Capital Financing Requirement**	**60,888**
	Capital Investment:	
8,159	Property Plant and Equipment	7,909
1,494	Intangible Assets	129
9,653	**Total Capital Spending**	**8,038**
	Sources of Finance:	
(2,715)	Capital Receipts	(364)
(250)	Earmarked Reserves	(1,300)
(753)	Government Grants and other contributions	(829)
	Sums set aside from revenue:	
(2,752)	Minimum Revenue Provision	(2,827)
(6,470)	**Total Sources of Finance**	**(5,320)**
60,888	**Closing Capital Financing Requirement**	**63,606**

4.7 Assets Held for Sale

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

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

31 March 2019 £000	Assets Held for Sale	31 March 2020 £000
2,748	Balance outstanding at start of year	2,586
1,047	Newly classified as held for sale	0
0	Revaluations	0
(1,209)	Assets sold	(1,338)
2,586	**Balance outstanding year end**	**1,248**

4.8 Debtors Commissioner and Group

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

31 March 2019 £000	Debtors	31 March 2020 £000
9,908	Central Government Bodies	12,396
3,193	Other Local Authorities	4,376
9,394	Other Entities and Individuals	9,159
22,495	**Total Debtors**	**25,931**

4.9 Short Term Borrowing Commissioner and Group

31 March 2019 £000	Short Term Investments	31 March 2020 £000
4,000	Liverpool City Council	0
0	Blaenau Gwent County Borough Council	3,000
0	Lancashire County Council	5,000
0	South Ayrshire Council	5,000
0	Woking Borough Council	5,000
4,000	**Total Short Term Investments**	**18,000**

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 2020 cash totalling £3.051m was held in the Commissioner's bank account (£0.145m at 31 March 2019).

31 March 2019		Creditors	31 March 2020	
PCC £000	Group £000		PCC £000	Group £000
(3,026)	(3,026)	Central Government Bodies	(7,341)	(7,341)
(7,113)	(7,113)	Other Local Authorities	(8,108)	(8,108)
(8,920)	(12,389)	Other Entities and Individuals	(8,723)	(12,273)
(19,059)	**(22,528)**	**Total Creditors**	**(24,172)**	**(27,722)**

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 Commisioner only.

2019-20	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Joint Operations £000	Pay Award £000	Total £000
Opening Balance	**(3,218)**	**(488)**	**0**	**(78)**	**(27)**	**(2)**	**0**	**(3,813)**
Increase in provision during year	(913)	(304)	0	0	0	0	0	**(1,217)**
Utilised during year	735	120	0	0	13	2	0	**870**
Closing Balance	**(3,396)**	**(672)**	**0**	**(78)**	**(14)**	**0**	**0**	**(4,160)**

2018-19	Insurance £000	Dilapidation £000	Legal Expenses £000	Medical Retirement £000	Redundancy £000	Joint Operations £000	Pay Award £000	Total £000
Opening Balance	**(3,189)**	**(300)**	**(115)**	**0**	**(51)**	**0**	**(730)**	**(4,385)**
Increase in provision during year	(966)	(209)	0	(78)	(27)	(2)	(5)	**(1,287)**
Utilised during year	937	21	115	0	51	0	735	**1,859**
Closing Balance	**(3,218)**	**(488)**	**0**	**(78)**	**(27)**	**(2)**	**0**	**(3,813)**

4.12 Short and Long Term Debt

31 March 2019 £000	Short Term Borrowing	31 March 2020 £000
(3,543)	Market Loan – L.O.B.O.	(3,500)
(1,302)	PWLB	(3,557)
0	Market Loan - Oxfordshire County Council	(5,000)
0	Market Loan - PCC West Yorkshire	(5,000)
(5,009)	Market Loan - Waverley Borough Council	0
(9,854)	**Total Short Term Borrowing**	**(17,057)**

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

4.13 Leases

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

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

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

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

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

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

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

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

Included in short-term creditors

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

Included in other long-term liabilities

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

PCC as Lessee - Operating Leases

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

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

4.14 Service Concession Arrangements – Private Finance Initiative Agreements

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

The Commissioner has entered into a PFI contract with Miven. This contractor provides and maintains the Riverside building on a 25 year contract until 2026-27, at which point the Commissioner has the option to purchase. £1.045m was paid in 2019-20 (£1.045m in 2018-19).

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

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

The annual amounts payable for the buildings comprise:

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

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

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

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

Section 5 Notes to the Cash Flow Statement

5.1 Cash and Equivalents

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

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

Section 5 Notes to the Cash Flow Statement

5.2 Cash Flow from Operating Activities – Group Cash Flows

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

31 March 2019 £000	The cash flows for operating activities include the following items	31 March 2020 £000
(5,624)	Depreciation / amortisation	(6,196)
(2,697)	Property revaluations	92
5,077	(Increase)/decrease in creditors	(5,279)
(9,965)	Increase/(decrease) in debtors	3,436
(16)	(Increase)/decrease in inventories	(30)
(150,862)	Movement in long term liability	(107,683)
958	Movement in other non-current assets/liabilities	(2,252)
(1,542)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(1,483)
301	Other non-cash movements charged to the (surplus) or deficit on provision of services	(592)
(164,370)	**Total**	**(119,987)**

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

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

31 March 2019 £000	Cash Flow from Investing and Financing Activities	31 March 2020 £000
9,653	Purchase of property, plant and equipment, investment property and intangible assets	8,038
4,000	Purchase of short term and long term investments	18,000
(1,828)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,246)
(839)	Other receipts from investing activities	(830)
10,986	**Net cash flows from investing activities**	**22,962**
(34,500)	Cash receipts of short-term and long-term borrowing	(39,000)
20,320	Repayments of short-term and long-term borrowing	20,952
(14,180)	**Net cash flows from financing activities**	**(18,048)**

Section 6 Remuneration Notes

6.1 Members Remuneration

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

6.2 Officers Remuneration over £50,000

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

One is within the PCC.

Remuneration over £50,000	2018-19	2019-20
£50,001 to £55,000	175	165
£55,001 to £60,000	96	111
£60,001 to £65,000	30	36
£65,001 to £70,000	5	8
£70,001 to £75,000	8	2
£75,001 to £80,000	8	6
£80,001 to £85,000	9	9
£85,001 to £90,000	2	3
£90,001 to £95,000	1	2
£95,001 to £100,000	1	0
Total	**335**	**342**

6.3 Senior Officer Payments

Officers Remuneration 2019-20	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner - P Tipping		76,500	-	1,178	-	10,251	**87,929**
Chief Executive to the Police & Crime Commissioner - K Dennis		99,799	-	626	-	13,373	**113,798**
Chief Finance Officer to the Police & Crime Commissioner - C Radford		101,480	-	2,506	-	13,598	**117,584**
TOTAL PCC		**277,779**	**0**	**4,310**	**0**	**37,222**	**319,311**
Chief Constable - C Guildford		173,416	-	10,660	-	52,486	**236,563**
Deputy Chief Constable - R Barber		134,153	-	9,248	-	-	**143,401**
Assistant Chief Constable - S Cooper		115,058	-	7,510	-	35,668	**158,236**
Assistant Chief Constable - K Meynell		112,929	-	7,029	-	33,906	**153,864**
Chief Finance Officer to the Chief Constable - M Kimberley		64,172	-	614	-	8,599	**73,385**
TOTAL CHIEF CONSTABLE		**599,728**	**0**	**35,061**	**0**	**130,659**	**765,448**
TOTAL FOR GROUP		**877,507**	**0**	**39,370**	**0**	**167,882**	**1,084,759**

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office.
Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances and medical expenses .

6.3 Senior Officer Payments

Officers Remuneration 2018-19	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Pension Contribution £	Total £
Police & Crime Commissioner - P Tipping		76,375	0	2,693	0	10,234	**89,303**
Chief Executive to the Police & Crime Commissioner - K Dennis		99,072	0	1,833	0	13,276	**114,181**
Chief Finance Officer to the Police & Crime Commissioner - C Radford		101,380	0	1,594	0	13,585	**116,559**
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 - M Kimberley		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 on 9 September 2018
Note 4: ACC appointed on 6 August 2018
Note 5: DCC opted out of pension scheme 30 years on 4 September 2018

6.4 Exit Packages

Contracts were terminated for six employees in the group during the year (20 in 2018-19), incurring costs of £0.275m (£0.378m in 2018-19). This included redundancy payments of £0.081m and pension strain costs of £0.122m. In 2019-20 there were no exit payments within the PCC. The Group made no material payments in relation to injury awards during the year.

6.5 Auditor remuneration

Ernst Young LLP are the external auditor to the Commissioner and Group the fees in the year were £0.039m of which £0.026m related to the Commissioner and no other services were purchased (£0.040m in 2018-19).

Exit Packages

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

Section 7 Financial Instruments

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

7.1 Risks Arising from Financial Instruments

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

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

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

Credit Risk

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

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

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

Liquidity Risk

Cash flow management ensures that cash is available as needed. For unexpected events, there is ready access to borrowings from the money markets and the PWLB. There is no significant risk of being unable to raise the required finance. If a significant proportion of borrowing needed replacing at a time of unfavourable interest rates, this could be costly. The Treasury Management Strategy limits the proportion of borrowing maturity in specific periods to minimise the risk. All trade and other payables are due within one year.

Interest Rate Risk

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

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

The Treasury Management Strategy sets a maximum of 50% of debt to be variable rate loans to mitigate this. Only £3.5m is held as variable which is 5%. There was £10m temporary borrowing at 31 March 2020.

Price Risk

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

Foreign Exchange Risk

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

The table below shows the maturity spread of debt.

Liquidity Risk	31 March 2019 £000	31 March 2020 £000
Less than one year	(9,854)	(17,057)
Between one and two years	(3,188)	(3,441)
Between two and five years	(4,216)	(4,824)
More than 5 Years	(5,126)	(6,912)
More than 10 Years	(29,462)	(37,160)
	(51,846)	**(69,394)**

7.2 Financial Instruments – Fair Value

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

- Interest rates paid during 2019-20 ranged between 1.59% and 7.75% for PWLB loans and 3.73% on the market loan .The average Interest rates received was 0.86%. No early repayment or impairment is recognised.
- For instruments maturing in the next year, the carrying amount is assumed to be fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of the loans is £74.4m which is £5m higher than the carrying amount because there are a number of fixed rate loans with the PWLB with an interest rate payable higher than the prevailing rates at the Balance Sheet date.

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

Long term borrowing of £12m took place in 2019-20, £10m of which is for 2020-21 capital financing.

7.3 Financial Instruments Outstanding

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

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

	Long-term 31 March 2019 £000	Long-term 31 March 2020 £000	Current 31 March 2019 £000	Current 31 March 2020 £000
Debtors				
Loans and receivables	0	0	47,303	72,993
Other	0	0	2,586	1,248
Total included in Debtors	**0**	**0**	**49,889**	**74,241**
Borrowings				
Financial liabilities at amortised cost	(41,992)	(52,337)	(9,854)	(17,057)
Total included in Borrowings	**(41,992)**	**(52,337)**	**(9,854)**	**(17,057)**
Other Long Term Liabilities				
PFI and finance lease liabilities	(2,415)	(2,246)	0	0
Total other long term liabilities	**(2,415)**	**(2,246)**	**0**	**0**
Creditors				
Financial liabilities carried at contract amount	0	0	(22,528)	(27,722)
Total Creditors	**0**	**0**	**(22,528)**	**(27,722)**
Financial Liabilities at amortised cost				
Interest expense			1,385	1,555
Financial Assets: Loans and receivables				
Interest income			(249)	(399)
Net expense in (Surplus) or Deficit on the Provision of Services			**1,136**	**1,156**

Section 8 Other Notes

8.1 Basis of Cost Allocation

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

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

8.2 Contingent Assets

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

8.3 Contingent Liabilities

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

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

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

8.4 Related Parties

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

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

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

SUPPLEMENTARY ACCOUNTS AND EXPLANATORY NOTES

PENSION FUND ACCOUNTS AND EXPLANATORY NOTES

2018-19 £000	Pension Fund	2019-20 £000
	Contributions Receivable	
(4,493)	Employers Contributions 1987 Scheme	(4,423)
(180)	Employers Contributions 2006 Scheme	(204)
(12,110)	Employers Contributions 2015 Scheme	(17,118)
(1,169)	Additional Contributions for early retirements - all schemes	(508)
(2,665)	Members contributions 1987 Scheme	(1,921)
(90)	Members contributions 2006 Scheme	(89)
(6,639)	Members contributions 2015 Scheme	(7,428)
0	Transfer in 1987 Scheme	0
0	Transfer in 2006 Scheme	0
(630)	Transfer in 2015 Scheme	(734)
	Benefits Payable	
56,262	Pensions 1987 Scheme	59,136
23	Pensions 2006 Scheme	17
227	Pensions 2015 Scheme	364
14,890	Commutations and lump sum retirement benefits 1987 Scheme	12,865
	Annual Allowance Tax charge	242
0	GAD v Milne Payments	0
	Payments to / on account of leavers	
0	Refund of contributions 2006 Scheme	0
2	Refund of contributions 2015 Scheme	11
0	Transfers out 1987 Scheme	0
0	Transfers out 2006 Scheme	0
0	Transfers out 2015 Scheme	0
43,428	**Sub-total before transfer from the Commissioner of amount equal to the deficit**	**40,211**
(43,428)	**Transfer of Government Grant from the Commissioner to meet the deficit**	**(40,211)**
0	**Balance at 31 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 2020 and set contributions for the period from 1 April 2019 to 31 March 2020. This scheme includes both staff working for the Chief Constable entity and the Commissioner. It was not practical or economical to obtain separate 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 2019-20 are based on a detailed valuation based on information compiled as at 31 March 2016.

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

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

The figures reflect McCloud and any other relevant adjustments.

Accounting Treatment

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 formers 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.

2018-19		Pension Fund	2019-20	
LGPS £000	**Police £000**	**Comprehensive Income and Expenditure Statement**	**LGPS £000**	**Police £000**
13,156	38,110	Current Service Cost	13,660	61,160
91	0	Admin Expense	94	0
3,146	113,900	Past Service Cost	347	9,500
0	0	(Gain) / loss from curtailments	0	0
(9,481)	63,010	Net interest expense / (income)	27,425	66,270
6,912	**215,020**	**Total charged to (Surplus) and Deficit on Provision of Services**	**41,526**	**136,930**
		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)	844	0
0	(6,700)	Actuarial (gains) and losses - experience	15,797	(55,170)
(21,471)	0	Actuarial (gains) and losses arising on changes in demographic assumptions	(8,316)	(80,640)
21,934	75,040	Actuarial (gains) and losses arising on changes in financial assumptions	(46,123)	(83,310)
7,375	**283,360**	**Total charged to the Comprehensive Income and Expenditure Statement**	**3,728**	**(82,190)**

2018-19		Pension Fund Movement in Reserves Statement	2019-20	
LGPS £000	**Police £000**		**LGPS £000**	**Police £000**
(6,912)	(215,020)	Reversal of net charges made to the deficit on the Provision of Services	(41,526)	(136,930)
		Amount charged against the general fund balance for pensions in the year:		
5,770	0	Employers' contributions payable to scheme	5,134	0
0	65,300	Retirement benefits payable to pensioners	0	66,160

2018-19		Pensions Assets and Liabilities Recognised in the Balance Sheet	2019-20	
LGPS £000	**Police £000**		**LGPS £000**	**Police £000**
(376,863)	(2,702,560)	Present value of the defined obligation	(356,238)	(2,554,210)
235,265	0	Fair value of plan assets	216,046	0
(141,598)	(2,702,560)	Value of Assets / (Liabilities)	(140,192)	(2,554,210)
(141,598)	**(2,702,560)**	**Net (liability) / asset arising from the defined benefit obligation**	**(140,192)**	**(2,554,210)**

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

2018-19		Movement in the Value of Scheme Assets	2019-20	
LGPS £000	**Police Officer Pension Scheme** £000		**LGPS** £000	**Police Officer Pension Scheme** £000
216,634	0	Opening fair value of scheme assets	235,265	0
18,684	0	Interest income	(18,255)	0
		Re-measurement gain / (loss):		
0	0	The return on plan assets, excluding the amount included in the net interest expense	(844)	0
5,770	65,300	Contributions from employer	5,134	66,160
2,283	10,020	Contributions from employees into the scheme	2,344	10,090
(8,015)	(75,320)	Benefits / transfers paid	(7,504)	(76,250)
(91)	0	Admin Expense	(94)	0
235,265	**0**	**Closing value of scheme assets**	**216,046**	**0**

2018-19		Movements in the Fair Value of Scheme Liabilities	2019-20	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
(356,627)	**(2,484,500)**	**Opening balance at 1 April**	**(376,863)**	**(2,702,560)**
(13,156)	(38,110)	Current service cost	(13,660)	(61,160)
(9,203)	(63,010)	Interest cost	(9,170)	(66,270)
(2,283)	(10,020)	Contributions from scheme participants	(2,344)	(10,090)
		Re-measurement gains and losses:	0	
0	6,700	- Actuarial gains / (losses) - experience	(15,797)	55,170
21,471	0	- Actuarial gains / (losses) from changes in demographic assumptions	8,316	80,640
(21,934)	(75,040)	- Actuarial gains / (losses) from changes in financial assumptions	46,123	83,310
(3,146)	(113,900)	Past service cost	(347)	(9,500)
0	0	Gains / (losses) on curtailments	0	
8,015	75,320	Benefits / transfers paid	7,504	76,250
(376,863)	**(2,702,560)**	**Balance as at 31 March**	**(356,238)**	**(2,554,210)**

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,694m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

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

The total contributions expected to be made to the Staff Pension Scheme and the Police Officer Pension Scheme in the year ending 31 March 2020 are £5.1m and £16.3m respectively.

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

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

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

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

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

For the police officers scheme an extra 0.5% on the discounting rate used increases the liability by £245m with a 0.5% decrease in the rate decreasing the liability by the same amount.

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

Value of LGPS Assets at Bid Value	31 March 2019 £000	31 March 2019 %	31 March 2020 £000	31 March 2020 %
Equity Investments	146,022	62	138,160	64
Gilts	7,662	3	7,103	3
Other Bonds	21,800	9	18,741	9
Property	31,836	14	27,431	13
Cash	5,684	2	5,284	2
Inflation-linked pooled fund	8,549	4	7,866	4
Infrastructure	11,326	5	11,461	5
Unit Trust	2,386	1	0	0
	235,265	**100**	**216,046**	**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% 2018-19).

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

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

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

The other collaborations are:

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

2018-19				2019-20		
Expenditure £000	**Income £000**	**Net £000**	**Joint Operations Comprehensive Income and Expenditure Statement**	**Expenditure £000**	**Income £000**	**Net £000**
12,807	0	12,807	Cost of Police Services	12,868	0	12,868
12,807	**0**	**12,807**	**Cost of Services**	**12,868**	**0**	**12,868**
5	(670)	(665)	Other Operating Expenditure / Income	10	(974)	(964)
0	(1,204)	(1,204)	External Grants and Contributions	0	(986)	(986)
0	(10,629)	(10,629)	Contributions From Partners	0	(10,900)	(10,900)
12,812	**(12,503)**	**309**	**(Surplus) or Deficit on Provision of Services**	**12,878**	**(12,860)**	**18**
		12	Other CIES			0
		321	**Total CIES**			**18**

Joint Operations Movement in Reserves	**General Fund Balance £000**	**Earmarked Reserves £000**	**Capital Grants Unapplied £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Reserves £000**
Balance at 31 March 2019	**(75)**	**(908)**	**0**	**(983)**	**(2,903)**	**(3,886)**
Movements in reserves during 2019-20	(166)	0	0	(166)	165	(1)
(Surplus) / deficit on the provision of services	19	0	0	19	0	19
Other CIES	0	0	0	0	0	0
Total CIES	**(147)**	**0**	**0**	**(147)**	**165**	**18**
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(147)**	**0**	**0**	**(147)**	**165**	**18**
Transfers to / (from) Earmarked Reserves	131	(131)	0	0	0	0
(Increase) or Decrease in 2019-20	(16)	(131)	0	(147)	165	18
Balance at 31 March 2020	**(91)**	**(1,039)**	**0**	**(1,130)**	**(2,738)**	**(3,868)**

31 March 2019 £000	Joint Operations Balance Sheet	31 March 2020 £000
2,918	Property, Plant and Equipment	2,828
140	Intangible Assets	83
3,058	**Long Term Assets**	**2,911**
0	Assets Held for Sale	0
1,169	Short Term Debtors	970
871	Cash and Cash Equivalents	1,315
2,040	**Current Assets**	**2,285**
(1,212)	Short-Term Creditors	(1,328)
(1,212)	**Current Liabilities**	**(1,328)**
0	**Long Term Liabilities**	**0**
3,886	**Net Assets**	**3,868**
(983)	Usable Reserves	(1,130)
(2,903)	Unusable Reserves	(2,738)
(3,886)	**Total Reserves**	**(3,868)**

Group Accounts

Joint Operations & Associate Entities

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

Ownership %	Arrangement	2019-20 Expenditure £000	2019-20 Income £000	2019-20 Net £000
27.30%	EM Legal Services	504	(499)	5
50.00%	EM Strategic Commercial Unit	618	(616)	2
27.30%	EM Major Crime	212	(213)	(1)
27.30%	EM Serious Organised Crime	5,094	(5,088)	6
34.90%	EM Criminal Justice	213	(212)	1
27.30%	EM Occupational Health Unit	450	(449)	1
27.30%	EM Forensics	2,527	(2,466)	61
31.42%	EM Learning & Development	864	(847)	17
31.04%	Multi Force Shared Service (MFSS)	2,279	(2,279)	0
22.60%	Emergency Services Network (ESN)	107	(181)	(74)
		12,868	**(12,850)**	**18**

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

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 PCC 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 PCC and to the services it provides for a period of more than one year and may be tangible e.g. a police station, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the PCC'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 PCC intends to carry out over a specific period of time.	The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.	The Chartered Institute of Public Finance and Accountancy.
CODE	**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**	**CONSISTENCY**
The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.	The account of the PCC that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.	The concept that the accounting treatment of like items, within an accounting period and from one period to the next, are the same.

CONTINGENT ASSET	CONTINGENT LIABILITY	CREDITOR
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the PCC's accounts.	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 PCC's control; or • A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.	Amount owed by the PCC for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)	DEBTOR	DEFINED BENEFIT PENSION SCHEME
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.	Amount owed to the PCC for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of the accounting period.	Pension schemes in which benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION	DISCRETIONARY BENEFITS (PENSIONS)	EVENTS AFTER BALANCE SHEET DATE
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the PCC's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.	Retirement benefits, which the employer has not legal, contractual or constructive obligation to award and are awarded under the PCC's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.	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	FAIR VALUE	FINANCE LEASE
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lease.
GOING CONCERN	**IFRS**	**GROUP**
The concept that the Statement of Accounts is prepared on the assumption that the PCC will continue in operational existence for the foreseeable future.	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.	Nottinghamshire Office of the Police and Crime Commissioner and its Group.
IMPAIRMENT	**INTANGIBLE ASSETS**	**INTEREST COSTS (PENSION)**
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.	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.	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 PCC 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 PCC but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

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 PCC in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

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 PCC.

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

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)	TEMPORARY BORROWING	USEFUL ECONOMIC LIFE (UEL)
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.	Money borrowed for a period of less than one year.	The period over which the PCC will derive benefits from the use of a fixed asset.