



Statement of Accounts 2021-22 – Unaudited

Nottinghamshire Police & Crime Commissioner and Group



NOTTINGHAMSHIRE
POLICE & CRIME
COMMISSIONER

(V2 as at 16th February 2024)



WRITTEN STATEMENTS AND CHIEF FINANCE OFFICER'S NARRATIVE REPORT

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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 1.2m 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.

Central Government funding provides the Commissioner with approximately 66% of the funding required to police Nottinghamshire. The remainder is met from local council tax payers.

For 2021-22 the Government Grant was increased as a result of the National Uplift Programme to a total of £154.7m.

For 2021-22 precept freedoms to raise council tax by £10 per annum (Band D equivalent) were given.

The Force still needed to achieve savings of £2.5m to balance the budget. Those efficiencies have been met and contributed to an underspend position of £1.6m.

Brexit and Covid-19 will continue to create uncertainty, as well as the ongoing war in Ukraine. These factors may impact on police funding in the future, the results of which are not currently quantified.

GOVERNANCE

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

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 2021-22

Preventing

We secured more funding than any other OPCC area nationally as part of the Home Office Safer Streets programme. This has helped to deliver a range of innovative projects to make Nottinghamshire residents safe and feel safe.

- Our projects in Newark, Nottingham, Mansfield, Sutton in Ashfield and Worksop South have directly led to improvements in feelings of safety among over 580 household beneficiaries, whilst security installations and improvements in lighting and CCTV have further reduced the risk of crime. Residents are also benefiting from increased use and coverage of Neighbourhood Watch and the Neighbourhood Alert service.
- Our successful bid to the Home Office's Safety for Women at Night fund enabled a wide-reaching programme of activity in Nottingham's City Centre. That scheme improved service responses among those working in the night-time economy and improved feelings of safety and confidence in the police among women using the night-time economy. The scheme included: training for night-time economy staff; citywide campaigns; and, the development and roll out of a Safe Space Pledge for venues.

We have led partnership activity to tackle serious violence and divert more young people from harm. Our Violence Reduction Unit has secured £880k of core funding in 2021/22. It was also successful in securing £442.5k funding for the Divert Plus Programme and a further £233k for the U Turn programme via Home Office Serious Violence Youth Interventions and 'Teachable Moments' Grants.

- The Commissioner became the Chair of the Nottinghamshire Violence Reduction Board in May 2021. She has worked with the Violence Reduction Unit to launch an innovative Youth Work Programme and 'Our Youth Charter', which outlines our commitment to improving the quality and consistency of youth work across Nottingham and Nottinghamshire.
- Collectively, our diversion and mentoring schemes supported around 2,800 children and young people aged between 5 and 25 in 2021/22. This led to improved resilience and wellbeing, increased self-esteem, positive progression to education, training and employment and reduced risk of offending.
- We launched two new multi-agency teams in police custody suites to tackle youth violence (Divert Plus Programme) as a result of securing £442.5k additional Home Office funding. We secured over £233k to build on the success of the VRU's existing U-turn project to increase the number of young people accessing interventions at 'teachable moments'. We also made £270k available to third sector organisations to help deliver local youth diversion projects.

We ensured a continued priority focus on prevention and early intervention activity in our work to tackle domestic and sexual abuse.

- The Commissioner supported the launch of the Consent Coalition's 'A-Z of Consent' campaign in during 2021 and we worked with the Consent Coalition and Nottingham Business Improvement District (BID) to launch the Safe Space Pledge in March 2022. This helped venues in the night-time economy to improve the safety of women and girls.
- Marked increases in police pro-activity in the response to domestic and sexual abuse and serious violence in 2021/22 saw the use of Domestic Violence Protection Orders and Notices rise by more than 65% during the year. The number of 'possession of weapon' offences identified by Nottinghamshire Police also rose by 18%.

PERFORMANCE

Achievements 2021-22 (continued)

Responding

We achieved our March 2023 officer recruitment target a year ahead of schedule, finishing the year with the highest number of officers seen in Nottinghamshire in over a decade.

- Nottinghamshire Police recruited 357 additional police officers as part of the national 'uplift' programme, with HMICFRS commending the Force for having the strongest record on recruitment from Black, Asian and other Minority Ethnic communities in the country.

We have continued to invest in the Operation Reacher model, strengthening our proactive policing capability across all of Nottinghamshire's policing neighbourhoods.

- The highly successful Operation Reacher model has been rolled out across all 12 policing neighbourhood districts. This targeted local activity has helped to achieve over 3,000 arrests, 615 warrants, 967 PACE searches, the seizure of 911 cars 617 weapons, £787k in cash and 1,240 individual seizures of drugs in the period to March 2022.

We have invested in officers and new capabilities in response to the growing digital demands on policing.

- The Transforming Forensics programme enabled us to invest in new mobile technology. It allows digital material to be extracted at source, which improves the victims' experience and speeds up our investigation processes.
- We have increased the capacity of our Fraud Triage department. This enables us to better assess and triage incoming reports of fraud as well as improving the signposting of fraud and cybercrime victims to available services.

We have delivered tangible improvements our response to Rural Crime across Nottinghamshire, having produced the first Rural Crime Plan for the area.

- We have introduced new rural beat officers across the county and 10 new single points of contact for rural crime within the force's control room. This is helping to improve our response to rural crimes and incidents by ensuring that specialist expertise is available to call takers and dispatchers and neighbourhood officers.
- We have invested in new equipment to support the police response to rural crime. This includes drones, off-road motorbikes, fixed and mobile Automatic Number Plate Recognition cameras, thermal imaging goggles and 4x4 vehicles.
- We have launched a bespoke Neighbourhood Alert program to keep rural communities updated on local issues and activity in their area. We also launched a dedicated rural and wildlife crime online reporting service.

PERFORMANCE

Achievements 2021-22 (continued)

Supporting

Together, the Commissioner and our local authorities invested over £1 million in new domestic abuse and sexual violence support services to meet Covid recovery related demands and pilot new projects in 2021/22.

- New Ministry of Justice funding has been invested into services to: strengthen family court support across the city and county; specialist counselling; Female Genital Mutilation (FGM) support; and to provide 17 new specialist Independent Domestic Violence Adviser (IDVA) and Independent Sexual Violence Adviser (ISVA) posts. IDVA and ISVA funding was awarded for 2 years and has since been extended by MoJ to continue until March 2025.
- The Commissioner invested an additional £1.9m capital funding to improve the adult Sexual Assault Referral Centre (SARC). She also donated £60,000 towards the cost of a new digital recording interview suite at the paediatric SARC to help improve the experience of survivors.

We continued to support effective victim support services across Nottinghamshire, through Notts Victim CARE and specialist co-commissioned domestic abuse and sexual violence support services.

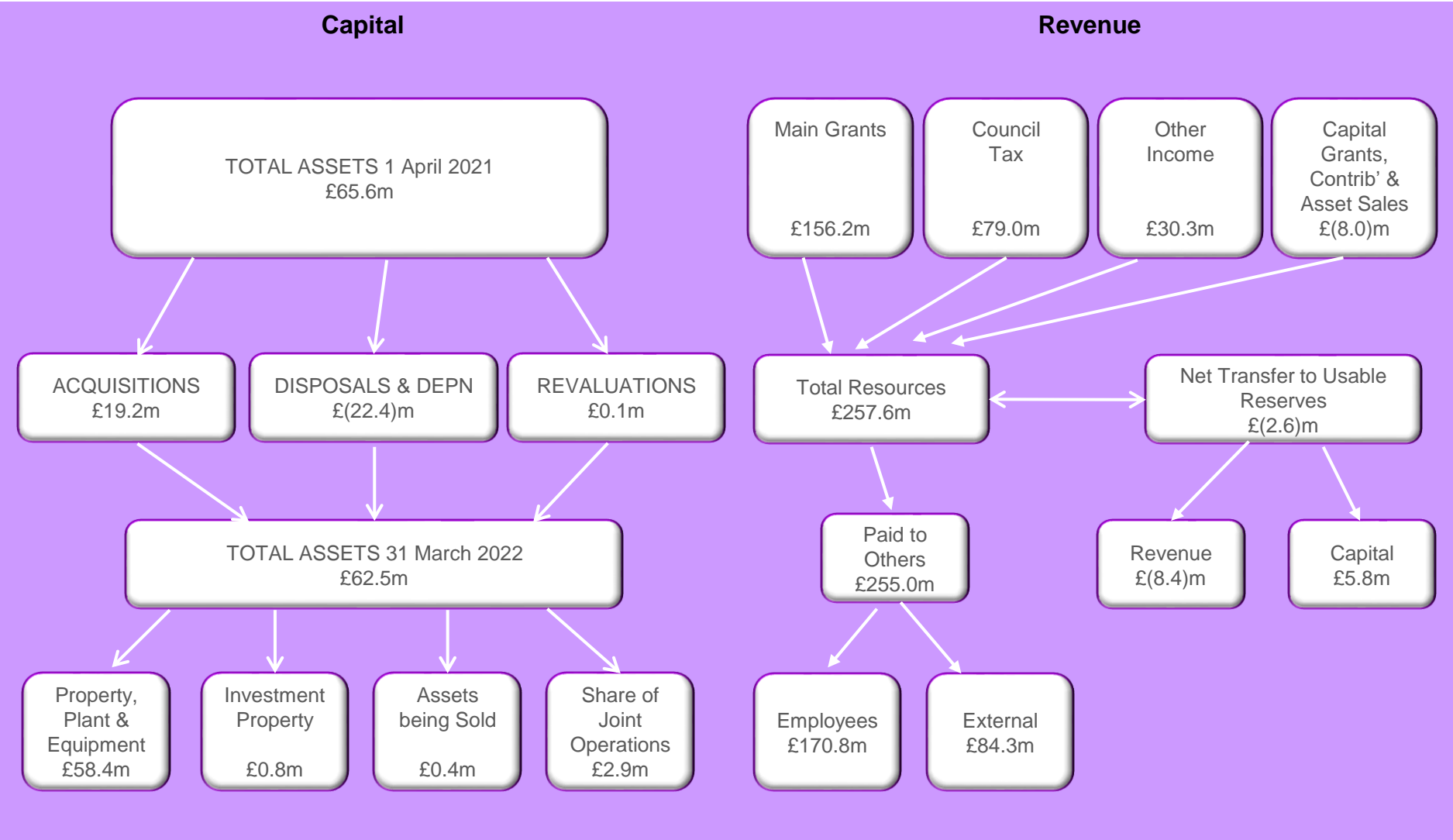
- Over 26,000 victims were contacted via these services with just under 15,000 being supported through these services.
- We commissioned an independent Victim Needs Assessment which is being used to develop the future commissioned service and increase the reach of existing services. The needs assessment was informed by the views of over 350 victims and over 50 key stakeholders. The findings are being used to: inform the recommissioning of victim care; the development of quality standards for the victim services; and, the commissioning of a new restorative Nottinghamshire service for the area.

We launched Nottinghamshire's first Criminal Justice Assurance Partnership in December 2021, bringing together local agencies to better understand and address pinch points within the criminal justice system.

- The Commissioner chaired the inaugural meeting of the Nottinghamshire Criminal Justice Partnership Board in December. This is providing a platform to work with local leaders to ensure that all parts of the system are working efficiently and effectively, particularly in improving the experiences of victims and witness and reducing the court backlog.
- The Commissioner's Office also continues to lead and co-ordinate the Reducing Reoffending Board. We have provided funding to better support vulnerable women and girls with complex needs in the criminal justice system, through the Women Specific Conditional Cautions Project.

We continued to work with partners to improve the identification and response issues of hidden harm, such as modern slavery, criminal exploitation and child sexual exploitation and abuse.

- The Commissioner provided funding to extend the city Slavery and Exploitation Risk Assessment Conference (SERAC) approach to the South Nottinghamshire conurbation in 2021/22. The scope of the service has been extended to include both adult and child referrals. The SERAC reviewed and supported 144 cases during the year, many involving high levels of vulnerability, complexity and risk.



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.)

Capital Expenditure

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

- 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 capital expenditure over the medium term.

At 31 March 2022	£m
TOTAL PROVISION	6.4
TOTAL USABLE REVENUE RESERVES	28.7
TOTAL USABLE CAPITAL RESERVES	0

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 2,385 police officers, 151 PCSOs, 143 specials and 1,395 staff in full-time and part-time positions.

Overall Equality Characteristics

Gender	Headcount	%
Male	2,237	54.91%
Female	1,837	45.09%
Totals	4,074	100.00%

Age Band	Headcount	%
25 and under	567	13.92%
26 to 40	1,628	39.96%
41 to 55	1,527	37.48%
Over 55	352	8.64%
Totals	4,074	100.00%

Self-Declared Disability	Headcount	%
Yes	146	3.58%
No or not specified	3,928	96.42%
Totals	4,074	100.00%

Ethnicity	Headcount	%
Asian or Asian British	140	3.44%
Black or Black British	48	1.18%
Mixed	76	1.87%
Other	5	0.12%
White	3,777	92.71%
Not Stated	23	0.56%
Not Known	5	0.12%
Totals	4,074	100.00%

PRINCIPAL RISKS

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

RISK	IMPACT	MITIGATION
Significant Incidents	Response to Covid-19 Pandemic. Detrimental impact of Brexit and cost of living on public sector financing.	Monitor national activity by the Government – consider lobbying through representative bodies.
Out of Court Disposals	Changes to Out of Court Disposals (OOCd) model from 1 to 2 tier system to start in 2023.	Continued engagement with the OOCd Board and ongoing commissioning meetings with police and lead providers.
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	Business continuity risks associated with recent changes to our core finance systems, and transfer to inhouse provision.	This is managed as a major project with continued oversight by the internal transition group.
Analytics Capacity	Lack of force and partner agency analytical capacity impacting on provision of analytical products and assurance reports.	Forward planning on the development of key analytical products and streamlining partnership assessment processes.
Partnership Information Sharing	Ongoing challenges in establishing long term information sharing protocols with partnerships.	Proactive engagement with key partners.
Changes affecting the Pension Administration	The impact of McCloud.	Advice from Pension Providers XPS and Nottinghamshire LGPS. Involvement with National Implementation Group via NPCC.

Explanation of Accounting Statements	The Core Statements	The Supplementary Financial Statements
<p>The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2022. 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 2021-22; which in turn is underpinned by International Financial Reporting Standards.</p> <p>A new financial management code has come into effect for 2021/22.</p> <p>A glossary of terms can be found at the end of this publication.</p>	<p>The Comprehensive Income and Expenditure Statement (CIES). This records all income and expenditure for the year. The top half of the statement includes policing activity. The bottom half of the statement deals with corporate transactions and funding. It includes actuarial valuations in accordance with the code.</p> <p>The Movement in Reserves Statement (MIRS) – is a summary of the changes to the Reserves during the course of the year. Reserves are divided into “usable”, which can be invested in capital projects or service improvements, and “unusable”, which must be set aside for specific accounting purposes.</p> <p>The Balance Sheet is a “snapshot” of the assets, liabilities, cash balances and reserves at the year-end date.</p> <p>The Cash Flow Statement – shows the reasons for changes in cash balances during the year, whether the change is due to operating activities, new investment or financing activities (such as the repayment of borrowing and other long term liabilities).</p>	<p>The Annual Governance Statement – this sets out the governance arrangements in place and the key internal controls.</p> <p>The Pension Fund Accounts – 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.</p> <p>The Notes to the Accounts – these provide more detail about the accounting policies and individual transactions.</p>











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

The Responsibilities of the Chief Finance Officer

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

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

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

The Section 151 Officer has also:

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

Certification

I certify that in my opinion this Statement of Accounts present a true and fair view of the financial position of the Nottinghamshire Office of the Police and Crime Commissioner as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

G Holder ACMA CGMA
Chief Finance Officer
Nottinghamshire Police and Crime Commissioner

Approval: The Statement of Accounts was approved by the members of the authority meeting as a whole

C Henry
Nottinghamshire Police and Crime Commissioner

INTRODUCTION

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

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

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

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

The Commissioner is compliant with the CIPFA Statement on the Role of the Chief Financial Officer of the Police & Crime Commissioner.

KEY ELEMENTS OF THE COMMISSIONER'S GOVERNANCE FRAMEWORK

Police & Crime Plan

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

Scrutiny & Review

- Public meetings – Strategic Resources and Performance to hold the Chief Constable to account (Changed to monthly Accountability Board May 2022)
- Joint Audit & Scrutiny Panel (JASP) – 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/delivery of the Police & Crime Plan
- Review and vote on the proposed level of precept
- Agree the appointment of the Chief Constable
- Hold a confirmation hearing for statutory officer appointments.

Decision making

- Public meetings recorded
- Decision records published on the Commissioner's website
- Risk management reported to JASP regularly

Effective Management Team

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

Governance during Covid-19

During 2021-22 most restrictions were lifted, the office continued to work differently, but still remain effective and legally compliant. Therefore, some of the governance meetings remained online and were supported by the decision record process. Most document transition remained electronic e.g. claim forms, contracts and returns requiring signature, these were verified and use of electronic signatures have become the norm. This continues to ensure timely decision making and business as usual during the year no matter where staff are based. This has also improved the efficiency of the office.

HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK	PRINCIPLE A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law.	PRINCIPLE B Ensuring openness and comprehensive stakeholder engagement
<p>The Commissioner has approved and adopted:</p> <ul style="list-style-type: none"> • Code of Corporate Governance • The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance in Local Government Framework • A number of specific strategies and processes for strengthening corporate governance <p>Set out here is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2021-22.</p>	<p>The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity.</p> <p>The Commissioner has approved the Anti-Fraud, Bribery and Corruption policies. JASP receives reports on how these arrangements have been applied during the year. There is a Whistle Blowing policy in place, which together with declaration of interests from the Commissioner, staff and police officers, ensures ethical standards are being monitored and adhered to. Any whistle blowing activities notified are investigated by the Professional Standards Directorate and appropriate action is taken.</p> <p>The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to the Commissioner and JASP or the Police and Crime Panel.</p>	<p>All meetings of the JASP, Strategic Resources and Performance Panel, and the Police and Crime Panel, are open to the public. Papers, reports and decisions made by the Commissioner, are published on the Commissioners website together with consultation and public surveys.</p> <p>The Commissioner has a public engagement consultation strategy which sets out how we engage with stakeholders, partners and the public, through a combination of collaborative working, representation on boards, stakeholder consultation meetings and attendance at public community events.</p> <p>When the pandemic impact continued into 2021 public engagement was maintained wherever possible. Meetings such as the Police and Crime Panel were recorded and put on-line. Surveys continued to gauge public opinion.</p> <p>JASP meetings also continued into 2021, in person where possible, and these remain open meetings that members of the public may attend. All minutes and papers are published as soon as is practicable following meetings.</p>

PRINCIPLE C

Defining outcomes in terms of sustainable, economic, social and environmental outcomes

The Police and Crime Commissioner publishes a four year Police and Crime Plan, which is refreshed annually. This is informed by the Strategic Policing Requirement, strategic assessments of the Force and local partners combining into the Police and Crimes Needs Assessment, and is reflective of emerging priorities for policing in Nottinghamshire.

This plan is used to direct the resources of the Commissioner and Chief Constable. It informs the revenue budget on where resources are most needed and the capital investment programme to identify the priority needs for investment.

The capital investment must meet the requirements of the prudential code in that they must be affordable. There are regular reports in compliance with the code during the year.

The Commissioner has also invested in environmental outcomes by making funding available for electric cars and bicycles and also ensures that new buildings are as energy efficient as possible.

PRINCIPLE D

Determining the intervention necessary to optimise the achievement of intended outcomes

All new areas of business require a formal business case to be submitted. These business cases go through an internal approval process within the Force before sign off by the Chief Constable or Commissioner depending on the value or public interest.

The same is true of business cases relating to Regional Collaborations. The approval process is slightly different in that groups of officers form layers of approval (e.g. Operation Group, Deputy Chief Constable Board, Chief Finance Officer Board, Chief Constable Board and Police and Crime Commissioner Board). The end result is the same with the Police and Crime Commissioner signing off the final business cases.

The budget and Medium Term Financial Plan are considered annually, this ensures they properly reflect the business plan, and can factor in and risks and opportunities.

PRINCIPLE E

Developing capacity and capability

The Commissioner and Chief Constable have taken full advantage of the funding made available to uplift the number of police officers. The Chief Constable has ensured that recruitment is ahead of schedule.

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

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

The Commissioner recognises and promotes the benefits of collaborative working and continues to work in a number of regional collaborations as well as collaborations with Nottinghamshire Fire and Rescue.

A significant transformation has been undertaken with the OPCC. A restructure process was initiated following an independent review of the roles and responsibilities that are required to be delivered by the PCC. The review found that the team was understaffed in comparison to most similar force groups and that there was little cross functionality and resilience as a result. This has led to reprofiling of personnel into teams and an additional staffing uplift which has strengthened capacity, capability and diversity of workforce in the team.

PRINCIPLE F**Managing risks and performance**

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

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

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

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

The Financial Performance and Insight Report, including revenue and capital budget monitoring is reported quarterly to the Strategic Resources and Performance meeting (Accountability Board).

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 learned and best practice shared across East Midlands OPCCs/Forces via this shared contract.

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

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 progress is regularly reported to the JASP.

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

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

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

Reporting of performance both operational and financial is undertaken on a regular basis. The Commissioner meets with the Chief Constable on a weekly basis to keep abreast of current issues.

The Police and Crime Panel meet regularly to challenge and support the Commissioner on the Police and Crime Plan, use of resources and decisions being taken. The papers and minutes of this public meeting are published on the County Council website.

The requirements of the Specified Information Order have lapsed somewhat during the pandemic, a renewed focus has been given to this area during 2022 as staff were recruited to the new OPCC structure.

Change of OPCC Statutory Officers

During 2021-22 both the Chief Executive and the Chief Financial Officer left their posts. The Commissioner made appropriate arrangements to ensure the requirements of the roles were fulfilled until permanent replacements could be recruited.

On 21 December 2021 the Force's Chief Finance Officer also undertook the role of Interim PCC Chief Finance Officer. There was a joint protocol in place to manage any conflicts relating to this joint role and the link to the Force and OPCC. The Force CFO maintained this joint role until 31 July 2022.

The CEO was covered on an interim basis between 3 December 2021 and 31 January 2022 by the Assistant Chief Executive, who had been seconded in October 2021 through a partnership with another OPCC to assist the then CEO with the office restructure. This interim arrangement ensured continuity and stability of the statutory officer provision in the OPCC

A recruitment process was undertaken by an independent organisation and the Interim CEO was successful in being appointed to the permanent role, which she took up on 1 February 2022.

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.

Of the 11 audits in 2021/2022 where an assurance opinion was provided there were 2 with significant assurance (18%), 5 satisfactory (45%) and 4 limited (36%). In comparison in 2020/21 of the 12 audit report where assurance was provided 2 were significant (17%), 7 were satisfactory (58%), 2 were limited (17%) and 1 had no assurance (8%). Reduction in no assurance reports is a positive, however still 36% of audits had limited opinions.

During 2021-22 Core Financial systems were audited and assessed as having satisfactory assurance. The 4 with limited assurance were seized property, business change and in IT, GDPR and information assurance.

The HoIA opinion 2021/22 on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness.

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. Currently the 2020/21 audit is not yet complete.

The Annual Governance Report (ISA 260) will be presented to the Joint Audit and Scrutiny Panel with the final 2020/21 statements including the 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.

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

Performance Indicator	Outcome 2021/22
No formal reports issued by Section 151 Officer	None issued
No negative outcomes from Monitoring Officer's Investigations	None
No proven frauds by members of staff or officers	None
No objections received from local electors	None
No limited assurance or worse from Internal Audit Reports	Fail – 4 Limited Assurance audits in 2021/22
ISA 260 2020/21 only low risk issues identified if any	2020/21 audit not yet complete

Follow-up of issues identified previously

Issues identified:	Action taken:
Levels of Reserves	These were considered to be low, but compared with the previous year this was improving significantly. Reserves are now being held to finance major capital expenditure to reduce the impact on future revenue budgets. A full review of the General Reserve is planned during the current medium Term Financial Planning (MFTP) period. The general reserves were increased by £1.6m at the end of 2021/22 which brings that up to a more appropriate level against the risk assessment in the Reserves Strategy.
Internal Audit	<p>The Core Financial Audits had been assessed with significant assurance in 2020/21 but this was reduced to satisfactory in 2021/22. The restructure and new processes should see this improve in 2022/23.</p> <ul style="list-style-type: none"> Information Assurance was followed up in 2020-21 and 2021/22 progress had been made, but remains with a limited assurance opinion. Custody Arrangements is monitored through the 'tracker'; and relates to an HMICFRS recommendation Health and Safety was followed up in 2021/22 and had improved to satisfactory. Seized Property was given no assurance in 2020/21 and had improved slightly to limited assurance in 2021/22.
VFM Qualification of Arrangements for financial Reporting	This concluded that arrangements were not in place to enable resources to be deployed in a sustainable manner. Primarily this related to the delay in the ability to produce draft and final statement of accounts. Given the 2021/22 accounts production is also very late this is expected to have the same impact on the VfM conclusion. Additional resources were agreed by the PCC/CC and an additional Financial Accountant to assist in the production of the accounts has been employed with effect from 1 st August 2022, so it is anticipated to be back on track for 2022/23.
HMCFRS 2021/22	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) graded Nottinghamshire Police's performance across nine areas of policing and found the force was 'good' in two areas, 'adequate' in six areas and 'requires improvement' in one area (recording data about crime). The CC AGS sets out the performance against areas for improvement (AFIs)
Economic Outlook	The pandemic, the Russian invasion of Ukraine and to a lesser extent Brexit have had a significant impact on national funding. It will take years for the additional national borrowing to be replaced. This will impact the funding available for the public sector and the NHS will likely be the priority. We will continue to monitor and make representation on this at a national level. The continuous delay in the Funding Formula Review provides ongoing uncertainty over the future financial health. However, the continuation of additional funding for 20,000 police officers nationally is positive.

REVIEW OF EFFECTIVENESS – Response to Covid-19

The Covid-19 Pandemic impact was first experienced in the UK in March 2020 and therefore a review of Governance subsequent to this and into the 2021-22 financial year is set out below. Whilst many aspects of work have returned to pre-pandemic practices, where it is more effective and efficient to do so some practices have been retained.

Governance Meetings

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

Public Meetings have been recorded and uploaded to the OPCC website.

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.

Sustainability

We have undertaken the assessment within the Financial Management Code of Practice, identified areas for improvement and will review sustainability in line with the CIPFA model.

Financial impact

The Government was proactive in supporting authorities with regard to council tax funding by setting the following funding initiatives; Local Council Tax Support Schemes enables councils to continue to reduce council tax bills for those least able to pay and; Collection Fund Deficits able to be spread over three years instead of one The Government will compensate authorities for 75% of irrecoverable losses in council tax income for 2021/22.

The longer term impact on public spending from all of the financial assistance that was provided by the Government e.g Furlough, is yet to manifest itself in grant allocations to public bodies. This is now compounded by global issues such as the invasion of Ukraine by Russia, increasing energy prices and realities of Brexit.

CONCLUSION

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

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

SIGNED

Caroline Henry
Nottinghamshire Police and Crime Commissioner

Sharon Caddell
Chief Executive

Gillian Holder ACMA CGMA
Chief Finance Officer

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, additional voluntary contributions may also be made where considered appropriate and affordable.

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.

2020-21					PCC & GROUP CIES		2021-22				
PCC Exp'	PCC Income	PCC Net	CC Net	Group Total		Note	PCC Exp'	PCC Income	PCC Net	CC Net	Group Total
£'000	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000
245,344	-	245,344	(245,344)	-	Funding to Chief Constable		264,140	-	264,140	(264,140)	-
9,406	(5,341)	4,065	239,536	243,601	Service cost		28,513	(9,283)	19,230	274,185	293,415
254,750	(5,341)	249,409	(5,808)	243,601	Cost of Services		292,653	(9,283)	283,370	10,045	293,415
3,523	(3,564)	(41)	-	(41)	Other Operating (Income) and Expenditure	2.6	2,691	(5,753)	(3,062)	-	(3,062)
2,434	(417)	2,017	60,250	62,267	Financing and Investment	2.4	2,898	(144)	2,754	58,634	61,389
-	(260,675)	(260,675)	-	(260,675)	Taxation and Non Specific Grant Income	2.5	-	(277,364)	(277,364)	-	(277,364)
260,707	(269,997)	(9,290)	54,442	45,152	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	298,243	(292,544)	5,699	68,679	74,378
		(43)	-	(43)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(2,517)	-	(2,517)
		1,368	229,802	231,170	Re-measurement of the net defined benefit liability / asset				(1,448)	(90,659)	(92,107)
		1,325	229,802	231,127	Other Comprehensive (Income) and Expenditure				(3,965)	(90,659)	(94,624)
		(7,965)	284,244	276,279	Total Comprehensive (Income) and Expenditure				1,734	(21,980)	(20,246)

2020-21			GROUP CIES		2021-22		
Expenditure	Income (Note 2.3)	Net		Note	Expenditure	Income (Note 2.3)	Net
£'000	£'000	£'000			£'000	£'000	£'000
278,176	(34,575)	243,601	Group Cost of Services		323,679	(30,264)	293,415
3,523	(3,564)	(41)	Other Operating (Income) and Expenditure	2.6	2,691	(5,753)	(3,062)
62,684	(417)	62,267	Financing and Investment	2.4	61,533	(144)	61,389
-	(260,675)	(260,675)	Taxation and Non Specific Grant Income	2.5	-	(277,364)	(277,364)
344,383	(299,231)	45,152	(Surplus) or Deficit on Provision of Services	2.1 & 2.8	387,903	(313,525)	74,378
	(43)	(43)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(2,517)
	231,170	231,170	Re-measurement of the net defined benefit liability / asset				(92,107)
	231,127	231,127	Other Comprehensive (Income) and Expenditure				(94,624)
	276,279	276,279	Total Comprehensive (Income) and Expenditure				(20,246)

MOVEMENT IN RESERVES STATEMENT

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

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

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

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

Group Movement in Reserves	General Fund Balance (Note 3.1)	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2021-22	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021	(7,000)	(19,138)	(5,837)	(300)	(32,274)	2,961,439	2,929,165
Movement in reserves during 2021-22							
(Surplus) or deficit on the provision of services	74,378	-	-	-	74,378	-	74,378
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	(94,624)	(94,624)
Total Comprehensive Income and Expenditure	74,378	-	-	-	74,378	(94,624)	(20,246)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(76,936)	-	5,837	300	(70,799)	70,799	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(2,558)	-	5,837	300	3,579	(23,825)	(20,246)
Transfers to / (from) Earmarked Reserves	945	(945)	-	-	-	-	-
(Increase) or Decrease in 2021-22	(1,613)	(945)	5,837	300	3,579	(23,825)	(20,246)
Balance at 31 March 2022	(8,613)	(20,083)	-	-	(28,695)	2,937,614	2,908,919

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)	PCC Total Reserves
2021-22	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021	(7,000)	(19,138)	(5,837)	(300)	(32,275)	6,739	(25,536)
Movement in reserves during 2021-22							
(Surplus) or deficit on the provision of services	5,699	-	-	-	5,699	-	5,699
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	(3,965)	(3,965)
Total Comprehensive Income and Expenditure	5,699	-	-	-	5,699	(3,965)	1,734
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(8,256)	-	5,837	300	(2,119)	2,119	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(2,557)	-	5,837	300	3,580	(1,846)	1,734
Transfers to / (from) Earmarked Reserves	945	(945)	-	-	-	-	-
(Increase) or Decrease in 2021-22	(1,613)	(945)	5,837	300	3,580	(1,846)	1,734
Balance at 31 March 2022	(8,613)	(20,083)	-	-	(28,695)	4,893	(23,802)

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
2020-21	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020	(7,075)	(19,516)	(4,882)	-	(31,473)	2,684,359	2,652,886
Movement in reserves during 2020-21							
(Surplus) or deficit on the provision of services	45,152	-	-	-	45,152	-	45,152
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	231,127	231,127
Total Comprehensive Income and Expenditure	45,152	-	-	-	45,152	231,127	276,279
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	(44,699)	-	(955)	(300)	(45,953)	45,953	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	453	-	(955)	(300)	(801)	277,080	276,279
Transfers to / (from) Earmarked Reserves	(378)	378	-	-	-	-	-
(Increase) or Decrease in 2020-21	75	378	(955)	(300)	(801)	277,080	276,279
Balance at 31 March 2021	(7,000)	(19,138)	(5,837)	(300)	(32,274)	2,961,439	2,929,165

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)	PCC Total Reserves
2020-21	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020	(7,075)	(19,516)	(4,882)	-	(31,473)	13,902	(17,571)
Movement in reserves during 2020-21							
(Surplus) or deficit on the provision of services	(9,290)	-	-	-	(9,290)	-	(9,290)
Other Comprehensive (Income) / Expenditure	-	-	-	-	-	1,325	1,325
Total Comprehensive Income and Expenditure	(9,290)	-	-	-	(9,290)	1,325	(7,965)
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	9,743	-	(955)	(300)	8,488	(8,488)	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	453	-	(955)	(300)	(802)	(7,163)	(7,965)
Transfers to / (from) Earmarked Reserves	(378)	378	-	-	-	-	-
(Increase) or Decrease in 2020-21	75	378	(955)	(300)	(802)	(7,163)	(7,965)
Balance at 31 March 2021	(7,000)	(19,138)	(5,837)	(300)	(32,275)	6,739	(25,536)

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.

2020-21		PCC & Group Balance Sheet	Note	2021-22	
PCC	Group			PCC	Group
£000	£000			£000	£000
63,691	63,691	Property, Plant and Equipment	4.2	60,392	60,392
575	575	Investment Property	4.4	805	805
1,348	1,348	Intangible Assets	4.5	910	910
-	-	Long-Term Debtors		-	-
65,614	65,614	Long Term Assets		62,107	62,107
-	-	Assets Held for Sale	4.7	364	364
91	91	Inventories		161	161
27,410	27,410	Short-Term Debtors	4.8	31,357	31,357
30,000	30,000	Short-Term Investments	4.9	29,000	29,000
26,783	26,783	Cash and Cash Equivalents	5.1	6,130	6,130
84,284	84,284	Current Assets		67,012	67,012
(35,441)	(35,441)	Short-Term Borrowing	4.12	(8,097)	(8,097)
(24,438)	(28,698)	Short-Term Creditors	4.10	(25,498)	(29,906)
(4,045)	(4,045)	Provisions	4.11	(6,441)	(6,441)
(63,924)	(68,184)	Current Liabilities		(40,036)	(44,444)
(55,396)	(55,396)	Long-Term Borrowing	4.12	(62,273)	(62,273)
(5,043)	(2,955,484)	Other Long-Term Liabilities		(3,007)	(2,931,321)
(60,439)	(3,010,880)	Long Term Liabilities		(65,280)	(2,993,594)
25,535	(2,929,166)	Net Assets		23,803	(2,908,919)
(32,275)	(32,275)	Usable Reserves	3.1 & 3.2	(28,697)	(28,697)
6,739	2,961,440	Unusable Reserves	3.3	4,894	2,937,616
(25,536)	2,929,165	Total Reserves		(23,803)	2,908,919

CASH FLOW STATEMENT

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

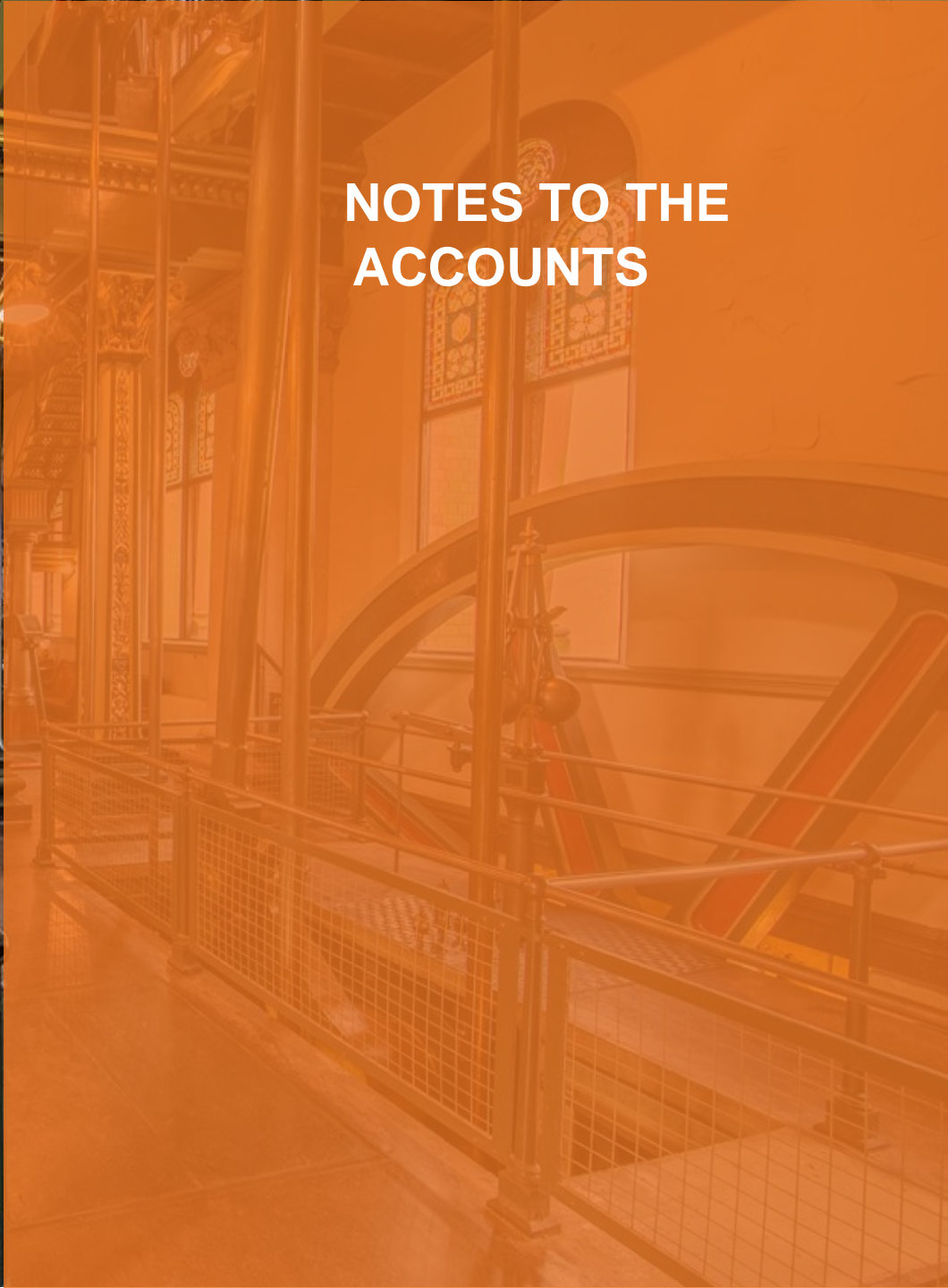
Cash includes cash in hand and deposits of up to 24 hours' notice. Cash equivalents are investments that mature up to three months from acquisition date. These are readily convertible to known amounts of cash with

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

2020-21			Cash Flow Statement	Note	2021-22		
Commissioner	Chief Constable	Group			Commissioner	Chief Constable	Group
£000	£000	£000			£000	£000	£000
(9,290)	54,442	45,152	Net (surplus) or deficit on the provision of services		5,699	68,679	74,378
(9,307)	(54,442)	(63,749)	Adjustment to (surplus) or deficit on the provision of services for noncash movements	5.2	(23,722)	(68,679)	(92,401)
5,263	-	5,263	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	7,954	-	7,954
(13,334)	-	(13,334)	Net cash flows from operating activities		(10,070)	-	(10,070)
36,848	-	36,848	Net cash flows from investing activities	5.3	10,256	-	10,256
(21,444)	-	(21,444)	Net cash flows from financing activities	5.3	20,467	-	20,467
2,069	-	2,069	Net (increase) or decrease in cash and cash equivalents		20,653	-	20,653
(28,852)	-	(28,852)	Cash and cash equivalents at the beginning of the reporting period		(26,783)	-	(26,783)
(26,783)	-	(26,783)	Cash and cash equivalents at the end of the reporting period	5.1	(6,130)	-	(6,130)



NOTES TO THE ACCOUNTS



GENERAL ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2021-22 financial year and its position as at 31 March 2022. 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 2021-22, supported by International Financial Reporting Standards (IFRS). The Accounts have been prepared on a going concern basis using the historic cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments. Under The Act 2011 the Commissioner and Chief Constable are separate 'corporation sole' bodies. Both are required to prepare a separate Statement of Accounts. The Financial Statements included here represent the Commissioner and the Commissioner as a group with the Chief Constable (The Group). The figures in these accounts are rounded appropriately and this may cause apparent minor arithmetical errors.

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

2. Exceptional Items

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

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

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

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

NOTES TO CORE STATEMENTS

Section 1 Judgements and Major Accounting Events

1.1 Critical Judgements in Applying Accounting Policies

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

1.2 Material items of Income and Expense

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

1.3 Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force will continue in operational existence for the foreseeable future. The provisions in the Code (Code Of Practice On Local Authority Accounting In The United Kingdom 2021-22) in respect of going concern reporting requirements reflect the economic and statutory environment in which Police and Crime Commissioners and police forces operate. These provisions confirm that, as Police and Crime Commissioners and Police Forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

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

Restrictions surrounding Covid-19 within the United Kingdom have now ceased with policing functions more aligned with pre-pandemic activity. It is now anticipated that expenditure as a result of Covid-19 for 2022-23 and beyond will be low and managed within existing budgets.

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

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

Section 1 Judgements and Major Accounting Events

1.3 Going Concern (continued)

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

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

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

Increased Expenditure

The outturn report for 2021/22 shows a net underspend for the force of (£1,610k) and at the end of 2021/22 the force had incurred additional overtime costs of £257k relating to Covid-19, however this was offset in full by additional income.

Reductions in income

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

Cashflow and Liquidity Risk Exposure:

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

Cash and equivalents at the balance sheet date were £6.1m and are held by the PCC as detailed in Note 5. These have remained positive during 2021-22 and are estimated to remain positive throughout 2022-23.

Cashflow is monitored on a daily basis and should short-term cash be required to meet unforeseen bills this could be borrowed from other local authorities.

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

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

General Fund Balances and Reserves

The General Fund balance at 31st March 2022 has increased from 2020-21 levels and there are plans to keep this within 2% - 5% of the net budget going forward. The Outturn shows that covid hasn't presented the financial challenge expected due to grants and lower costs, and therefore it is unlikely this will directly have an impact on the Medium Term Financial Plan.

It is considered that there is sufficient headroom within these measures and the general balances. For these reasons, the PCC and CC CFOs do not consider that there is material uncertainty in respect of their ability to continue as a going concern for the foreseeable future.

NOTES TO CORE STATEMENTS

Section 1 Judgements and Major Accounting Events

1.4 Accounting Standards Issued but not Adopted

For 2021/22 new standards that have been issued but not adopted relate to;

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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

1.5 Prior Period Adjustments

There have been no prior period adjustments made to the PCC & Group Accounts.

1.6 Future Assumptions and Other Major Sources of Estimation Uncertainty

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

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

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

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

these form a significant part of the accounts.

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

An item in these accounts which has a significant risk of material adjustment in the forthcoming financial year is the Insurance Claim Provision. A time lag may occur between insurable liability events and the date claims are received. No allowance is made for this value unless specific incidents have occurred which make it appropriate to do so. One potential use of the General Reserve is to cover for emerging trends of liability claims or an exceptional value of incurred but not reported claims. Estimates of the value of claims change as information regarding the circumstances evolve. The provision of £3.8m 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 (+/-) £0.4m.

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.

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

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

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

Section 2 Notes to Comprehensive Income & Expenditure Statement

Expenditure

2.1 Expenditure Funding Analysis

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

2020-21			Commissioner & Group Expenditure Funding Analysis	2021-22		
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
245,344	(5,808)	239,536	Policing	264,140	10,045	274,185
3,903	162	4,065	Commissioner	18,372	858	19,230
249,247	(5,646)	243,601	Net Cost of Services	282,513	10,902	293,415
			Other (Income) and Expenditure			
-	60,250	60,250	Policing	-	58,634	58,634
(248,795)	(9,904)	(258,699)	Commissioner	(285,071)	7,399	(277,672)
453	44,699	45,152	(Surplus) or Deficit on Provision of Service	(2,558)	76,936	74,378
(26,591)			Opening General Fund Balance	(26,138)		
(26,138)			Closing General Fund Balance	(28,696)		

2.2 Adjustments to the Expenditure Funding Analysis

2021-22	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing	-	8,768	1,276	10,045
PCC	-	858	-	858
Net Cost of Services	-	9,626	1,276	10,902
Other (Income) and Expenditure Chief Constable	-	58,634	-	58,634
Other (Income) and Expenditure PCC	2,069	652	4,678	7,399
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	2,069	68,912	5,955	76,936

2020-21	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing	-	(6,519)	711	(5,808)
PCC	-	162	-	162
Net Cost of Services	-	(6,357)	711	(5,646)
Other (Income) and Expenditure Chief Constable	-	60,250	-	60,250
Other (Income) and Expenditure PCC	(9,710)	65	(259)	(9,904)
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	(9,710)	53,958	452	44,699

Income

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

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

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

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

2.3 Income Credited to Services

2020-21 £000		2021-22 £000
(5,341)	Relating to the PCC - Other Income	(9,283)
(1,044)	Partnership and Joint Controlled Operations	(1,355)
(1,540)	PFI Grant	(588)
(1,645)	Recharge of Officers	(3,208)
(25,005)	Other Income	(15,830)
(34,575)	Total for the Group	(30,264)

2.4 Financing and Investment Income and Expenditure

2020-21 £000		2021-22 £000
2,369	Interest payable and similar charges	2,247
65	Net interest on the net defined benefit liability (asset)	87
(417)	Interest receivable and similar income	(144)
2,017	Relating to the PCC	2,190
60,250	Other net interest on the defined benefit liability (asset)	59,199
62,267	Total for the Group	61,389

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

2020-21 £000		2021-22 £000
(73,246)	Council tax income	(79,018)
(147,313)	Non-ring fenced government grants	(156,249)
(38,416)	HO Police Pension Grant	(39,889)
(1,699)	Capital grants and contributions	(2,207)
(260,675)	Total for the PCC and Group	(277,364)

2.6 Other Operating Expenditure – PCC and Group

2020-21 £000		2021-22 £000
(41)	(Gains)/losses on the Disposal of Non-Current Assets	(3,063)
-	Other – Increase in Bad Debt Provision	-
(41)	Total for the PCC and Group	(3,063)

2.7 Impairment Losses

There are no instances of impairment to report.

2.8 Income and Expenditure Analysed by Nature

2020-21			Nature of Expenditure or Income	2021-22		
PCC	Chief Constable	Group		PCC	Chief Constable	Group
£000	£000	£000		£000	£000	£000
1,477	223,407	224,884	Expenditure on services - employees	2,690	249,801	252,491
7,929	37,444	45,373	Expenditure on services - other	11,132	37,870	49,002
(5,341)	(29,234)	(34,575)	Income from services	(9,283)	(20,981)	(30,264)
(73,246)	-	(73,246)	Income from local taxation	(79,018)	-	(79,018)
(187,429)	-	(187,429)	Government grants and contributions	(198,346)	-	(198,346)
-	7,919	7,919	Depreciation, amortisation and impairment	14,691	7,495	22,186
2,017	60,250	62,267	Other Financing	2,754	58,634	61,389
(41)	-	(41)	(Gain) or loss on disposal of non-current assets	(3,063)	-	(3,063)
245,344	(245,344)	-	Intra Group Funding	264,140	(264,140)	-
(9,290)	54,442	45,152	(Surplus) or Deficit for Year	5,698	68,679	74,377

2.9 Operating Expenditure Reconciliation to Outturn

Total operating expenditure for the 2021-22 financial year was £231.7m. This is less than expenditure shown in the financial statements because it excludes regional costs, pension costs and other adjustments for statutory reporting purposes. The Pensions accounting are purely technical accounting costs relating to IFRS19. The table below shows those items which are excluded from total operational expenditure.

2020-21 £000	Operating Expenditure Reconciliation to Outturn	2021-22 £000
340,443	Gross expenditure as per financial statements	385,068
(34,575)	Fee Charges Other Service Income as per financial statements	(30,264)
305,868	Net Operating Expenditure as per financial statements	354,804
(92,387)	Pension Accounting	(108,801)
222	PFI	232
(1,220)	Joint Operations	(1,802)
8,049	Capital Accounting	(12,564)
(665)	Accumulated Absences	(161)
1,858	Post Outturn Adjustments	-
221,724	Net Operating Expenditure as per Outturn	231,707

2.10 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.

2.11 Termination Benefits

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

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

Section 3 Notes to the Movement in Reserves Statement

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

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

	Balance at 31 March 2020	Transfers In 2020-21	Transfers Out 2020-21	Balance at 31 March 2021	Transfers In 2021-22	Transfers Out 2021-22	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Police Property Act	(196)	-	147	(49)	(129)	50	(128)
Drug Fund	(27)	-	-	(27)	(25)	-	(52)
PFI Life Cycle Costs	(87)	(39)	-	(126)	(40)	-	(166)
Revenue Grants	(1,698)	(2)	247	(1,453)	(430)	-	(1,883)
Medium Term Financial Plan	-	(293)	102	(191)	(102)	-	(293)
Tax Base Reserve	(1,679)	-	1	(1,678)	(1,589)	102	(3,165)
Animal Welfare	(19)	-	-	(19)	-	-	(19)
PCC	(817)	(157)	226	(748)	(300)	-	(1,048)
Grants and Commissioning	(5,136)	(1,406)	187	(6,355)	-	29	(6,326)
Target Hardening	(73)	-	-	(73)	-	-	(73)
PCC Night Time Levy	(247)	(69)	15	(301)	-	89	(212)
Allard Reserve	(1,200)	-	-	(1,200)	-	1200	-
Asset Replacement	(6,299)	-	2,177	(4,122)	(1,049)	972	(4,199)
IT Investment	(884)	(554)	-	(1,438)	(500)	555	(1,383)
TPAC Collisions	(100)	-	-	(100)	-	-	(100)
McCloud	-	(125)	-	(125)	-	125	-
Joint Operations	(1,054)	(75)	(3)	(1,132)	-	97	(1,035)
Total Earmarked Reserves	(19,516)	(2,722)	3,099	(19,138)	(4,164)	3,220	(20,083)
General Fund	(7,075)	-	75	(7,000)	(1,613)	-	(8,613)
Total General Fund Balance	(26,591)	(2,722)	3,174	(26,138)	(5,777)	3,220	(28,696)

3.2 Usable Reserves – PCC and Group

31 March 2021 £000	Capital Receipts Reserve	31 March 2022 £000
(4,882)	Balance 1 April	(5,837)
(3,564)	Capital Receipts in Year	(5,746)
2,609	Applied in Year	11,583
(5,837)	Balance 31 March	-

31 March 2021 £000	Capital Grants & Contributions Unapplied	31 March 2022 £000
-	Balance 1 April	(300)
(1,699)	Capital Grants and Contributions Recognised in Year	(2,207)
1,399	Capital Grants and Contributions Applied	2,507
(300)	Balance 31 March	-

3.3 Unusable Reserves

31 March 2021		Type of Reserve	31 March 2022	
PCC £000	Group £000		PCC £000	Group £000
3,019	2,953,460	Pensions	1,952	2,930,265
12	4,273	Accumulated Absences	13	4,421
(781)	(781)	Revaluation Reserve	(3,222)	(3,222)
4,517	4,517	Capital Adjustment	6,586	6,586
(28)	(28)	Collection Fund	(436)	(436)
6,739	2,961,441	Total	4,893	2,937,614

3.3 Unusable Reserves (continued)

31 March 2021		Pensions Reserve	31 March 2022	
PCC £000	Group £000		PCC £000	Group £000
1,425	2,668,332	Balance 1 April	3,020	2,953,460
-	-	Analysis adjustment between PCC and CC	-	-
1,368	231,170	Re-measurements of the net defined benefit liability/(asset)	(1,448)	(92,107)
364	128,866	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	513	143,559
(137)	(74,908)	Employer's contributions to pensions schemes	(134)	(74,647)
3,020	2,953,460	Balance 31 March	1,951	2,930,265

2020-21				Accumulated Absences	2021-22			
PCC		Group			PCC		Group	
£000	£000	£000	£000		£000	£000	£000	£000
	12		3,562	Balance 1 April		12		4,273
(12)		(3,562)		Settlement or cancellation of accrual made at the end of the preceding year	(12)		(4,273)	
12		4,273		Amounts accrued at the end of the current year	13		4,421	
	-		711	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		1		148
	12		4,273	Balance at 31 March		13		4,421

3.3 Unusable Reserves (continued)

31 March 2021 £000	Revaluation Reserve	31 March 2022 £000
(1,225)	Balance 1 April	(781)
(48)	Upward Revaluation of assets	(2,549)
5	Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the provision of services	31
(43)	(Surplus) or deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services	(2,517)
76	Difference between fair value depreciation and historical cost depreciation	77
411	Accumulated gains on assets disposed	
487	Amount written off to the Capital Adjustment Account	77
(781)	Balance 31 March	(3,222)

31 March 2021 £000	Capital Adjustment Account	31 March 2022 £000
14,227	Balance 1 April	4,517
	Capital Accounting	
7,793	Depreciation & Amortisation	7,495
3,523	Disposals	2,691
126	Revaluations & Impairments	14,691
(487)	Historic Cost Adjustments	(77)
	Capital Financing	
(1,399)	Grants & Contributions	(2,507)
(2,609)	Receipts Reserve	(11,583)
(2,177)	Earmarked Reserves	(972)
(10,860)	Revenue financing	(4,107)
(222)	Lease Accounting	(232)
(10)	Lease Adjustment	-
(3,388)	MRP charge	(3,329)
-	ARP charge	-
4,517	Balance 31 March	6,586

3.3 Unusable Reserves (continued)

2020-21 £000	Collection Fund	2021-22 £000
(536)	Balance 1 April	(28)
508	Amount by which council tax income credited to the comprehensive income and expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements	(407)
(28)	Balance 31 March	(436)

3.4 Unusable Reserves Movements

The table analyses the unusable reserves movements in the MIRS.

31 March 2021		Movement in Unusable Reserves	31 March 2022	
PCC £000	Group £000		PCC £000	Group £000
13,903	2,684,360	Balance at Start of year	6,739	2,961,440
1,325	(231,127)	Comprehensive Income and Expenditure	(3,965)	(94,624)
(8,489)	45,953	Adjustments between accounting basis and funding basis under regulations	2,119	70,799
-	-	Transfers from Earmarked Reserves	-	-
6,739	2,961,440	Balance at End of Year	4,893	2,937,615

3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2021-22	General Fund Balance PCC £000	General Fund Balance Group £000	Capital Receipts Reserve Group £000	Capital Grants Unapplied Group £000	Movement in Unusable Reserves PCC £000	Movement in Unusable Reserves Group £000
Pension costs (transferred to/(from) the Pensions Reserve)	(379)	(68,912)	-	-	379	68,912
Pension reserve adjustment of PCC/CC b/f split	-	-	-	-	-	-
Council tax (transfers to/(from) the Collection Fund)	407	407	-	-	(407)	(407)
Holiday pay (adjustments to the Accumulated Absences reserve)	(1)	(148)	-	-	1	148
Revaluation Reserve	(77)	(77)	-	-	77	77
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)	(24,568)	(24,568)	-	-	24,568	24,568
Capital Grants	2,207	2,207	-	(2,207)	-	-
Total Adjustments to Revenue Resources	(22,410)	(91,090)	-	(2,207)	24,617	93,297
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,746	5,746	(5,746)	-	-	-
Statutory Provision for the repayment of debt	3,329	3,329	-	-	(3,329)	(3,329)
Capital expenditure financed from revenue balances	4,107	4,107	-	-	(4,107)	(4,107)
Total Adjustments between Revenue & Capital Resources	13,182	13,182	(5,746)	-	(7,436)	(7,436)
Application of capital grant to finance capital expenditure	-	-	-	2,507	(2,507)	(2,507)
Use of capital receipts reserve to finance capital expenditure	-	-	11,583	-	(11,583)	(11,583)
Use of earmarked reserves to finance capital expenditure	972	972	-	-	(972)	(972)
Total Adjustments to Grants/Contributions & Reserves	972	972	11,583	2,507	(15,063)	(15,063)
Total Adjustments	(8,256)	(76,936)	5,837	300	2,119	70,799

2020-21	General Fund Balance	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Movement in Unusable Reserves
	PCC	Group	Group	Group	PCC	Group
	£000	£000	£000	£000	£000	£000
Pension costs (transferred to/(from) the Pensions Reserve)	(227)	(53,958)	-	-	227	53,958
Pension reserve adjustment of PCC/CC b/f split	-	-	-	-	-	-
Council tax (transfers to/(from) the Collection Fund)	(508)	(508)	-	-	508	508
Holiday pay (adjustments to the Accumulated Absences reserve)	-	(711)	-	-	-	711
Revaluation Reserve	(487)	(487)	-	-	487	487
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)	(10,723)	(10,723)	-	-	10,723	10,723
Capital Grants	1,699	1,699	-	(1,699)	-	-
Total Adjustments to Revenue Resources	(10,245)	(64,687)	-	(1,699)	11,944	66,387
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,564	3,564	(3,564)	-	-	-
Statutory Provision for the repayment of debt	3,388	3,388	-	-	(3,388)	(3,388)
Capital expenditure financed from revenue balances	10,860	10,860	-	-	(10,860)	(10,860)
Total Adjustments between Revenue and Capital Resources	17,812	17,812	(3,564)	-	(14,248)	(14,248)
Application of capital grant to finance capital expenditure	-	-	-	1,399	(1,399)	(1,399)
Use of capital receipts reserve to finance capital expenditure	-	-	2,609	-	(2,609)	(2,609)
Use of earmarked reserves to finance capital expenditure	2,177	2,177	-	-	(2,177)	(2,177)
Total Adjustments to Grants/Contributions & Reserves	2,177	2,177	2,609	1,399	(6,186)	(6,186)
Total Adjustments	9,744	(44,699)	(955)	(300)	(8,489)	45,953

Section 4 Notes to the Balance Sheet

4.1 Property, Plant and Equipment

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

Recognition

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

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

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

Component Accounting

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

Measurement

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

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

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

- For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Vehicles, equipment and furniture is on this basis.

- Non-operational buildings including assets for sale and investment properties have been valued on the basis of Open Market Value.

- Assets under construction are included at actual cost.

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

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

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

Impairment

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

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

Depreciation

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

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

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

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

Assets held for Sale

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

Disposal

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

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

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

4.2 Property Plant and Equipment Movements to 31 March 2022

	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 2021	33,073	39,907	21,625	94,605
Adjustments to cost/value	(1,318)	-	-	(1,318)
Additions	3,107	2,401	13,702	19,209
Revaluation increases/(decreases) recognised in the Revaluation Reserve	835	-	1,683	2,517
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(2,137)	-	(12,738)	(14,875)
De-recognition – disposals	(2,592)	(1,410)	-	(4,002)
Reclassifications and transfers	22,236	-	(22,775)	(539)
at 31 March 2022	53,204	40,898	1,497	95,599
Depreciation & Impairment				
at 1 April 2021	(6,883)	(24,001)	-	(30,884)
Adjustments to depreciation/impairment	-	-	-	-
Depreciation charge	167	(5,946)	-	(5,779)
De-recognition – disposals	298	1,014	-	1,311
Reclassifications and transfers	175	-	-	175
at 31 March 2022	(6,243)	(28,933)	-	(35,177)
Net Book Value				
at 31 March 2022	46,961	11,964	1,497	60,422
at 31 March 2021	26,190	15,906	21,625	63,721

4.2 Property Plant and Equipment Movements to 31 March 2021

	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 2020	34,797	28,409	4,314	67,520
Adjustments to cost/value	(441)	-	-	(441)
Additions	1,147	11,650	17,311	30,108
Revaluation increases/(decreases) recognised in the Revaluation Reserve	43	-	-	43
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(126)	-	-	(126)
De-recognition – disposals	(2,347)	(152)	-	(2,499)
Reclassifications and transfers	-	-	-	-
at 31 March 2021	33,073	39,907	21,625	94,605
Depreciation & Impairment				
at 1 April 2020	(6,285)	(17,917)	-	(24,202)
Adjustments to depreciation/impairment	405	-	-	405
Depreciation charge	(1,124)	(6,187)	-	(7,311)
De-recognition – disposals	121	103	-	224
Reclassifications and transfers	-	-	-	-
at 31 March 2021	(6,883)	(24,001)	-	(30,884)
Net Book Value				
at 31 March 2021	26,190	15,906	21,625	63,721
at 31 March 2020	28,512	10,492	4,314	43,318

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	5,842	11,111	1,490	18,444
Valued at current value as at:				
31/03/2022	29,383	-	-	29,383
31/03/2021	2,205	-	-	2,205
31/03/2020	167	-	-	167
31/03/2019	7,325	-	-	7,325
Total Cost or Valuation	44,922	11,111	1,490	57,524
Share of Joint Operations Property/Plant/Equipment				2,898
Total Gross Value				60,422

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 £0.805m (£0.575m 2020-21). 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 is retained by Cell C.M. to cover maintenance.

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 2021 Other Assets £000	Intangible Assets	31 March 2022 Other Assets £000
	Balance at start of year:	
2,496	Gross carrying amounts	2,499
(669)	Accumulated amortisation	(1,150)
1,827	Net carrying amount at start of year	1,348
3	Purchases	-
(481)	Amortisation for the period	(438)
1,348	Net carrying amount at end of year	910
	Comprising:	
2,499	Gross carrying amounts	2,499
(1,150)	Accumulated amortisation	(1,589)
1,348		910

4.6 Capital Expenditure and Capital Financing

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

At the 31 March 2022 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These future obligations totalled £1.9m. The contracts covered new buildings, building renovations and IT systems. (£11.0m 31 March 2021).

31 March 2021 £000	Capital Expenditure and Capital Financing	31 March 2022 £000
60,194	Opening Capital Financing Requirement	69,871
-	In Year Adjustment	-
	Capital Investment:	
30,108	Property Plant and Equipment	19,209
3	Intangible Assets	-
30,111	Total Capital Spending	19,209
	Sources of Finance:	
(2,609)	Capital Receipts	(11,583)
(2,177)	Earmarked Reserves	(972)
(1,399)	Government Grants and other contributions	(2,507)
(10,860)	Revenue Contributions	(4,107)
	Sums set aside from revenue:	
(3,388)	Minimum Revenue Provision	(3,329)
-	Additional Revenue Provision	-
(20,434)	Total Sources of Finance	(22,499)
69,871	Closing Capital Financing Requirement	66,582

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 2021	Assets Held for Sale	31 March 2022
£000		£000
1,248	Balance outstanding at start of year	-
-	Newly classified as held for sale	364
-	Revaluations	-
(1,248)	Assets sold	-
-	Balance outstanding year end	364

4.8 Debtors PCC and Group

An impairment allowance of £5.471m is held against Council Tax arrears of £8.587m at 31 March 2021 (£4.925m and £7.668m respectively at 31 March 2021). This level of allowance has been assessed by the Council Tax Billing Authorities. Debtors relate to the Commissioner only.

31 March 2021	Debtors	31 March 2022
£000		£000
3,138	Central Government Bodies	7,291
4,625	Other Local Authorities	3,410
19,647	Other Entities and Individuals	20,656
27,410	Total Debtors	31,357

4.9 Short Term Investments PCC and Group

31 March 2021 £000	Short Term Investments	31 March 2022 £000
5,000	London Borough of Croydon	-
5,000	London Borough of Islington	-
5,000	South Ayrshire Council	-
10,000	West Dunbartonshire Council	-
5,000	Thurrock Council	8,000
-	North East Lincolnshire Council	5,000
-	Guildford Borough Council	8,000
-	Rotherham Metropolitan Borough Council	8,000
30,000	Total Short Term Investments	29,000

4.10 Creditors PCC and Group

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

Once judgement is made monies are either, paid over to the State, repaid to the individual or made available for the Commissioner to use on specific purposes. At 31 March 2022 cash totalling £0.006m was held in the Commissioner's bank account (£0.027m at 31 March 2021).

31 March 2021		Creditors	31 March 2022	
PCC £000	Group £000		PCC £000	Group £000
(4,193)	(4,193)	Central Government Bodies	(3,898)	(3,898)
(7,511)	(7,511)	Other Local Authorities	(6,841)	(6,841)
(12,734)	(16,994)	Other Entities and Individuals	(14,759)	(19,167)
(24,438)	(28,698)	Total Creditors	(25,498)	(29,906)

4.11 Provisions

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

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

2021-22	Insurance £000	Dilapidation £000	Allard £000	Medical Retirement £000	Redundancy £000	Joint Operations £000	Total £000
Opening Balance	(3,281)	(672)	-	(78)	(14)	-	(4,045)
Increase in provision during year	(1,128)	-	(1,973)	-	-	-	(3,101)
Utilised during year	653	52	-	-	-	-	705
Closing Balance	(3,756)	(620)	(1,973)	(78)	(14)	-	(6,441)

2020-21	Insurance £000	Dilapidation £000	Allard £000	Medical Retirement £000	Redundancy £000	Joint Operations £000	Total £000
Opening Balance	(3,396)	(672)	-	(78)	(14)	-	(4,160)
Increase in provision during year	(486)	-	-	-	-	-	(486)
Utilised during year	601	-	-	-	-	-	601
Closing Balance	(3,281)	(672)	-	(78)	(14)	-	(4,045)

4.12 Short and Long Term Debt

31 March 2021 £000	Short Term Borrowing	31 March 2022 £000
-	Market Loan – L.O.B.O.	-
(10,000)	Market Loan - Oxfordshire County Council	-
-	Market Loan - PCC West Yorkshire	-
(2,000)	Market Loan - East Suffolk Council	-
(2,000)	Market Loan - Mid Devon DC	-
(5,000)	Market Loan - Rushcliffe BC	-
(8,000)	Market Loan - Buckinghamshire Council	-
(2,000)	Market Loan - Runnymede Borough Council	-
(3,000)	Market Loan - Broxbourne Borough Council	-
-	Market Loan - Broxbourne Borough Council	(5,000)
-	Market Loan - Elmbridge Borough Council (1)	(2,000)
(3,441)	PWLB	(1,097)
(35,441)	Total Short Term Borrowing	(8,097)

31 March 2021 £000	Long Term Borrowing	31 March 2022 £000
(2,000)	Market Loan - Elmbridge Borough Council (1)	-
(3,000)	Market Loan - Elmbridge Borough Council (2)	(3,000)
(3,500)	Market Loan – L.O.B.O.	(3,500)
(46,897)	PWLB	(55,773)
(55,397)	Total Long Term Borrowing	(62,273)

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.

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

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 2021 £000	31 March 2022 £000		31 March 2021 £000	31 March 2022 £000
-	-	Not later than one year	-	-
-	-	Later than one year and not later than five years	-	-
-	-	Later than five years	-	-
-	-	Total	-	-

Included in short-term creditors

31 March 2021 £000	31 March 2022 £000
-	-

Included in other long-term liabilities

31 March 2021 £000	31 March 2022 £000
-	-

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 2021 £000		31 March 2022 £000
75	Not later than one year	-
350	Later than one year and not later than five years	-
-	Later than five years	-
425	Total	-

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.

Miven provides and maintains the Riverside building on a 25 year contract until 2026-27, at which point the Commissioner has the option to purchase. The capital value of this scheme is £1.509m. £1.045m was paid in 2021-22 (£1.045m in 2019-20).

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 2019-20).

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 2020-21 £000	Payment for Services 2020-21 £000	Riverside Premises PFI	Reimbursement of Capital Expenditure 2021-22 £000	Payment for Services 2021-22 £000
232	813	Payable within one year	242	803
1,036	3,142	Payable within two to five years	1,035	2,966
241	626	Payable within six to ten years	-	-
1,509	4,582	Total	1,277	3,769

2020-21 £000	PFI	2021-22 £000
1,775	Gross PFI liabilities	1,277
	Due:	
304	Not later than one year	304
1,217	Later than one year and not later than five years	1,166
254	Later than five years	-
1,775		1,471
(266)	Finance charges allocated to future periods	(193)
1,509	Net PFI liabilities	1,277
	Net PFI liabilities	
	Due:	
232	Not later than one year	242
1,036	Later than one year and not later than five years	1,035
241	Later than five years	-
1,509		1,277
	Finance cost payments committed in respect of PFI	
73	Not later than one year	62
181	Later than one year and not later than five years	131
13	Later than five years	-
266		193
	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	2,835
614	Later than five years	-
4,316		3,575
	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	4,001
867	Later than five years	-
6,091		5,046

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 2021 £000	Cash and Equivalents Comprise	31 March 2022 £000
7,500	Low Volatility Net Asset Value Funds (LVNAVs)	4,000
17,000	Temporary Investments	-
2,283	Cash and Bank	2,130
26,783	Total	6,130

Section 5 Notes to the Cash Flow Statement

5.2 Cash Flow from Operating Activities – Group Cash Flows

31 March 2021 £000	The cash flows for operating activities include the following items	31 March 2022 £000
(417)	Interest Received	(144)
1,853	Interest Paid	1,781
1,436	Total	1,637

31 March 2021 £000	The cash flows for operating activities include the following items	31 March 2022 £000
(7,311)	Depreciation	(5,779)
(481)	Amortisation	(438)
7	Property revaluations	1,066
(631)	(Increase)/decrease in creditors	(3,604)
2,153	Increase/(decrease) in debtors	3,947
(30)	(Increase)/decrease in inventories	70
(53,958)	Movement in long term liability	(68,912)
222	Movement in other non-current assets/liabilities	968
(3,523)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(2,326)
(196)	Other non-cash movements charged to the (surplus) or deficit on provision of services	(17,393)
(63,749)	Total	(92,401)

31 March 2021 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2022 £000
3,564	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,746
1,699	Any other items for which the cash effects are investing or financing cash flows	2,207
5,263	Total	7,954

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

31 March 2021 £000	Cash Flow from Investing and Financing Activities	31 March 2022 £000
30,111	Purchase of property, plant and equipment, investment property and intangible assets	19,209
25,000	Purchase of short term and long term investments	24,000
(13,000)	Repayments of short-term and long term investments	(25,000)
(3,564)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,746)
(1,699)	Other receipts from investing activities	(2,207)
36,848	Net cash flows from investing activities	10,256
(30,853)	Cash receipts of short-term and long-term borrowing	812
9,409	Repayments of short-term and long-term borrowing	19,655
(21,444)	Net cash flows from financing activities	20,467

Section 6 Remuneration Notes

6.1 Members Remuneration

Members of the Audit and Scrutiny Panel were paid £0.007m (£0.008m 2020-21).

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	2020-21	2021-22
£50,001 to £55,000	11	19
£55,001 to £60,000	5	4
£60,001 to £65,000	3	3
£65,001 to £70,000	-	2
£70,001 to £75,000	1	-
£75,001 to £80,000	2	4
£80,001 to £85,000	-	1
£85,001 to £90,000	1	-
£90,001 to £95,000	1	1
£95,001 to £100,000	-	-
£100,001 to £105,000	-	-
£105,001 to £110,000	-	-
Total	24	34

6.3 Senior Officer Payments

Officers Remuneration 2021-22	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Employer's Pension Contribution £	Total £
Police & Crime Commissioner	3	8,715	-	-	-	1,438	10,153
Police & Crime Commissioner	4	67,657	-	-	-	11,164	78,821
Chief Executive to the Police & Crime Commissioner	5	103,347	-	-	191,921	12,789	308,057
Chief Executive to the Police & Crime Commissioner	6	14,438	-	-	-	2,382	16,821
Chief Finance Officer to the Police & Crime Commissioner	7	113,826	-	-	259,778	13,310	386,914
TOTAL PCC		307,984	-	-	451,699	41,083	800,766
Chief Constable – C Guildford		180,215	-	8,000	-	54,593	242,808
Deputy Chief Constable		132,081	-	7,000	-	-	139,081
Assistant Chief Constable – S Cooper		119,220	-	6,000	-	36,958	162,178
Assistant Chief Constable	8 & 9	102,052	400	4,081	-	28,442	134,975
Temporary Assistant Chief Constable	10	48,457	-	2,750	-	13,394	64,601
Chief Finance Officer to the Chief Constable	11	83,333	-	-	-	13,750	97,083
TOTAL CHIEF CONSTABLE		665,358	400	27,831	-	147,138	840,726
TOTAL FOR GROUP		973,342	400	27,831	451,699	188,221	1,641,492

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance and Compensatory Grant.

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

Note 3: PCC left 12/05/21

Note 4: PCC commenced wef 13/05/21

Note 5: PCC CEO left 31/12/21

Note 6: PCC CEO commenced wef 01/02/22

Note 7: PCC CFO left 31/01/22

Note 8: Temp ACC wef 27/07/21

Note 9: Bonus relates to the Mandatory Bonus Payment Scheme for 24/7 Duty Rota Superintendents/Chief Superintendents, paid in May before promotion to ACC

Note 10: Temp ACC left 15/09/21

Note 11: The CFO for the Chief Constable acted as joint CFO for the PCC and CC with effect from 21/12/2021 to the end of the 2021/22 financial year, total costs are shown here.

6.3 Senior Officer Payments

Officers Remuneration 2020-21	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Employer's Pension Contribution £	Total £
Police & Crime Commissioner		76,628	-	569	-	12,644	89,841
Chief Executive to the Police & Crime Commissioner		102,296	-	506	-	16,879	119,680
Chief Finance Officer to the Police & Crime Commissioner		102,074	-	355	-	16,842	119,271
TOTAL PCC		280,997	-	1,430	-	46,365	328,792
Chief Constable – C Guildford		178,425	-	9,639	-	54,038	242,102
Deputy Chief Constable		135,792	-	7,513	-	-	143,304
Assistant Chief Constable – S Cooper		118,009	-	6,725	-	36,583	161,316
Assistant Chief Constable	3	93,133	-	5,032	-	28,015	126,180
Temporary Assistant Chief Constable	4	94,316	300	1,851	-	29,111	125,578
Chief Finance Officer to the Chief Constable		65,772	-	386	-	10,852	77,011
TOTAL CHIEF CONSTABLE		685,446	300	31,145	-	158,600	875,491
TOTAL FOR GROUP		966,444	300	32,575	-	204,965	1,204,283

Note 1: Salary, Fees & Allowances includes Rent Allowance, Housing Allowance, Compensatory Grant and Honoraria.

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

Note 3: ACC left 10/1/21

Note 4: Temp ACC commenced wef 1/1/21

6.4 Exit Packages

Contracts were terminated for 2 employees in the group during the year (7 in 2020-21), incurring costs of £0.012m (£0.100m in 2020-21). This included redundancy payments of £0.012m and pension strain costs of £0.0m.

In 2021-22 there were no exit payments within the PCC (0 in 2020-21). 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 accrued cost is £0.139m (£0.034m accrued in 2020-21), but due to delays in the production of the accounts and increased external audit scrutiny, these costs may be increased once the audit of accounts has been completed. No other services were purchased.

As these figures are not material, any additional costs will be charged to the financial year in which they are paid and the accounts will not be updated for the payments.

Exit Packages								
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
£0 - £20,000	-	-	6	2	6	2	71	12
£20,001 - £40,000	-	-	1	-	1	-	29	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Over £150,000	-	-	-	-	-	-	-	-
Total	-	-	7	2	7	2	100	12

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 value, the charge 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 £91.1m. 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 £1.58m at year end (£2.49m in 2020-21). An allowance of £0.21m is set aside for debts to mitigate the effect of default (£0.21m in 2020-21).

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 £5m temporary borrowing at 31 March 2022.

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 2021 £000	31 March 2022 £000
Less than one year	(35,441)	(8,097)
Between one and two years	(2,941)	(1,033)
Between two and five years	(5,765)	(8,738)
More than 5 Years	(6,912)	(7,691)
More than 10 Years	(39,778)	(44,811)
	(90,837)	(70,370)

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 2021-22 ranged between 2.00% and 5.63% for PWLB loans and between 0.06% and 3.73% on market loans. 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 £73.3m which is £2.9m 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 £10m took place in 2021-22 for 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.

	Long-term 31 March 2021 £000	Long-term 31 March 2022 £000	Current 31 March 2021 £000	Current 31 March 2022 £000
Financial Assets				
Debtors				
Debtors at Amortised Cost	-	-	17,841	21,547
Other at Amortised Cost	-	-	-	-
Total included in Debtors	-	-	17,841	21,547
Cash & Investments				
Cash	-	-	2,283	2,130
Investments at Amortised Cost	-	-	54,500	33,000
Total included in Investments	-	-	56,783	35,130
Total Financial Assets	-		74,624	56,677
Financial Liabilities				
Borrowings				
Borrowings at Amortised Cost	(55,396)	(62,273)	(35,441)	(8,097)
Total included in Borrowings	(55,396)	(62,273)	(35,441)	(8,097)
Other Long Term Liabilities				
PFI and finance lease liabilities	(2,024)	(1,056)	(232)	(242)
Total included in Other Long Term liabilities	(2,024)	(1,056)	(232)	(242)
Creditors				
Creditors at Amortised Cost	-	-	(28,698)	(29,906)
Total included in Creditors	-	-	(28,698)	(29,906)
Total Financial Liabilities	(57,420)	(63,329)	(64,371)	(38,245)
Financial Liabilities at amortised cost				
Interest expense			1,853	1,781
Financial Assets: Loans and receivables				
Interest income			(417)	(144)
Net expense in (Surplus) or Deficit on the Provision of Services			1,436	1,637

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 2022.

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).

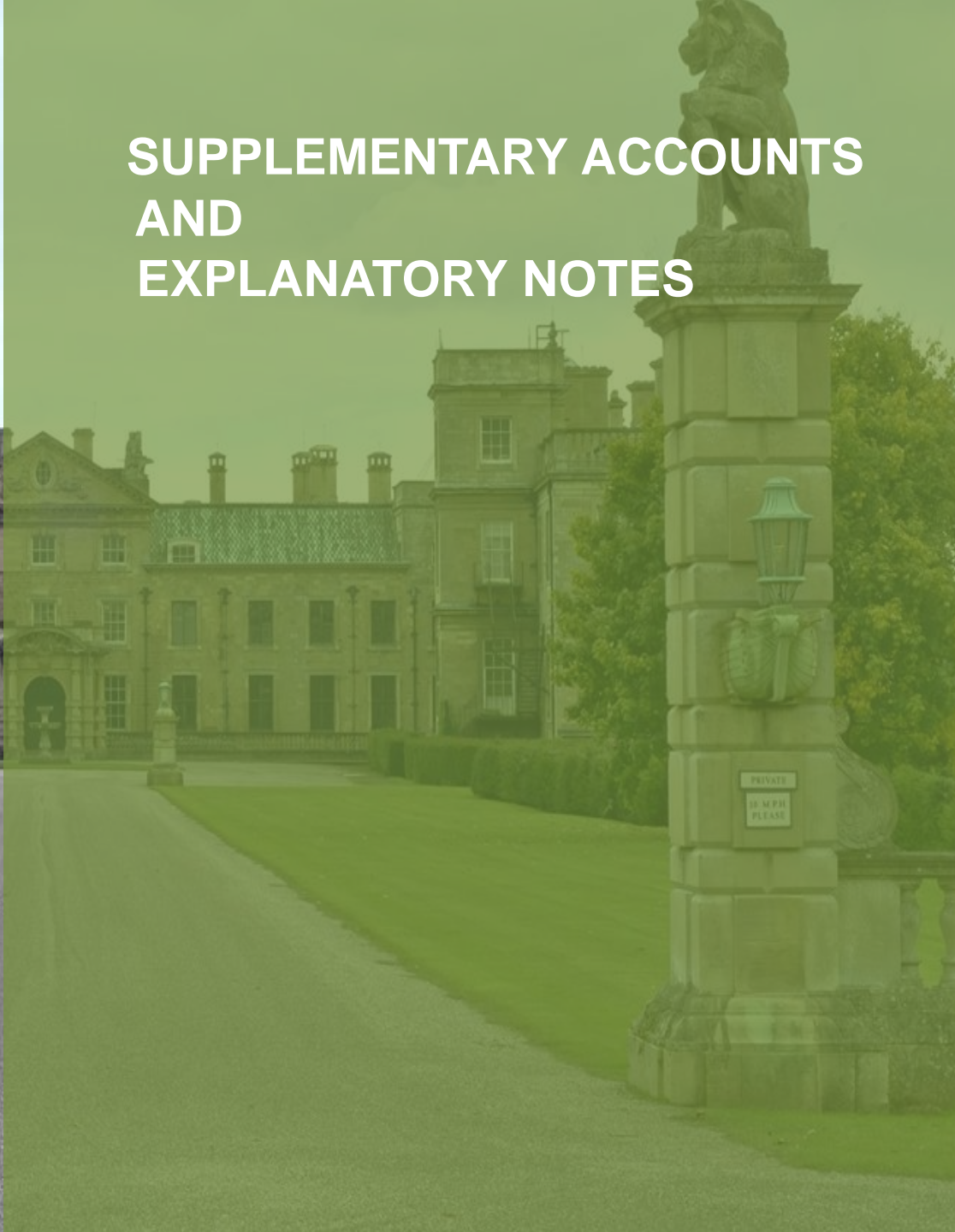
8.4 Related Parties

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

2020-21 £000	Pension Fund	2021-22 £000
	Contributions Receivable	
(2,873)	Employers Contributions 1987 Scheme	(1,634)
(240)	Employers Contributions 2006 Scheme	(203)
(20,668)	Employers Contributions 2015 Scheme	(23,065)
(1,266)	Additional Contributions for early retirements - all schemes	(656)
(1,338)	Members contributions 1987 Scheme	(759)
(93)	Members contributions 2006 Scheme	(78)
(8,798)	Members contributions 2015 Scheme	(9,841)
-	Transfer in 1987 Scheme	-
-	Transfer in 2006 Scheme	-
(663)	Transfer in 2015 Scheme	(649)
	Benefits Payable	
60,860	Pensions 1987 Scheme	61,868
22	Pensions 2006 Scheme	50
417	Pensions 2015 Scheme	578
11,080	Commutations and lump sum retirement benefits 1987 Scheme	12,412
1,684	Annual Allowance Tax charge	1,815
-	GAD v Milne Payments	-
	Payments to / on account of leavers	
-	Refund of contributions 2006 Scheme	-
14	Refund of contributions 2015 Scheme	50
-	Transfers out 1987 Scheme	-
-	Transfers out 2006 Scheme	-
305	Transfers out 2015 Scheme	-
38,442	Sub-total before transfer from the PCC of amount equal to the deficit	39,889
(38,442)	Transfer of Government Grant from the PCC to meet the deficit	(39,889)
-	Balance at 31 March	

This fund account relates solely to the Police Officer Pension Scheme

Post-Employment Benefits

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

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

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

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

The Local Government Pensions Scheme

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

The Police Pension Scheme

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

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

Discretionary Benefits

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

Accounting Treatment

The Group Balance Sheet recognises the net pension liability and reserve. The actuarial valuation of the staff LGPS fund was carried out as at 31 March 2022 and set contributions for the period from 1 April 2021 to 31 March 2022. 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 2021-22 are based on a detailed valuation of the most recent data provided (as at 31 March 2020), together with cash flow information for the year ending 31st March 2022. In particular the actuary has allowed for service accrued between 1 April 2021 and 31 March 2022 and known pension and salary increases that would have applied.

The figures for the LGPS are calculated by Barnett Waddingham (Actuaries), based on membership data as at 31 March 2022 for all members. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

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

The figures reflect McCloud and any other relevant adjustments.

Accounting Treatment cont'd

When assessing the potential implications of McCloud on the IAS19 liabilities, the actuary has considered those members with benefits in the 2015 scheme who were former members of the 1987 and 2006 schemes. The actuary has calculated the additional liability arising had these members not ceased to accrue benefits in the 1987 and 2006 schemes on 1 April 2015 (or after this date if their start date in the 2015 Scheme was tapered) and had continued instead to accrue final salary benefits in the 1987 and 2006 Schemes. The actuary has also included the impact for those who retired after joining the 2015 Scheme. Whilst members who left the service over this period and took deferred benefits were considered, the actuary concluded the effects are not material.

The costs emerging are sensitive to the underlying assumptions. The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2023 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.

2020-21		Pension Fund Comprehensive Income and Expenditure Statement	2021-22	
LGPS £000	Police £000		LGPS £000	Police £000
16,398	52,020	Current Service Cost	22,237	60,430
94	-	Admin Expense	143	-
39	-	Past Service Cost	888	-
-	-	(Gain) / loss from curtailments	575	-
3,595	56,720	Net interest expense / (income)	4,856	54,430
20,126	108,740	Total charged to (Surplus) and Deficit on Provision of Services	28,699	114,860
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Account		
		Re-measurement of the net defined benefit liability comprising:		
(42,915)	-	Return on Assets	(21,272)	-
(4,205)	(133,920)	Actuarial (gains) and losses - experience	(16,094)	24,460
(3,831)	-	Actuarial (gains) and losses arising on changes in demographic assumptions	(22,192)	-
126,661	289,380	Actuarial (gains) and losses arising on changes in financial assumptions	(24,298)	(35,620)
-	-	Other Actuarial Gains/Losses	2,909	-
95,836	264,200	Total charged to the Comprehensive Income and Expenditure Statement	(52,248)	103,700

2020-21		Pension Fund Movement in Reserves Statement	2021-22	
LGPS £000	Police £000		LGPS £000	Police £000
(20,126)	(108,740)	Reversal of net charges made to the deficit on the Provision of Services	(28,699)	(114,860)
7,588	-	Amount charged against the general fund balance for pensions in the year: Employers' contributions payable to scheme	7,467	-
-	67,320	Retirement benefits payable to pensioners	-	67,180

2020-21		Pensions Assets and Liabilities Recognised in the Balance Sheet	2021-22	
LGPS £000	Police £000		LGPS £000	Police £000
(494,240)	(2,725,020)	Present value of the defined obligation	(459,536)	(2,761,540)
265,800	-	Fair value of plan assets	290,811	-
(228,440)	(2,725,020)	Value of Assets / (Liabilities)	(168,725)	(2,761,540)
(228,440)	(2,725,020)	Net (liability) / asset arising from the defined benefit obligation	(168,725)	(2,761,540)

2020-21		Movement in the Fair Value of Scheme Assets	2021-22	
LGPS	Police Officer Pension Scheme		LGPS	Police Officer Pension Scheme
£000	£000		£000	£000
216,046	-	Opening fair value of scheme assets	265,800	-
4,430	-	Interest income	5,448	-
		Re-measurement gain / (loss):		
42,915	-	The return on plan assets, excluding the amount included in the net interest expense	21,272	-
7,588	67,320	Contributions from employer	7,467	67,180
2,616	10,920	Contributions from employees into the scheme	2,733	11,310
(7,701)	(78,240)	Benefits / transfers paid	(9,349)	(78,490)
-	-	Other actuarial gains/(losses) on assets	(2,417)	-
(94)	-	Admin Expense	(143)	-
265,800	-	Closing value of scheme assets	290,811	-

2020-21		Movements in the Present Value of Scheme Liabilities	2021-22	
LGPS	Police Officer Pension Scheme		LGPS	Police Officer Pension Scheme
£000	£000		£000	£000
(356,238)	(2,528,140)	Opening balance at 1 April	(494,240)	(2,725,020)
(16,398)	(52,020)	Current service cost	(22,237)	(60,430)
(8,025)	(56,720)	Interest cost	(10,304)	(54,430)
(2,616)	(10,920)	Contributions from scheme participants	(2,733)	(11,310)
-	-	Unusable Reserves	-	-
		Re-measurement gains and losses:		
4,205	133,920	- Actuarial gains / (losses) – experience	16,094	(24,460)
3,831	-	- Actuarial gains / (losses) from changes in demographic assumptions	22,192	-
(126,661)	(289,380)	- Actuarial gains / (losses) from changes in financial assumptions	24,298	35,620
(39)	-	Past service cost	(888)	-
-	-	Gains / (losses) on curtailments	(1,067)	-
7,701	78,240	Benefits / transfers paid	9,349	78,490
(494,240)	(2,725,020)	Balance as at 31 March	(459,536)	(2,761,540)

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £2,930.3m has a substantial impact on the net worth of the Balance Sheet. Statutory accounting arrangements to fund the deficit neutralise the effect on taxpayers. Finance is only required when the pensions are actually paid.

The deficit on the local government scheme has been recovered by increased monetary contributions. The situation will be re-assessed based on the 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 2023 are £7.7m and £26.9m 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 £26.2m (2020-21, £46.5m). 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 £10.9m and a decrease by the same amount increases the pension liability by £11.3m.

For the police officers scheme an extra 0.5% on the discounting rate used decreases the liability by £262m with a 0.5% decrease in the rate increasing the liability by the same amount.

Pension Assumptions	LGPS		Police	
	2020-21	2021-22	2020-21	2021-22
Mortality assumptions				
Longevity at 65 retiring today				
Men	21.6 yrs	20.7 yrs	22.0 yrs	22.1 yrs
Women	24.3 yrs	23.5 yrs	23.7 yrs	23.8 yrs
Longevity at 65 retiring in 20 years				
Men	22.9 yrs	21.9 yrs	23.7 yrs	23.8 yrs
Women	25.7 yrs	24.9 yrs	25.3 yrs	25.4 yrs
Rate of inflation				
CPI increases	2.85%	3.20%	2.40%	3.00%
Rate of increase in salaries	3.85%	4.20%	4.15%	4.75%
Rate of increase in pensions	2.85%	3.20%	2.40%	3.00%
Rate for discounting scheme liabilities	2.05%	2.60%	2.00%	2.65%

Value of LGPS Assets at Bid Value	31 March 2021 £000	31 March 2021 %	31 March 2022 £000	31 March 2022 %
Equity Investments	169,350	64	174,488	60
Gilts	9,407	4	5,816	2
Other Bonds	19,867	7	23,265	8
Property	28,196	11	36,642	13
Cash	14,209	5	5,816	2
Inflation-linked pooled fund	10,362	4	16,285	6
Infrastructure	14,409	5	28,499	10
Unit Trust	-	-	-	-
	265,800	100	290,811	100

JOINT OPERATIONS

Joint operations (JO's) are treated in accordance with IAS 31 - Interests in Joint Ventures. They are governed by legally binding Section 22 Agreements and incorporated into the accounts on agreed proportions. The Group participates in 10 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.

There are six JO's between Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire and Northamptonshire, Nottinghamshire's proportion is 27.3% (27.3% 2020-21).

- The East Midlands Special Operations Unit (EMSOU), which includes The Technical Surveillance Unit (TSU)
- The East Midlands Special Operations Major Crime (EMSOU MC).
- The East Midlands Occupational Health Unit (EMCHRS OHU).
- The East Midlands Forensic Support Services (EMFSS).
- The East Midlands Legal Service (EMLS).
- The Regional Emergency Services Network (ESN) 22.6% (22.6% 2020-21).

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% 2020-21)

The other collaborations are:

- 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% 2020-21).
- 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% 2020-21).

2020-21			Joint Operations Comprehensive Income and Expenditure Statement	2021-22		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
15,020	-	15,020	Cost of Police Services	14,525	-	14,525
15,020	-	15,020	Cost of Services	14,525	-	14,525
1	(676)	(675)	Other Operating Expenditure / Income	5	(386)	(381)
-	(1,304)	(1,304)	External Grants and Contributions	-	(1,427)	(1,427)
-	(13,049)	(13,049)	Contributions From Partners	-	(12,546)	(12,546)
15,021	(15,029)	(8)	(Surplus) or Deficit on Provision of Services	14,530	(14,359)	171
	-		Other CIES			-
	(8)		Total CIES			171

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 2021	(90)	(1,042)	-	(1,132)	(2,808)	(3,940)
Movements in reserves during 2021-22	(74)	-	-	(74)	74	-
(Surplus) / deficit on the provision of services	171	-	-	171	-	171
Other CIES	-	-	-	-	-	-
Total CIES	97	-	-	97	74	171
Adjustments between accounting basis and funding basis under regulations	-	-	-	-	-	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	97	-	-	97	74	171
Transfers to / (from) Earmarked Reserves	(97)	97	-	-	-	-
(Increase) or Decrease in 2021-22	-	97	-	97	74	171
Balance at 31 March 2022	(90)	(945)	-	(1,035)	(2,734)	(3,769)

31 March 2021 £000	Joint Operations Balance Sheet	31 March 2022 £000
2,971	Property, Plant and Equipment	2,891
-	Assets Under Construction	7
29	Intangible Assets	15
3,000	Long Term Assets	2,913
-	Assets Held for Sale	-
784	Short Term Debtors	772
2,239	Cash and Cash Equivalents	1,714
3,023	Current Assets	2,486
(2,083)	Short-Term Creditors	(1,631)
(2,083)	Current Liabilities	(1,631)
-	Long Term Liabilities	-
3,940	Net Assets	3,768
(1,132)	Usable Reserves	(1,035)
(2,808)	Unusable Reserves	(2,734)
(3,940)	Total Reserves	(3,768)

Group Accounts

Joint Operations & Associate Entities

The OPCC's share of Joint Operations (JO's) for 2021-22 is as follows:

Ownership %	Arrangement	2021-22		
		Expenditure £000	Income £000	Net £000
27.30%	EM Major Crime	214	(212)	2
27.30%	EM Legal Services	511	(509)	2
34.90%	EM Criminal Justice	167	(167)	-
27.30%	EM Serious Organised Crime	7,741	(7,702)	39
27.30%	EM Occupational Health Unit	515	(521)	(6)
31.42%	EM Learning & Development	435	(432)	3
27.30%	EM Forensics	2,627	(2,592)	35
22.60%	Emergency Services Network (ESN)	97	(1)	96
50.00%	EM Strategic Commercial Unit	-	-	-
31.04%	Multi Force Shared Service (MFSS)	2,223	(2,223)	-
		14,530	(14,359)	171

The OPCC's does not have any Associate Entities in 2021-22.



GLOSSARY

GLOSSARY

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

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

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

EXPECTED RETURN ON PENSION ASSETS

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

FAIR VALUE

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

FINANCE LEASE

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

GOING CONCERN

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

IFRS

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

GROUP

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

IMPAIRMENT

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

INTANGIBLE ASSETS

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

INTEREST COSTS (PENSION)

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

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

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

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

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

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

USEFUL ECONOMIC LIFE (UEL)

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