NOT PROTECTIVELY MARKED – for public release **Agenda Item No.**

11

JOINT INDEPENDENT AUDIT COMMITTEE
23 November 2023

SUBJECT	**Half year budget monitoring reports**
REPORT BY	**CC CFO & PCC CFO**
CONTACT OFFICER	**officepcc@notts.police.uk**
SUMMARY AND PURPOSE OF REPORT To present the budget monitoring reports to the JIAC in accordance with the Terms of Reference and workplan.	
RECOMMENDATION	*That the Committee note the report.*

A. 1. SUPPORTING INFORMATION

The CIPFA Statement on the Role of the Chief Financial Officer makes several references to the importance of budget monitoring. Whilst there is no specific legislation stipulating budget monitoring in the public sector there is a legislative obligation and a statutory duty for CFOs to ensure that adequate policies and procedures are in place to ensure an effective system of financial control.

The information contained in this report is at the end of September 2023. The Chief Constable's budget monitoring report has been presented to the Force Executive Board, and subsequently discussed with the PCC at the Accountability Board. The Group budget monitoring report is provided to the OPCC and presented to the Police & Crime Panel within the Commissioner's Update Report. At the half year point it is also presented to JIAC (this paper).

1.1 Budget Monitoring 2023/24

The Commissioner approved a Revenue Budget and Capital Programme for 2023/24 in February 2023. This set out the overall budget for the PCC including the budget that is delegated to the Chief Constable.

The information below provides an update to the JIAC on the group budget position as at the end of September.

1.1.1 Revenue

The 2023/24 forecast outturn for revenue expenditure currently shows a forecast underspend of £2,019k. The breakdown is shown in the following table.

Budget	Original Budget £000	Virements £000	DR budget changes pending £000	Working Budget £000	Forecast Outturn £000	Variance £000
Income - Core Funding	(261,907)	0	0	(261,907)	(261,907)	0
Chief Constable Budget	251,829	73	(48)	251,854	244,960	(6,894)
OPCC & Democratic Core	2,645	0	12	2,658	2,547	(110)
OPCC Grants & Commissioning	4,586	(73)	0	4,513	4,564	51
Joint Services - Finance	2,247	0	35	2,282	2,095	(187)
Direct Revenue Financing of Capital	600	0	0	600	5,721	5,121
Total (under)/over spend	(0)	0	0	0	(2,019)	(2,019)

Most of the forecast under spend is on the Chief Constable's budget, £6,894k. The majority of this under spend is due to additional income from Op Safeguard and treasury management activity. It was agreed at the Accountability Board in September to allocate the additional income to fund the capital programme (£5,121k). The 'direct revenue funding of capital' budget was significantly reduced when the 2023/24 budget was set due to affordability. By increasing the amount of one-off funding for the capital programme it reduces the need to borrow and therefore reduces the pressure on the revenue budget in future years.

The most significant variance to report on the OPCC budgets is the £110k forecast under spend which is primarily on staffing budgets, due to vacancies. This is also the main reason for the £187k forecast under spend on Finance.

1.1.2 Capital

The 2023/24 capital programme is £12,011k, made up of £7,316k original budget plus £4,695k carry forward from 2022/23. The Capital Programme budget summary is shown in the table below.

Department	Slippage 22/23 £	Original Budget £	Addnl Budget £	Virements £	Working Budget £	Forecast Outturn £	Variance £	Actual £	U/Spend £	Slippage £
Estates	2,815,453	2,433,000		(0)	5,248,453	3,903,013	(1,345,439)	1,180,560	834,869	510,570
Fleet	1,813,673	2,603,713		0	4,417,385	4,385,001	(32,384)	909,557	0	32,384
Information Technology	65,920	2,082,000		0	2,147,920	2,144,403	(3,517)	2,033,159	3,517	
Operations		197,380			197,380	197,380	0			
Grand Total	**4,695,045**	**7,316,093**		**(0)**	**12,011,138**	**10,629,797**	**(1,381,341)**	**4,123,275**	**838,387**	**542,954**

The forecast outturn as of September is £10,630k, therefore showing an expected underspend of £1,381k (£542k of which is slippage into future years) most of this variance is on Estates.

B. FINANCIAL CONSIDERATIONS

There are no additional financial implications to those contained in the appendices.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

None.

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES

(including any impact or issues relating to Children and Young People)

None.

E. REVIEW ARRANGEMENTS

The forward plan sets out the planned review of budget monitoring at the half year point.

F. RISK MANAGEMENT

Risks arising from the regular review of budgets are discussed and if necessary escalated to appropriate risk registers.

G. PUBLIC ACCESS TO INFORMATION

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.

Statement of Accounts 2022-23

Nottinghamshire Police & Crime Commissioner and Group

NOTTINGHAMSHIRE POLICE & CRIME COMMISSIONER

(V2 as at 15th November 2023)

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WRITTEN STATEMENT AND
CHIEF FINANCE OFFICER'S
NARRATIVE REPORT

NOTTINGHAMSHIRE

To be inserted

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 2022-23

Preventing

We continued to build upon the successful Safer Streets programme, delivering new targeted crime and antisocial behaviour prevention programmes in every local authority area across Nottinghamshire and helping more residents to be safe and feel safe.

- Nottinghamshire secured a further £3m in Home Office funding as part of round 4 of the Safer Streets programme in July 2022. This supported work to tackle Neighbourhood crime, antisocial behaviour and Violence Against Women and Girls a range across 16 hotspot localities through situational crime prevention measures such as CCTV (£487,346) target hardening residential homes to make them safer from repeat victimisation (£176,260) and Safer Streets Wardens (£116,170). The Commissioner provided an additional £299,000 funding to support crime prevention and early intervention initiatives.

We have led partnership activity to tackle serious violence and divert more young people from harm. Our Violence Reduction Partnership (VRP) was allocated £1.4m core funding in 2022-23 in addition to securing £900,000 in August 2022 for Focused Deterrence, known locally as the "Another Way".

- The Nottinghamshire Violence Reduction Partnership led the development of a local Youth Charter and provision of early intervention among young people at risk of serious violence through projects such as Divert Plus, 'Another Way' and detached youth outreach. This also led to improvements in the identification and response to speech and language-related needs among those at risk of offending. Our diversion and mentoring schemes supported over 2,800 children and young people, leading to improvements in wellbeing, self-esteem, and positive progression to education, training and employment.

The PCC committed £88,465 funding to community-based organisations to undertake projects aimed at steering young people away from crime and antisocial behaviour.

- This saw over 500 young people reached through mentoring and group diversionary activities and 79 young people who were most at risk receiving one-to-one mentoring to support them away from serious violence and crime. Those engaging in these programmes continue to report positive improvements in 'protective factors' such as mental health, emotional wellbeing, family relationships and positive behaviour change. The Switch Up project and the Centre Place also provided targeted support to young people most at risk of knife crime, reporting a wide range of positive outcomes in 2022-23.

We have stepped up our response to Violence Against Women (VAWG) and Girls by increasing investment in this area and leading the development of Nottinghamshire's first VAWG Strategy and delivery plan.

- We have worked with partner agencies across the statutory and voluntary sector to co-produce a five-year strategy for tackling Violence Against Women and Girls, based on the key pillars of preventing, responding, supporting, including and strengthening local service provision. The strategy, which was informed by the views and experiences of survivors, front line services and the public. The Safe Space Accreditation scheme has also been expanded to create more places of refuge for women and girls seeking support, including innovative new CCTV refuge cameras in Nottingham, Warsop and Kirkby.

Achievements 2022-23 (continued)

Responding

We achieved our March 2023 officer recruitment target a year ahead of schedule, with Nottinghamshire now having the highest number of officers in force in over a decade. This has helped to ensure that Nottinghamshire maintains a visible, accessible and responsive police service.

- Nottinghamshire Police was successful in appointing 418 new officers in the three years to March 2023, significantly exceeding the Police Uplift target of 357. This brought the force's officer headcount figure to 2,439 – the highest in over a decade. The force was granted temporary national funding for a further 50 officers in 2022/23 which allowed for the expansion of teams, including Response, Neighbourhood Policing, Operation Reacher and roads policing. This is enabling greater visibility of officers across all areas of the county and supporting ongoing improvements in local services.

We have worked with partner agencies to strengthen local responses to fraud and digital crime.

- The Commissioner launched the Nottinghamshire Fraud Partnership in 2023, bringing together partners from public, private, voluntary and banking sectors to better prevent and respond to fraud and ensure that vulnerable victims are effectively supported. Operation Signature worked proactively to provide advice to vulnerable people at risk of fraud and we increased the number of cyber investigators within the force's specialist Cyber Pursue team, strengthening Nottinghamshire's capability to pursue crypto currency and digital proceeds of crime.

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

- The Commissioner's target hardening funding, Safer For All, has helped to secure a dedicated rural crime prevention officer for the Bassetlaw and Newark and Sherwood area. Part of their role involves visiting victims of rural crime, completing crime prevention assessments and arranging the installation of security and target hardening products where appropriate and necessary. This is helping to reduce risk of repeat victimisation and increase feelings of safety among victims of rural crime. The Commissioner awarded £100,000 to support new third sector led activity to reduce rural crime.

We have maintained a relentless focus on disrupting, dismantling and destroying serious and organised criminality across Nottinghamshire.

- Nottinghamshire OPCC commenced chairing of the Breaking Drug Supply Chains subgroup tasked with delivering against pillar 1 of the national 'From Harm to Hope' ten-year drugs strategy. The group provides transparency and co-ordination of local plans to tackle middle and streel level drug dealing, seize criminal assets, close county lines operations and restrict drug supply into prisons. We have continued to ensure that all appropriate capabilities at every level are engaged in disrupting serious and organised criminality. More than £933,000 in criminal assets were recovered in 2022-23, marking an increase of 94% on the previous year and a 42% increase on the 2019-20 pre-Covid year.

PERFORMANCE

Achievements 2022-23 (continued)

Supporting

Together with local partners, the Commissioner has continued to drive improvements in the police and Criminal Justice response to domestic abuse and serious sexual offences.

- Investment in mobile digital forensic units (DigiVans) helped to reduce the turnaround time for securing digital material from the mobile phones of victims from 413 hours in 2022 to around 21 hours in 2023, significantly reducing the impact that this process has on victims. The Commissioner's Community Chest grant provided helped to support vulnerable women and girls at risk of harm, whilst the OPCC also secured over £1m Home Office funding to support to children affected by domestic abuse in the area through services such as psycho-educative support, one-to-one trauma informed therapy, early years work in school settings, and programmes to support children and non-abusing parents to help recover and repair their relationships.

Our Notts Victim CARE and specialist co-commissioned domestic abuse and sexual violence support services continued to provide high quality support for victims of crime across Nottinghamshire.

- Around 20,000 victims were supported in 2022-23 through a range of standard and enhanced interventions. Where assessed, around 90% of victims reported improvements in their ability to cope with everyday life or recover from harm as a result of the support received. This marked an 8% point increase on the previous year. Our independent Victim Needs Assessment was used to inform a major commissioning process that will see the mobilisation of new and expanded victim CARE and Restorative Justice services in 2023.

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 continues to jointly fund the Slavery and Exploitation Team tasked with bringing statutory and non-statutory agencies together to develop joint response plans in response to cases of confirmed or suspected slavery. In 2022-23 the team received 277 referrals, a 92% increase from the previous financial year (144). The team has been able to identify multiple vulnerabilities across their victim cohort, making appropriate referrals to housing, mental health services and substance recovery networks to improve the overall system response to victims of exploitation and slavery.

The Commissioner has continued to support and promote a range of community-led initiatives to enable communities to contribute towards the Make Notts Safe Plan

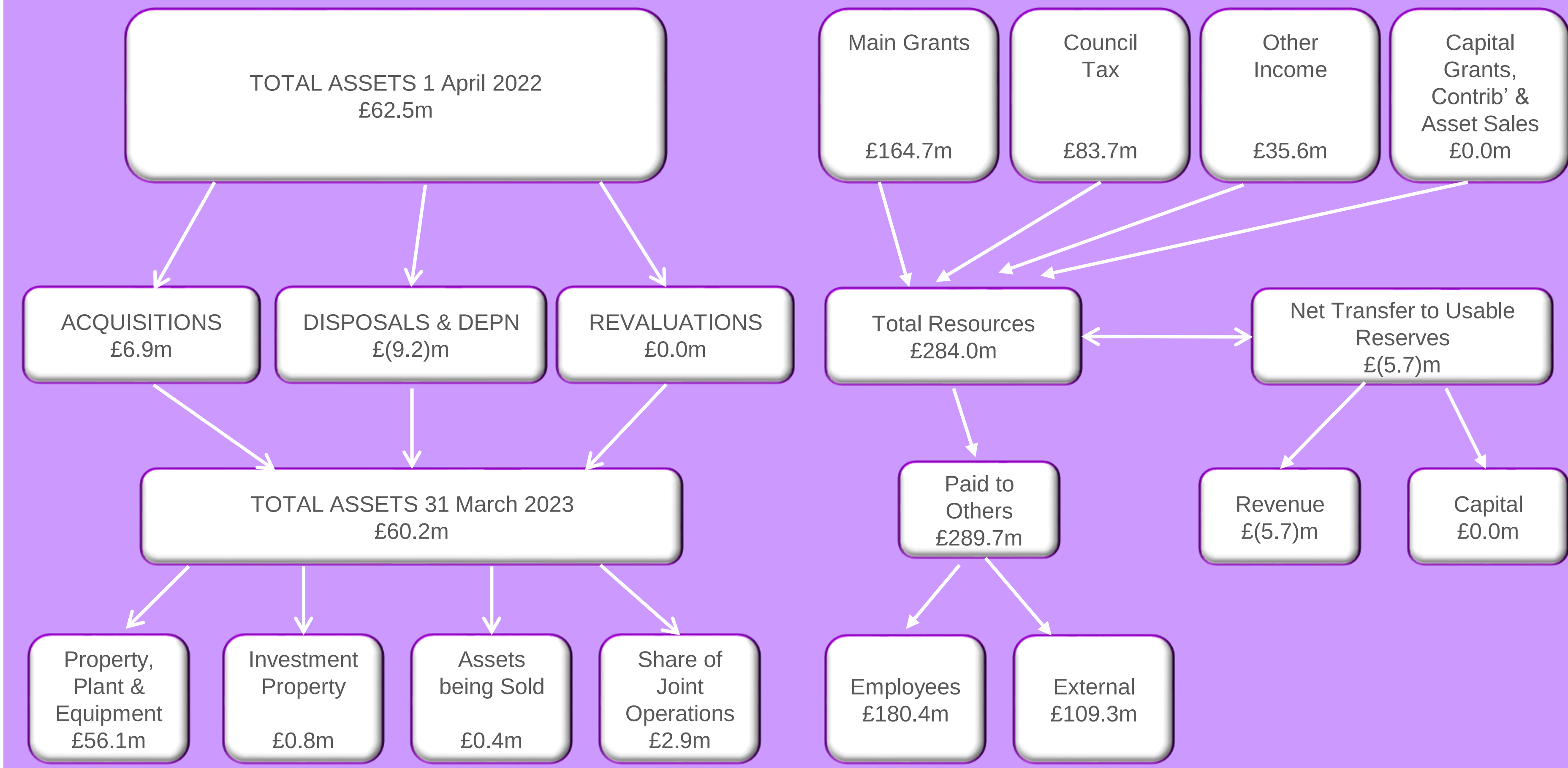
- The Commissioner made £413,000 available to support third sector organisations in delivering against the Police and Crime Plan in 2022-23 as part of the 'Make Notts Safe' Fund. This was used to support 12 local community projects working to provide youth diversion in disadvantaged communities, raise awareness understanding of domestic abuse, build trust and confidence in the police and tackle hidden harm such as slavery and exploitation, county lines and female genital mutilation.

FINANCIAL PERFORMANCE

Capital

Nottinghamshire is responsible for managing non-current assets and assets being sold in excess of £60m

Revenue



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.

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 2023	**£m**
TOTAL PROVISION	6.6
TOTAL USABLE REVENUE RESERVES	34.4
TOTAL USABLE CAPITAL RESERVES	0

WHO WORKS FOR NOTTINGHAMSHIRE POLICE

Nottinghamshire Police (including the Office of the Police and Crime Commissioner) employs approximately 2,439 police officers, 146 PCSOs, 109 specials and 1,435 staff in full-time and part-time positions.

Overall Equality Characteristics

Gender	Headcount	%
Male	2,247	54.42%
Female	1,882	45.58%
Totals	**4,129**	**100.00%**

Self-Declared Disability	Headcount	%
Yes	323	7.82%
No or not specified	3,806	92.18%
Totals	**4,129**	**100.00%**

Age Band	Headcount	%
25 and under	588	14.24%
26 to 40	1,655	40.08%
41 to 55	1,518	36.77%
Over 55	368	8.91%
Totals	**4,129**	**100.00%**

Ethnicity	Headcount	%
Asian or Asian British	131	3.17%
Black or Black British	49	1.19%
Mixed	87	2.11%
Other	4	0.10%
White	3,831	92.78%
Not Stated	0	0.0%
Prefer not to say	27	0.65%
Totals	**4,129**	**100.00%**

Explanation of Accounting Statements

The Statement of Accounts sets out the Group income and expenditure for the year and its financial position at 31 March 2023. 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 2022-23; which in turn is underpinned by International Financial Reporting Standards.

A new financial management code has come into effect for 2022/23.

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

The Core Statements

The Comprehensive Income and Expenditure Statement (CIES). This records all income and expenditure for the year. The top half of the statement includes policing activity. The bottom half of the statement deals with corporate transactions and funding. It includes actuarial valuations in accordance with the code.

The Movement in Reserves Statement (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.

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

The Cash Flow Statement – shows the reasons for changes in cash balances during the year, whether the change is due to operating activities, new investment or financing activities (such as the repayment of borrowing and other long term liabilities).

The Supplementary Financial Statements

The Annual Governance Statement – this sets out the governance arrangements in place and the key internal controls.

The Pension Fund 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.

The Notes to the Accounts – these provide more detail about the accounting policies and individual transactions.

INDEPENDENT AUDITORS REPORT

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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 2023 and its income and expenditure for the year ended 31 March 2023.

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

Approval: The Statement of Accounts were approved by the Police and Crime Commissioner

C Henry
Nottinghamshire Police and Crime Commissioner

Executive Summary

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.

This statement enables us to monitor our achievements and to provide assurance that our strategic objectives have led to the delivery of strong, effective services which continue to provide value for money. The development and publication of our Annual Governance Statement helps us take stock as we move forward.

1. THE GOVERNANCE FRAMEWORK

The governance regime introduced by the Commissioner gives effect to the provisions of the Police Reform and Social Responsibility (PR&SR) Act 2011. This framework was designed so that:

- where statutory powers provide for non-operational decision making that rests with the Commissioner, the Commissioner may give consent for certain decisions to be reached by the Chief Constable.
- there is clarity on which statutory powers of the Commissioner have been delegated to the Commissioner’s staff.
- the decision-making structure provides for effective management of resources.
- proportionate control mechanisms are in place in order to secure probity in the use of public resources and value for money.
- the Commissioner can be assured of the highest standards of openness, transparency, integrity, respect for others and corporate governance in the exercise of functions.
- the Commissioner is seen to be accountable to the electorate for the delivery of the service.

By law the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of Nottinghamshire Police. It is however the Commissioner who is required to hold them to account for the exercise of those functions and those of the persons under his direction and control. This is done in a manner that recognises the commitment of the Commissioner and Chief Constable to abide by the working principles of the Policing Protocol as set out in the Schedule to the Policing Protocol Order 2011.

The key elements of the systems and processes that comprise the governance arrangements put in place for the Commissioner and the Chief Constable are measures:

• for identifying and communicating the Commissioner's vision, purpose and intended outcomes.
• for reviewing the Commissioner's vision and its implications for governance arrangements; • for measuring the quality of services for users, for ensuring they are delivered in accordance with the Commissioner's objectives and for ensuring that they represent the best use of resources.
• for defining and documenting the roles and responsibilities of the Commissioner and Force and the senior officers of each, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinising Force activity for developing, communicating, and embedding codes of conduct, defining the standards of behaviour for officers and staff.
• for reviewing and updating standing orders, standing financial instructions, a scheme of delegation, contract/procurement regulations, and supporting procedure notes/ manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.
• for undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police.
• for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
• for whistle blowing and for receiving and investigating complaints from the public and handling redress.
• for identifying the development needs of senior officers in relation to their strategic roles, supported by appropriate training.
• for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
• for incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Commissioner's overall governance arrangements.

The Joint Code of Corporate Governance and Working Together document is available at the following links: Joint Code of CG part A Joint Code of CG part B

2. REVIEW OF EFFECTIVENESS

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control.

This review has been informed by the work of the Chief Financial Officer (CFO) and the Chief Executive and Monitoring Officer(CEMO), who also undertakes the role of Head of Paid Service. In addition, the work of the internal auditors, plus members of the Commissioner's staff, who have the responsibility for the development, maintenance and operation of the governance environment also inform the review. Comments made by the internal and external auditors and other review agencies and inspectorates are also considered as part of this review.

The Commissioner and Chief Constable have a Joint Independent Audit Committee (JIAC) that meet at least 4 times a year. The JIAC provides advice on matters relating to the adequacy and effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by both the Commissioner and the Chief Constable. The JIAC is subject to an annual self-assessment.

The JIAC has received and considered independent reports from both Internal and External Audit and monitored the implementation of action plans drawn up to address identified internal control weaknesses. The Head of Internal Audit provides an opinion for each of the Police and Crime Commissioner and Chief Constable corporations sole, based on the work undertaken in the year, on the adequacy and effectiveness of the assurance framework, risk management, internal control and governance, in compliance with the Public Sector Internal Audit Standards (PSIAS).

From the Internal Audit work for the year ending 31 March 2023, generally effective processes are in place for MINT, Medium Term Financial Planning and Business Continuity. Weaknesses have been identified in respect of Custody, Cyber Security, Core Financials and Environmental Management that require addressing. The CC AGS identifies the lead officers for these areas of improvement.

The External Auditor provides an opinion on the financial statements and value for money. Due to delays in completing the audit of the 2020/21 accounts a draft ISA 260 has not yet been issued, although the VFM opinion is still expected to have an exception in respect of financial reporting due to the delays in preparing the Statement of Accounts. The accounts for 2021/22 and 2022/23 are not yet published which is a serious governance issue that CFOs are managing.

There are a number of internal groups that meet on a regular basis to enable the Commissioner to carry out effective monitoring and review of the Force's performance and assess progress made against the objectives stated in the Police and Crime Plan.

The monthly Accountability Board is the formal meeting where the Commissioner holds the Chief Constable to account on a wide range of areas including performance and use of resources. The inaugural meeting took place on 24 May 2022. The work plan can be found here Accountability Board (pcc.police.uk). This is supplemented by weekly catch ups with the Chief Constable in between the formal Accountability Board meetings.

The CEMO meets with Professional Standards to review matters relating to the conduct of police officers and staff. The CEMO and CFO also attend other relevant meetings to either observe or contribute as appropriate.

Oversight of regional collaborations is undertaken at Regional PCC and CC meetings; regional CEOs and CFOs also meet with their counterparts separately.

During the 2022/23 financial year, previously flexed governance arrangements in response to the Covid-19 pandemic and the change in working arrangements required by government, returned to pre-pandemic arrangements. Most meetings have returned to being 'in person' but still utilising web conferencing technology where appropriate as a hybrid approach.

The effectiveness of the governance framework has been reviewed by the Commissioner's Senior Leadership Team (SLT) in the year 2022/23. The review has included:

- the internal audit reports;
- review of the Commissioner's overall approach to risk management;
- the Commissioner's Decision-Making Framework and practical application of the significant public interest policy statement;
- the Commissioner's Publication Scheme and approach to ensuring that information is publicly available and transparent;
- The Joint Code of Corporate Governance and Working Together document that includes the Scheme of Consent and Scheme of Delegation and the Financial Regulations, and Contract Standing Orders;
- ongoing review of the delivery against the Commissioner's Make Notts Safe Plan;
- review and monitoring of Nottinghamshire Police performance (both organisational and operational) through the governance meeting structure and written and oral briefings;
- external auditors and their formal reporting (none received in 2022/23);
- feedback received from the JIAC.

Assurance on the effectiveness of the Commissioner's regulatory framework has been provided by the CEMO who has a legal duty to ensure the lawfulness and fairness of decision-making. Specialist legal advice is available to the Monitoring Officer as required.

Assurance on the effectiveness of the Commissioner's financial controls has been provided by the CFO who is designated as the responsible officer for the administration of financial affairs under section 151 of the Local Government Act 1972. Systems are in place to ensure the lawfulness and financial prudence of decision-making and to fully discharge the responsibilities of the role. The financial arrangements in place conform to the governance requirements of the CIPFA Statement on the Role of the CFO of the Police and Crime Commissioner and the CFO of the Chief Constable (2014).

The Joint Working Together document was first published to reflect the new governance arrangements arising from the PRSR Act 2011, it has since been reviewed and updated periodically. The JIAC Terms of Reference were updated in 2022/23 and as such have this document on their forward work plan to review annually.

The Commissioner's risk management arrangements are well developed and embedded. The JIAC reviews the risk management strategy on an annual basis and monitors the Commissioner's strategic risk register. The SLT consider and review risks periodically through SLT meetings.

The Police and Crime Panel in Nottinghamshire exist to scrutinise the Commissioner (not the Chief Constable), to promote openness in the transaction of PCC business and to support the Commissioner in the effective exercise of their functions. In Nottinghamshire, the Commissioner and their senior staff have attended every meeting of the Police and Crime Panel. During 2022/23 this included the Chief Constable and some of their chief officers although it is recognised this is not routine practice.

The Commissioner published their Annual Report in 2023 and presented it to the Police and Crime Panel. The Annual Report demonstrates how the Commissioner has carried out their legal duties, sets out what has been achieved over the year and reports on the progress that has been made in meeting the objectives set out in the Make Notts Safe Plan (The Police and Crime Plan). The Annual Report is available at the following link: Annual Report (pcc.police.uk)

The Commissioner successfully recruited and appointed a Chief Constable following the existing post holder moving on to become Chief Constable of West Midlands Police. Kate Meynell came from Derbyshire Police where she was the Deputy CC, having previously spent most of her career at Nottinghamshire police. Their appointment commenced in December 2022.

The Commissioner had appointed a CFO at the end of 2021/22, they commenced their role in August 2022, having previously been a Deputy CFO at Lincolnshire OPCC. The Force CFO provided temporary cover in a joint arrangement from December 2021 to July 2022.

The Commissioner procured an independent provider to undertake a review of OPCC functions, roles, and responsibilities shortly after being elected. This aimed to bring staffing levels in line with other comparable OPCCs and sufficiently resource the organisation's growing commissioning and statutory responsibilities. The review was completed in Autumn 2021.

The OPCC underwent a comprehensive recruitment process during 2022 in line with recommendations from the independent review. New appointments include Head of Communications, Community Engagement Officer, Commissioning Officers, Policy and Scrutiny Officers and Partnership Analysts and a Programme Manager and Project Manager within the Violence Reduction Unit. This additional capacity provided the resource required to deliver OPCC and VRU programmes to time, on budget, and at the required quality standard.

The OPCC formally relocated to the new Nottinghamshire Police and Nottinghamshire Fire and Rescue Services' joint headquarters on 10 May 2022 as part of move to drive efficiencies and improve ways of working. This has been proven during 2022/23.

The Commissioner has an in-house media and communications team in place. This was part of the revised office structure. This arrangement allows the Commissioner and the OPCC to have a service tailored and responsive to their specific requirements, including interaction with the press, social media content and fulfilling specific grant conditions.

The Commissioner engages in widespread consultation on a range of subjects, key examples include, the annual budget, and the development of his Police and Crime Plan. PCC Henry has continued the Police & Crime Survey that was instigated by her predecessor. An independent research company, Information By Design, undertakes a robust and representative longitudinal survey of resident perceptions on crime, policing and community safety.

Fieldwork for the survey is undertaken every three months based on a sampling scheme which ensures good geographical coverage and is representative by age, gender, employment status and ethnicity. The information is used to help to ensure that the police service meets the needs of the community and is responding effectively to local priorities. It also helps to provide a robust and consistent measure of the prevalence of crime, the proportion of crime reported to the police, the needs of victims and extent to which those needs are met, levels of trust, confidence and satisfaction with the police and views on policing priorities.

The Commissioner is committed to being accessible to the public through a wide range of channels. Over the course of the year, the Commissioner received and responded as necessary to various correspondence, including 57 Freedom of Information (FOI) Requests.

In addition, The Commissioner uses social media to enhance public visibility and reach. This demonstrates an effective link between the public and the elected individual charged with governance. The Commissioner is also committed to openness and transparency and maintains a dedicated section on his website to meet their statutory obligations in this area, including the publication of expenses, salaries of senior staff and expenditure over £500 and a list of property assets held. In addition, the Commissioner also publishes the agenda pack for the monthly Accountability Board.

This comprehensive approach to transparency meant that the OPCC has been awarded the 2021 Transparency Quality Mark certificate by CoPaCC the body responsible for evaluating police transparency.

The Commissioner has ensured there are arrangements in place for receiving and handling complaints from the public that are aligned with the changes in complaints legislation that came into force from February 2020.

3. SIGNIFICANT GOVERNANCE ISSUES

The Risk Register is a tool that identifies the risks that would prevent or distract the Commissioner from achieving their objectives.
The Commissioner's significant governance issues are detailed below. They include an outline of the actions taken or further work that is required to address the issues.

RISK	IMPACT	MITIGATION
COT Leadership	Significant combined changes in force Chief Officer Team (COT) impacting stability of police leadership and direction.	Engagement with COT, clarity of focus and expectations in the delivery of the Police and Crime Plan.
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.
Data Quality	Poor data quality impacts understanding of crime patterns, the identification and referral for vulnerable people and public confidence in crime recording.	Remedial action underway with reviews via Accountability Board, Internal Audit and FCIR.
GDPR Compliance	Improvement in GDPR controls to reduce the risk of information being compromised, causing monetary penalties and reputational damage.	Provision of DPO and Information Governance advice and support from third party
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.
Finance Expertise	Finance restructuring has led to a reliance on staff with limited local government professional experience.	Participation in CIPFA AFEP programme and training for finance apprentices.

4. INSPECTORATE FINDINGS

The PEEL Inspection programme conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) scrutinises all 43 police forces in England and Wales and examines their Efficiency, Effectiveness and Legitimacy providing comparable grades for each of the 43 forces in England and Wales.

HMICFRS changed the way in which they inspect forces for the year 2021/22, adopting an intelligence-led risk-based inspection framework. This blended approach now incorporates traditional face-to-face on-site fieldwork along with proven remote information gathering processes introduced during the pandemic. In addition, the grading of judgements changed to include a new grade of "Adequate" creating a five-tier structure.

The most recent PEEL inspection grades were published in April 2022 relating to the force's performance in 2021/22. Nottinghamshire Police received the following gradings:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Investigating crime	Preventing crime	Recording data about crime	
	Protecting vulnerable people	Treatment of the public		
		Managing offenders		
		Responding to the public		
		Developing a positive workplace		
		Good use of resources		

The next graded PEEL inspection of Nottinghamshire police is scheduled to take place in January 2024.

The force's progress against 'areas for improvement' and recommendations made in inspections continues to be tracked and progress monitored by the force through its HMICFRS tracker. The force provides a summary report on outstanding remedial activity for review by the JIAC, and provide updates to the Accountability Board. HMICFRS operate a 'register of recommendations', to ensure that all recommendations both thematic and force specific have been addressed and remedial work has been fully completed to their satisfaction.

Outside of the PEEL regime the force received the following inspections in 2022/23, further detail is set out in the CC AGS:

Inspection Area
Armed policing.
How well the police and other agencies use digital forensics in their investigations.
Vetting, misconduct, and misogyny in the police service.
The police response to burglary, robbery, and other acquisitive crime.
Twenty years on is MAPPA achieving its objectives? A joint thematic inspection of Multi-Agency Public Protection Arrangements.
How well the police tackle serious youth violence.

CONCLUSION

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

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.

2021-22					PCC & GROUP CIES		2022-23				
PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000		Note	PCC Exp' £'000	PCC Income £'000	PCC Net £'000	CC Net £'000	Group Total £'000
264,140	-	264,140	(264,140)	-	Funding to Chief Constable		272,743	-	272,743	(272,743)	-
28,513	(9,283)	19,230	274,185	293,415	Service cost		15,494	(8,096)	7,398	264,758	272,156
292,653	**(9,283)**	**283,370**	**10,045**	**293,415**	**Cost of Services**		**288,237**	**(8,096)**	**280,141**	**(7,985)**	**272,156**
2,691	(5,753)	(3,062)	-	(3,062)	Other Operating (Income) and Expenditure	2.6	275	(97)	178	-	178
2,898	(144)	2,754	58,634	61,389	Financing and Investment	2.4	2,451	(1,068)	1,382	77,094	78,476
-	(277,364)	(277,364)	-	(277,364)	Taxation and Non Specific Grant Income	2.5	-	(287,762)	(287,762)	-	(287,762)
298,243	**(292,544)**	**5,699**	**68,679**	**74,378**	**(Surplus) or Deficit on Provision of Services**	2.1 & 2.8	**290,963**	**(297,023)**	**(6,061)**	**69,109**	**63,048**
		(2,517)	-	(2,517)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(152)	-	(152)
		(1,448)	(90,659)	(92,107)	Re-measurement of the net defined benefit liability / asset				(4,220)	(1,003,782)	(1,008,002)
		(3,965)	**(90,659)**	**(94,624)**	**Other Comprehensive (Income) and Expenditure**				**(4,372)**	**(1,003,782)**	**(1,008,154)**
		1,734	**(21,980)**	**(20,246)**	**Total Comprehensive (Income) and Expenditure**				**(10,433)**	**(934,673)**	**(945,106)**

2021-22			GROUP CIES		2022-23		
Expenditure £'000	Income (Note 2.3) £'000	Net £'000		Note	Expenditure £'000	Income (Note 2.3) £'000	Net £'000
323,679	**(30,264)**	**293,415**	**Group Cost of Services**		**307,727**	**(35,571)**	**272,156**
2,691	(5,753)	(3,062)	Other Operating (Income) and Expenditure	2.6	275	(97)	178
61,533	(144)	61,389	Financing and Investment	2.4	79,545	(1,068)	78,476
-	(277,364)	(277,364)	Taxation and Non Specific Grant Income	2.5	-	(287,762)	(287,762)
387,903	**(313,525)**	**74,378**	**(Surplus) or Deficit on Provision of Services**	**2.1 & 2.8**	**387,547**	**(324,499)**	**63,048**
		(2,517)	(Surplus) or deficit on revaluation of Property, Plant and Equipment				(152)
		(92,107)	Re-measurement of the net defined benefit liability / asset				(1,008,002)
		(94,624)	**Other Comprehensive (Income) and Expenditure**				**(1,008,154)**
		(20,246)	**Total Comprehensive (Income) and Expenditure**				**(945,106)**

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
2022-23	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2022	**(8,613)**	**(20,083)**	**-**	**-**	**(28,695)**	**2,937,614**	**2,908,919**
Movement in reserves during 2022-23							
(Surplus) or deficit on the provision of services	63,048	-	-	-	**63,048**	**-**	**63,838**
Other Comprehensive (Income) / Expenditure	-	-	-	-	**-**	**(1,008,154)**	**(1,008,154)**
Total Comprehensive Income and Expenditure	**63,048**	**-**	**-**	**-**	63,048	(1,008,154)	(945,106)
Adjustments between accounting basis and funding basis under regulations **(Note 3.5)**	(68,760)	-	-	-	**(68,760)**	**68,760**	**-**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(5,712)**	**-**	**-**	**-**	**(5,712)**	**(939,394)**	**(945,106)**
Transfers to / (from) Earmarked Reserves	5,454	(5,454)	-	-	**-**	**-**	**-**
(Increase) or Decrease in 2022-23	**(258)**	**(5,454)**	**-**	**-**	**(5,712)**	**(939,394)**	**(945,106)**
Balance at 31 March 2023	**(8,871)**	**(25,537)**	**-**	**-**	**(34,407)**	**1,998,220**	**1,963,813**

PCC Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves (Note 3.1)	Capital Receipts Reserve (Note 3.2)	Capital Grants Unapplied Account (Note 3.2)	Total Usable Reserves	Unusable Reserves (Note 3.3 & 3.4)	Group Total Reserves
2022-23	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2022	**(8,613)**	**(20,083)**	**-**	**-**	**(28,695)**	**4,893**	**(23,802)**
Movement in reserves during 2022-23							
(Surplus) or deficit on the provision of services	(6,061)	-	-	-	**(6,061)**	**-**	**(6,061)**
Other Comprehensive (Income) / Expenditure	-	-	-	-	**-**	**(4,372)**	**(4,372)**
Total Comprehensive Income and Expenditure	**(6,061)**	**-**	**-**	**-**	**(6,061)**	**(4,372)**	**(10,433)**
Adjustments between accounting basis and funding basis under regulations (Note 3.5)	348	-	-	-	**348**	**(348)**	**-**
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(5,712)**	**-**	**-**	**-**	**(5,712)**	**(4,720)**	**(10,433)**
Transfers to / (from) Earmarked Reserves	5,454	(5,454)	-	-	**-**	**-**	**-**
(Increase) or Decrease in 2022-23	**(258)**	**(5,454)**	**-**	**-**	**(5,712)**	**(4,720)**	**(10,433)**
Balance at 31 March 2023	**(8,871)**	**(25,537)**	**-**	**-**	**(34,407)**	**173**	**(34,234)**

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
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)	Group Total Reserves
2021-22	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2021	**(7,000)**	**(19,138)**	**(5,837)**	**(300)**	**(32,275)**	**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)**

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.

2021-22		PCC & Group Balance Sheet	Note	2022-23	
PCC	Group			PCC	Group
£000	£000			£000	£000
60,392	60,392	Property, Plant and Equipment	4.2	58,495	58,495
805	805	Investment Property	4.4	825	825
910	910	Intangible Assets	4.5	491	491
-	-	Long-Term Debtors		-	-
62,107	**62,107**	**Long Term Assets**		**59,811**	**59,811**
364	364	Assets Held for Sale	4.7	364	364
161	161	Inventories		1,575	1,575
31,357	31,357	Short-Term Debtors	4.8	27,743	27,743
29,000	29,000	Short-Term Investments	4.9	32,000	32,000
6,130	6,130	Cash and Cash Equivalents	5.1	20,863	20,863
67,012	**67,012**	**Current Assets**		**82,545**	**82,545**
(8,097)	(8,097)	Short-Term Borrowing	4.12	(11,033)	(11,033)
(25,498)	(29,906)	Short-Term Creditors	4.10	(28,332)	(32,687)
(6,441)	(6,441)	Provisions	4.11	(6,585)	(6,585)
(40,036)	**(44,444)**	**Current Liabilities**		**(45,950)**	**(50,305)**
(62,273)	(62,273)	Long-Term Borrowing	4.12	(63,240)	(63,240)
(3,007)	(2,931,321)	Other Long-Term Liabilities		1,070	(1,992,623)
(65,280)	**(2,993,594)**	**Long Term Liabilities**		**(62,170)**	**(2,055,863)**
23,803	**(2,908,919)**	**Net Assets**		**34,236**	**(1,963,812)**
(28,697)	(28,697)	Usable Reserves	3.1 & 3.2	(34,409)	(34,409)
4,894	2,937,616	Unusable Reserves	3.3	173	1,998,221
(23,803)	**2,908,919**	**Total Reserves**		**(34,236)**	**1,963,812**

CASH FLOW STATEMENT

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

Cash includes cash in hand and deposits of up 24 hours' notice. Cash equivalents are investments that mature up to three months from acquisition date. These are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

2021-22			Cash Flow Statement	Note	2022-23		
Commissioner	Chief Constable	Group			Commissioner	Chief Constable	Group
£000	£000	£000			£000	£000	£000
5,699	68,679	74,378	Net (surplus) or deficit on the provision of services		(6,061)	69,109	63,048
(23,722)	(68,679)	(92,401)	Adjustment to (surplus) or deficit on the provision of services for noncash movements	5.2	(14,643)	(69,109)	(83,752)
7,954	-	7,954	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	5.2	306	-	306
(10,070)	**-**	**(10,070)**	**Net cash flows from operating activities**		**(20,397)**	**-**	**(20,397)**
10,256	-	10,256	Net cash flows from investing activities	5.3	9,566	-	9,566
20,467	-	20,467	Net cash flows from financing activities	5.3	(3,903)	-	(3,903)
20,653	**-**	**20,653**	**Net (increase) or decrease in cash and cash equivalents**		**(14,734)**	**-**	**(14,734)**
(26,783)	-	(26,783)	Cash and cash equivalents at the beginning of the reporting period		(6,130)	-	(6,130)
(6,130)	**-**	**(6,130)**	**Cash and cash equivalents at the end of the reporting period**	**5.1**	**(20,863)**	**-**	**(20,863)**

NOTES TO THE ACCOUNTS

GENERAL ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises transactions for the 2022-23 financial year and its position as at 31 March 2023. 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.

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

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

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

NOTES TO CORE STATEMENTS

Section 1 Judgements and Major Accounting Events

1.1 Critical Judgements in Applying Accounting Policies

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

1.2 Material items of Income and Expense

There are no changes to accounting policies this year, and no significant amendments to the Code. 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 2022-23) in respect of going concern reporting requirements reflect the economic and statutory environment in which Police and Crime Commissioners and police forces operate.

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

Police and Crime Commissioners and Chief Constables carry out functions essential to the local community and Police and Crime Commissioners are revenue-raising bodies (with limits on revenue raising powers arising only at the discretion of central government). If a Police and Crime Commissioner was in financial difficulty, the prospects are thus that alternative arrangements would be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not be appropriate for the financial statements to be prepared on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a Police and Crime Commissioner will continue to operate for the foreseeable future.

<u>Cashflow and Liquidity Risk Exposure:</u>
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 £20.9m and are held by the PCC as detailed in Note 5. These have remained positive during 2022-23 and are estimated to remain positive throughout 2023-24.

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.

Section 1 Judgements and Major Accounting Events

1.4 Accounting Standards Issued but not Adopted

For 2022/23 new standards that have been issued but not adopted relate to;

- IFRS 16 Leases

These changes only apply to those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year.

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.

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 reserve and provision total of £5.2m is based on estimates provided by Insurance Companies and by the Regional Legal Services Team. An increase/decrease in the value of claims of 10% will impact the provision by (+/-) £0.5m.

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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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.

2021-22			Commissioner & Group Expenditure Funding Analysis	2022-23		
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
264,100	10,045	274,145	Policing	272,743	(7,985)	264,758
18,372	858	19,230	Commissioner	7,085	313	7,398
282,473	**10,902**	**293,375**	**Net Cost of Services**	**279,828**	**(7,672)**	**272,156**
			Other (Income) and Expenditure			
-	58,634	58,634	Policing	-	77,094	77,094
(285,030)	7,399	(277,631)	Commissioner	(285,541)	(661)	(286,202)
(2,558)	**76,936**	**74,378**	**(Surplus) or Deficit on Provision of Service**	**(5,713)**	**68,762**	**63,048**
(26,138)			Opening General Fund Balance	(28,696)		
(28,696)			**Closing General Fund Balance**	**(34,409)**		

2.2 Adjustments to the Expenditure Funding Analysis

2022-23	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Policing	-	(7,932)	(53)	**(7,985)**
PCC	-	313	-	**313**
Net Cost of Services	**-**	**(7,619)**	**(53)**	**(7,672)**
Other (Income) and Expenditure Chief Constable	-	77,094	-	**77,094**
Other (Income) and Expenditure PCC	(1,464)	103	**700**	**(661)**
Difference between the Statutory Charge and the (Surplus) or Deficit in the CIES	**(1,464)**	**69,578**	**647**	**68,762**

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**

Income

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

A deminimis level of £0.050m exists whereby it is essential that income is assessed whether it should form part of the Earmarked Reserves. Capital grants are credited to the CIES, and then reversed out of the General Fund Balance in the Movement in Reserves Statement. The grant is either used to finance capital expenditure or credited to the Capital Grants Unapplied Account.

2.3 Income Credited to Services

2021-22 £000		2022-23 £000
(9,283)	**Relating to the PCC - Other Income**	**(8,096)**
(1,355)	Partnership and Joint Controlled Operations	(1,952)
(588)	PFI Grant	(588)
(3,208)	Recharge of Officers	(4,810)
(15,677)	Other Income	(20,125)
(30,111)	**Total for the Group**	**(35,571)**

2.4 Financing and Investment Income and Expenditure

2021-22 £000		2022-23 £000
2,287	Interest payable and similar charges	2,348
87	Net interest on the net defined benefit liability (asset)	103
(144)	Interest receivable and similar income	(1,068)
2,230	**Relating to the PCC**	**1,383**
59,199	Other net interest on the defined benefit liability (asset)	77,094
61,429	**Total for the Group**	**78,477**

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

2021-22 £000		2022-23 £000
(79,018)	Council tax income	(83,672)
(156,249)	Non-ring fenced government grants	(164,713)
(39,889)	HO Police Pension Grant	(39,154)
(2,207)	Capital grants and contributions	(223)
(277,364)	**Total for the PCC and Group**	**(287,762)**

2.6 Other Operating Expenditure – PCC and Group

2021-22 £000		2022-23 £000
(3,063)	(Gains)/losses on the Disposal of Non-Current Assets	178
-	Other	-
(3,063)	**Total for the PCC and Group**	**178**

2.7 Impairment Losses

There are no instances of impairment to report.

2.8 Income and Expenditure Analysed by Nature

2021-22			Nature of Expenditure or Income	2022-23		
PCC £000	Chief Constable £000	Group £000		PCC £000	Chief Constable £000	Group £000
2,690	248,601	251,291	Expenditure on services - employees	4,644	245,530	250,174
11,132	38,877	50,009	Expenditure on services - other	7,922	40,584	48,506
(9,283)	(20,828)	(30,111)	Income from services	(8,096)	(27,475)	(35,571)
(79,018)	-	(79,018)	Income from local taxation	(83,672)	-	(83,672)
(198,346)	-	(198,346)	Government grants and contributions	(204,090)	-	(204,090)
14,691	7,495	22,186	Depreciation, amortisation and impairment	2,927	6,119	9,046
2,795	58,634	61,429	Other Financing	1,382	77,094	78,476
(3,063)	-	(3,063)	(Gain) or loss on disposal of non-current assets	178	-	178
264,100	(264,100)	-	Intra Group Funding	272,743	(272,743)	-
5,698	**68,679**	**74,377**	**(Surplus) or Deficit for Year**	**(6,061)**	**69,109**	**63,048**

2.9 Benefits Payable during Employment

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

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

2.10 Termination Benefits

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

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

Section 3 Notes to the Movement in Reserves Statement

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

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

	Balance at 31 March 2021	Transfers In 2021-22	Transfers Out 2021-22	Balance at 31 March 2022	Transfers In 2022-23	Transfers Out 2022-23	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Police Property Act	**(49)**	(129)	50	**(128)**	(300)	-	**(428)**
Drug Fund	**(27)**	(25)	-	**(52)**	(19)	-	**(71)**
PFI Life Cycle Costs	**(126)**	(40)	-	**(166)**	(41)	-	**(207)**
Revenue Grants	**(1,453)**	(430)	-	**(1,883)**	(3,187)	1,019	**(4,051)**
Medium Term Financial Plan	**(191)**	(102)	-	**(293)**	-	293	**-**
Tax Base Reserve	**(1,678)**	(1,589)	102	**(3,165)**	(141)	-	**(3,306)**
Animal Welfare	**(19)**	-	-	**(19)**	-	-	**(19)**
PCC	**(748)**	(300)	-	**(1,048)**	-	-	**(1,048)**
Grants and Commissioning	**(6,355)**	-	29	**(6,326)**	(500)	-	**(6,826)**
Target Hardening	**(73)**	-	-	**(73)**	-	-	**(73)**
PCC Night Time Levy	**(301)**	-	89	**(212)**	(63)	-	**(275)**
Allard Reserve	**(1,200)**	-	1200	**-**	-	-	**-**
Asset Replacement	**(4,122)**	(1,049)	972	**(4,199)**	(370)	1,981	**(2,588)**
IT Investment	**(1,438)**	(500)	555	**(1,383)**	(310)	-	**(1,693)**
TPAC Collisions	**(100)**	-	-	**(100)**	-	-	**(100)**
McCloud	**(125)**	-	125	**-**	-	-	**-**
Insurance	**-**	-		**-**	(2,237)	-	**(2,237)**
Sustainability	**-**	-		**-**	(1,500)	-	**(1,500)**
Joint Operations	**(1,132)**	-	97	**(1,035)**	(103)	24	**(1,114)**
Total Earmarked Reserves	**(19,138)**	**(4,164)**	**3,220**	**(20,083)**	**(8,771)**	**3,317**	**(25,537)**
General Fund	**(7,000)**	**(1,613)**	**-**	**(8,613)**	**(829)**	**570**	**(8,872)**
Total General Fund Balance	**(26,138)**	**(5,777)**	**3,220**	**(28,696)**	**(9,600)**	**3,887**	**(34,409)**

3.2 Usable Reserves – PCC and Group

31 March 2022 £000	Capital Receipts Reserve	31 March 2023 £000
(5,837)	Balance 1 April	-
(5,746)	Capital Receipts in Year	(83)
11,583	Applied in Year	83
-	**Balance 31 March**	**-**

31 March 2022 £000	Capital Grants & Contributions Unapplied	31 March 2023 £000
(300)	Balance 1 April	-
(2,207)	Capital Grants and Contributions Recognised in Year	(223)
2,507	Capital Grants and Contributions Applied	223
-	**Balance 31 March**	**-**

3.3 Unusable Reserves

31 March 2022		Type of Reserve	31 March 2023	
PCC £000	Group £000		PCC £000	Group £000
1,952	**2,930,265**	Pensions	(1,852)	**1,991,841**
13	**4,421**	Accumulated Absences	200	**4,554**
(3,222)	**(3,222)**	Revaluation Reserve	(3,294)	**(3,294)**
6,586	**6,586**	Capital Adjustment	5,122	**5,122**
(436)	**(436)**	Collection Fund	(2)	**(2)**
4,893	**2,937,614**	**Total**	**174**	**1,998,221**

3.3 Unusable Reserves (continued)

31 March 2022 PCC £000	31 March 2022 Group £000	Pensions Reserve	31 March 2023 PCC £000	31 March 2023 Group £000
3,020	**2,953,460**	**Balance 1 April**	1,951	2,930,265
-	-	Analysis adjustment between PCC and CC	-	-
(1,448)	(92,107)	Re-measurements of the net defined benefit liability/(asset)	(4,220)	(1,008,002)
513	143,559	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	601	147,460
(134)	(74,647)	Employer's contributions to pensions schemes	(185)	(77,882)
1,951	**2,930,265**	**Balance 31 March**	**(1,853)**	**1,991,841**

2021-22				Accumulated Absences	2022-23			
PCC		Group			PCC		Group	
£000	£000	£000	£000		£000	£000	£000	£000
	12		4,273	**Balance 1 April**		13		4,421
(12)		(4,273)		Settlement or cancellation of accrual made at the end of the preceding year	(13)		(4,421)	
13		4,421		Amounts accrued at the end of the current year	200		4,554	
	1		148	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		187		133
	13		4,421	**Balance at 31 March**		200		4,554

3.3 Unusable Reserves (continued)

31 March 2022 £000	Revaluation Reserve	31 March 2023 £000
(781)	**Balance 1 April**	**(3,222)**
(2,549)	Upward Revaluation of assets	(157)
31	Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the provision of services	5
(2,517)	**(Surplus) or deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services**	**(152)**
77	Difference between fair value depreciation and historical cost depreciation	79
-	Accumulated gains on assets disposed	
77	**Amount written off to the Capital Adjustment Account**	**79**
(3,222)	**Balance 31 March**	**(3,295)**

31 March 2022 £000	Capital Adjustment Account	31 March 2023 £000
4,517	**Balance 1 April**	6,586
	Capital Accounting	
7,495	Depreciation & Amortisation	6,101
2,691	Disposals	275
14,691	Revaluations & Impairments	2,975
(77)	Historic Cost Adjustments	(109)
	Capital Financing	
(2,507)	Grants & Contributions	(223)
(11,583)	Receipts Reserve	(83)
(972)	Earmarked Reserves	(1,981)
(4,107)	Revenue financing	(4,585)
(232)	**Lease Accounting**	(242)
-	**Lease Adjustment**	-
(3,329)	**MRP charge**	(3,591)
-	**ARP charge**	-
6,586	**Balance 31 March**	**5,122**

3.3 Unusable Reserves (continued)

2021-22 £000	Collection Fund	2022-23 £000
(28)	**Balance 1 April**	(436)
(407)	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	434
(436)	**Balance 31 March**	(2)

3.4 Unusable Reserves Movements

The table analyses the unusable reserves movements in the MIRS.

31 March 2022		Movement in Unusable Reserves	31 March 2023	
PCC £000	Group £000		PCC £000	Group £000
6,739	**2,961,440**	**Balance at Start of year**	**4,893**	**2,937,615**
(3,965)	(94,624)	Comprehensive Income and Expenditure	(4,372)	(1,008,154)
2,119	70,799	Adjustments between accounting basis and funding basis under regulations	(348)	68,760
-	-	Transfers from Earmarked Reserves	-	-
4,893	**2,937,615**	**Balance at End of Year**	**173**	**1,998,221**

3.5 Adjustments between Accounting Basis and Funding Basis under Regulations

2022-23	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)	(416)	(69,578)	-	-	**416**	**69,578**
Council tax (transfers to/(from) the Collection Fund)	(434)	(434)	-	-	**434**	**434**
Holiday pay (adjustments to the Accumulated Absences reserve)	(187)	(133)	-	-	**187**	**133**
Revaluation Reserve	(79)	(79)	-	-	**79**	**79**
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(9,000)	(9,000)	-	-	**9,000**	**9,000**
Capital Grants	223	223	-	(223)	**-**	**-**
Total Adjustments to Revenue Resources	**(9,892)**	**(79,001)**	**-**	**(223)**	**10,115**	**79,224**
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	83	83	(83)	-	**-**	**-**
Statutory Provision for the repayment of debt	3,591	3,591	-	-	**(3,591)**	**(3,591)**
Capital expenditure financed from revenue balances	4,585	4,585	-	-	**(4,585)**	**(4,585)**
Total Adjustments between Revenue & Capital Resources	**8,259**	**8,259**	**(83)**	**-**	**(8,176)**	**(8,176)**
Application of capital grant to finance capital expenditure	-	-	-	223	**(223)**	**(223)**
Use of capital receipts reserve to finance capital expenditure	-	-	83	-	**(83)**	**(83)**
Use of earmarked reserves to finance capital expenditure	1,981	1,981	-	-	**(1,981)**	**(1,981)**
Total Adjustments to Grants/Contributions & Reserves	1,981	1,981	83	223	**(2,287)**	**(2,287)**
Total Adjustments	**348**	**(68,760)**	**-**	**-**	**(348)**	**68,760**

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**
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 and 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**	**(15,062)**	**(15,062)**
Total Adjustments	**(8,256)**	**(76,936)**	**5,837**	**300**	**2,119**	**70,799**

Section 4 Notes to the Balance Sheet

4.1 Property, Plant and Equipment

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

Recognition

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

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

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

Component Accounting

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

Measurement

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

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

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

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

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

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

Impairment

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

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

Depreciation

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

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

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

Assets held for Sale

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

Disposal

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

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

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

4.2 Property Plant and Equipment Movements to 31 March 2023

	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 2022	**53,204**	**40,898**	**1,497**	**95,599**
Adjustments to cost/value	(449)	(50)	-	**(499)**
Additions	3,868	2,479	525	**6,872**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	152	-	-	**152**
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(1,500)	-	(1,495)	**(2,995)**
De-recognition – disposals	-	(1,543)	-	**(1,543)**
Reclassifications and transfers	515	-	(522)	**(7)**
at 31 March 2023	**55,790**	**41,784**	**5**	**97,580**
Depreciation & Impairment				
at 1 April 2022	**(6,243)**	**(28,933)**	**-**	**(35,177)**
Adjustments to depreciation/impairment	449	57	-	**506**
Depreciation charge	(1,412)	(4,270)	-	**(5,682)**
De-recognition – disposals	-	1,268	-	**1,268**
Reclassifications and transfers	-	-	-	**-**
at 31 March 2023	**(7,206)**	**(31,879)**	**-**	**(39,085)**
Net Book Value				
at 31 March 2023	**48,584**	**9,906**	**5**	**58,495**
at 31 March 2022	**46,961**	**11,965**	**1,497**	**60,422**

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	**19210**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	835	-	1,683	**2,518**
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**	**11,965**	**1,497**	**60,422**
at 31 March 2021	**26,190**	**15,906**	**21,625**	**63,721**

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	**6,856**	**9,071**	**-**	**15,927**
Valued at current value as at:				
31/03/2023	3,513	-		**3,513**
31/03/2022	30,993	-	-	**30,993**
31/03/2021	1,936	-	-	**1,936**
31/03/2020	163	-	-	**163**
31/03/2019	3,127	-	-	**3,127**
Total Cost or Valuation	**46,589**	**9,071**	**-**	**55,660**
Share of Joint Operations Property/Plant/Equipment				**2,835**
Total Gross Value				**58,495**

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 £0.825m (£0.805m 2021-22). 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 2022 Other Assets £000	Intangible Assets	31 March 2023 Other Assets £000
	Balance at start of year:	
2,510	Gross carrying amounts	2,510
(1,162)	Accumulated amortisation	(1,601)
1,348	**Net carrying amount at start of year**	**910**
-	Purchases	-
(438)	Amortisation for the period	(419)
910	**Net carrying amount at end of year**	**491**
	Comprising:	
2,510	Gross carrying amounts	2,510
(1,601)	Accumulated amortisation	(2,020)
910		**491**

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 2023 the Commissioner had entered into a number of capital contracts which would continue to incur expenditure in future years. These future obligations totalled £5.7m. The contracts covered new build schemes and ongoing enhancement to technology and fleet.

31 March 2022 £000	Capital Expenditure and Capital Financing	31 March 2023 £000
69,871	**Opening Capital Financing Requirement**	**66,582**
-	**In Year Adjustment**	**-**
	Capital Investment:	
19,209	Property Plant and Equipment	6,872
-	Intangible Assets	-
19,209	Total Capital Spending	6,872
	Sources of Finance:	
(11,583)	Capital Receipts	(83)
(972)	Earmarked Reserves	(1,981)
(2,507)	Government Grants and other contributions	(223)
(4,107)	Revenue Contributions	(4,585)
	Sums set aside from revenue:	
(3,329)	Minimum Revenue Provision	(3,591)
-	Additional Revenue Provision	-
(22,498)	Total Sources of Finance	(10,463)
66,582	**Closing Capital Financing Requirement**	**62,991**

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 2022 £000	Assets Held for Sale	31 March 2023 £000
-	Balance outstanding at start of year	364
364	Newly classified as held for sale	-
-	Revaluations	-
-	Assets sold	-
364	**Balance outstanding year end**	**364**

4.8 Debtors PCC and Group

An impairment allowance of £6.12m is held against Council Tax arrears of £10.07m at 31 March 2023 (£5.47m and £8.59m respectively at 31 March 2022). This level of allowance has been assessed by the Council Tax Billing Authorities. Debtors relate to the Commissioner only.

31 March 2022 £000	Debtors	31 March 2023 £000
7,291	Central Government Bodies	9,671
3,410	Other Local Authorities	7,591
20,656	Other Entities and Individuals	10,481
31,357	**Total Debtors**	**27,743**

4.9 Short Term Investments PCC and Group

31 March 2022 £000	Short Term Investments	31 March 2023 £000
-	Watford Borough Council	8,000
-	West Dunbartonshire Council	8,000
8,000	Thurrock Council	8,000
5,000	North East Lincolnshire Council	-
8,000	Guildford Borough Council	8,000
8,000	Rotherham Metropolitan Borough Council	-
29,000	**Total Short Term Investments**	**32,000**

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 2023 cash totalling £0.128m was held in the Commissioner's bank account (£0.394m at 31 March 2022).

31 March 2022		Creditors	31 March 2023	
PCC £000	Group £000		PCC £000	Group £000
(3,898)	(3,898)	Central Government Bodies	(6,052)	(6,052)
(6,841)	(6,841)	Other Local Authorities	(9,376)	(9,376)
(14,759)	(19,167)	Other Entities and Individuals	(12,904)	(17,259)
(25,498)	**(29,906)**	**Total Creditors**	**(28,332)**	**(32,687)**

4.11 Provisions

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

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

2022-23	Insurance £000	Dilapidation £000	Allard £000	Medical Retirement £000	Redundancy £000	Bad Debt £000	Total £000
Opening Balance	**(3,756)**	**(620)**	**(1,973)**	**(78)**	**(14)**	**(209)**	**(6,650)**
Increase in provision during year	(856)	-	(328)	-	-	(376)	**(1,560)**
Utilised during year	1,624	-	-	-	-	-	**1,624**
Closing Balance	**(2,988)**	**(620)**	**(2,301)**	**(78)**	**(14)**	**(585)**	**(6,586)**

2021-22	Insurance £000	Dilapidation £000	Allard £000	Medical Retirement £000	Redundancy £000	Bad Debt £000	Total £000
Opening Balance	**(3,281)**	**(672)**	**-**	**(78)**	**(14)**	**(210)**	**(4,045)**
Increase in provision during year	(1,128)	-	(1973)	-	-	-	**(3,101)**
Utilised during year	653	52	-	-	-	1	**705**
Closing Balance	**(3,756)**	**(620)**	**(1,973)**	**(78)**	**(14)**	**(209)**	**(6,441)**

4.12 Short and Long Term Debt

31 March 2022 £000	Short Term Borrowing	31 March 2023 £000
(5,000)	Market Loan - Broxbourne Borough Council	-
(2,000)	Market Loan - Elmbridge Borough Council (1)	-
-	Market Loan - Middlesborough Council	(5,000)
-	Market Loan - Cambridge City Council	(5,000)
(1,097)	PWLB	(1,033)
(8,097)	**Total Short Term Borrowing**	**(11,033)**

31 March 2022 £000	Long Term Borrowing	31 March 2023 £000
(3,000)	Market Loan - Elmbridge Borough Council (2)	(3,000)
(3,500)	Market Loan - L.O.B.O.	(3,500)
(55,773)	PWLB	(56,740)
(62,273)	**Total Long Term Borrowing**	**(63,240)**

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 2022 £000	31 March 2023 £000		31 March 2022 £000	31 March 2023 £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 2022 £000	31 March 2023 £000
-	-

Included in other long-term liabilities

31 March 2022 £000	31 March 2023 £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 2022 £000		31 March 2023 £000
-	Not later than one year	-
-	Later than one year and not later than five years	-
-	Later than five years	-
-	**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 £1.035m. £1.045m was paid in 2022-23 (£1.045m in 2021-22).

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

Future payments are linked to the retail price index but are otherwise fixed, except reductions for poor contractor performance. Specific government grant of £0.588m was received (£0.588m in 2021-22).

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 2021-22 £000	Payment for Services 2021-22 £000	Riverside Premises PFI	Reimbursement of Capital Expenditure 2022-23 £000	Payment for Services 2022-23 £000
242	803	Payable within one year	253	792
1,035	2,966	Payable within two to five years	782	2,175
-	-	Payable within six to ten years	-	-
1,277	**3,769**	**Total**	**1,035**	**2,966**

2021-22 £000	PFI	2022-23 £000
1,277	**Gross PFI liabilities**	1,166
	Due:	
304	Not later than one year	304
1,166	Later than one year and not later than five years	862
-	Later than five years	-
1,470		1,166
(193)	Finance charges allocated to future periods	(131)
1,277	**Net PFI liabilities**	**1,035**
	Net PFI liabilities	
	Due:	
242	Not later than one year	253
1,035	Later than one year and not later than five years	782
-	Later than five years	-
1,277		**1,035**
	Finance cost payments committed in respect of PFI	
62	Not later than one year	51
131	Later than one year and not later than five years	80
-	Later than five years	-
193		**131**
	Services and contingent rents payable to PFI operator (included in the unitary payment)	
740	Not later than one year	740
2,835	Later than one year and not later than five years	2,094
-	Later than five years	-
3,575		**2,835**
	Total unitary payments to PFI operator	
1,045	Not later than one year	1,045
4,001	Later than one year and not later than five years	2,957
-	Later than five years	-
5,046		**4,001**

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 2022 £000	Cash and Equivalents Comprise	31 March 2023 £000
4,000	Low Volatility Net Asset Value Funds (LVNAVs)	5,180
-	Temporary Investments	16,000
2,130	Cash and Bank	(317)
6,130	**Total**	**20,863**

Section 5 Notes to the Cash Flow Statement

5.2 Cash Flow from Operating Activities – Group Cash Flows

31 March 2022 £000	The cash flows for operating activities include the following items	31 March 2023 £000
(144)	Interest Received	(1,068)
1,781	Interest Paid	2,348
1,637	**Total**	**1,280**

31 March 2022 £000	The cash flows for operating activities include the following items	31 March 2023 £000
(5,779)	Depreciation	(5,682)
(438)	Amortisation	(419)
1,066	Property revaluations	202
(3,604)	(Increase)/decrease in creditors	(2,925)
3,947	Increase/(decrease) in debtors	(3,614)
70	(Increase)/decrease in inventories	1,414
(68,912)	Movement in long term liability	(69,578)
968	Movement in other non-current assets/liabilities	274
(2,326)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(275)
(17,015)	Other non-cash movements charged to the (surplus) or deficit on provision of services	(3,148)
(92,023)	**Total**	**(83,752)**

31 March 2022 £000	The (surplus) or deficit on the provision of services has been adjusted for the following investing and financing activities	31 March 2023 £000
5,746	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	83
2,207	Any other items for which the cash effects are investing or financing cash flows	223
7,953	**Total**	**306**

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

31 March 2022 £000	Cash Flow from Investing and Financing Activities	31 March 2023 £000
19,209	Purchase of property, plant and equipment, investment property and intangible assets	6,872
24,000	Purchase of short term and long term investments	16,000
(25,000)	Repayments of short-term and long term investments	(13,000)
(5,746)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(83)
(2,207)	Other receipts from investing activities	(223)
10,256	**Net cash flows from investing activities**	**9,566**
812	Cash receipts of short-term and long-term borrowing	(12,000)
19,655	Repayments of short-term and long-term borrowing	8,097
20,467	**Net cash flows from financing activities**	**(3,903)**

Section 6 Remuneration Notes

6.1 Members Remuneration

Members of the Audit and Scrutiny Panel were paid £0.009m (£0.007m 2021-22).

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.

Remuneration over £50,000	2021-22	2022-23
£50,001 to £55,000	19	22
£55,001 to £60,000	4	8
£60,001 to £65,000	3	5
£65,001 to £70,000	2	3
£70,001 to £75,000	-	1
£75,001 to £80,000	4	-
£80,001 to £85,000	1	3
£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	**34**	**44**

6.3 Senior Officer Payments

Officers Remuneration 2022-23	Note	Salary, Fees & Allowances (Note 1) £	Bonuses £	Expenses Allowances (Note 2) £	Compensation for Loss of Office £	Employers Pension Contribution £	Total £
Police & Crime Commissioner		78,339	-	-	-	12,910	**91,249**
Chief Executive to the Police & Crime Commissioner		90,449	-	-	-	14,924	**105,373**
Chief Finance Officer to the Police & Crime Commissioner	3	57,314	-	-	-	9,457	**66,770**
TOTAL PCC		**226,101**	**-**	**-**	**-**	**37,291**	**263,392**
Chief Constable – C Guildford	4	128,231	-	5,419	-	37,136	**170,786**
Chief Constable	5	55,420		-		16,762	**72,182**
Deputy Chief Constable	6	34,845	-	1,806	-	-	**36,651**
Deputy Chief Constable – S Cooper	7	129,872	-	6,742	-	40,260	**176,874**
Temporary Assistant Chief Constable		111,369	-	6,000	-	28,786	**146,155**
Temporary Assistant Chief Constable	8	104,032	400	5,250	-	28,786	**138,468**
Chief Finance Officer to the Chief Constable	9	94,096	-	-	-	15,526	**109,621**
TOTAL CHIEF CONSTABLE		**657,864**	**400**	**25,218**	**-**	**167,257**	**850,739**
TOTAL FOR GROUP		**883,965**	**400**	**25,218**	**-**	**204,548**	**1,114,131**

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance and Compensatory Grant.
Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances and medical expenses.
Note 3: PCC CFO wef 01/08/2022
Note 4: Chief Constable C Guildford left 04/12/2022
Note 5: Chief Constable wef 12/12/2022
Note 6: Deputy Chief Constable left 03/07/2022
Note 7: Deputy Chief Constable wef 22/06/2022
Note 8: Assistant Chief Constable wef 22/06/2022
Note 9: The CFO acted as joint CFO for the PCC and CC up to 01/08/2022, total costs are shown here

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 £	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	102,052	400	4,081	-	28,442	**134,974**
Temporary Assistant Chief Constable	9	47,303	1,154	2,750		13,036	**64,243**
Chief Finance Officer to the Chief Constable	10	83,333	-	-	-	13,750	**97,083**
TOTAL CHIEF CONSTABLE		**664,204**	**1,554**	**27,831**	**-**	**146,780**	**840,368**
TOTAL FOR GROUP		**972,188**	**1,554**	**27,831**	**451,699**	**187,863**	**1,641,134**

Note 1: Salary, Fees and allowances includes Rent Allowance, Housing Allowance, Compensatory Grant and Compensation for Loss of Office.
Note 2: Expenses Allowances include taxable expenses such as mileage, car allowances, medical expenses and mortgage interest payments relating to relocation.
Note 3: Police & Crime Commissioner left 12/05/21
Note 4: Police & Crime Commissioner wef 13/05/21
Note 5: Chief Executive to the Police & Crime Commissioner left 31/12/21
Note 6: Chief Executive to the Police & Crime Commissioner wef 01/02/22
Note 7: Chief Finance Officer to the Police & Crime Commissioner left 31/01/22
Note 8: ACC wef 27/07/21
Note 9: Temp ACC left 15/09/21
Note 10: The CFO acted as joint CFO for the PCC and CC wef 21/12/21, total costs are shown here

6.4 Exit Packages

Contracts were terminated for 9 employees in the group during the year (2 in 2021-22), incurring costs of £110k (£12k in 2021-22). This included redundancy payments of £108k and pension strain costs of £2k.

In 2022-23 there was 1 exit payment within the PCC (0 in 2021-22), incurring costs of £11k. 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 £0.101m (£0.139m accrued in 2021-22), 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 (£)**	
	2021-22	**2022-23**	**2021-22**	**2022-23**	**2021-22**	**2022-23**	**2021-22**	**2022-23**
£0 - £20,000	-	2	2	5	2	7	12,257	49,621
£20,001 - £40,000	-	-	-	2	-	2	-	60,351
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Over £150,000	-	-	-	-	-	-	-	-
Total	**-**	**2**	**2**	**7**	**2**	**9**	**12,257**	**109,971**

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 £6.58m at year end (£2.36m in 2021-22). An allowance of £0.58m is set aside for debts to mitigate the effect of default (£0.21m in 2021-22).

Liquidity Risk

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

Interest Rate Risk

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

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

The Treasury Management Strategy sets a maximum of 50% of debt to be variable rate loans to mitigate this. Only £3.5m is held as variable which is 5%. There was £10m temporary borrowing at 31 March 2023.

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 2022 £000	31 March 2023 £000
Less than one year	(8,097)	11,033
Between one and two years	(1,033)	4,161
Between two and five years	(8,738)	5,615
More than 5 Years	(7,691)	7,563
More than 10 Years	(44,811)	45,901
	(70,370)	**74,273**

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 2022-23 ranged between 1.85% and 5.63% for PWLB loans and between 0.52% and 3.80% on market loans. The average interest rates received were 1.30%. 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 £51.6m which is £12.6m lower than the carrying amount because there are a number of fixed rate loans with the PWLB with an interest rate payable lower than the prevailing rates at the Balance Sheet date.

This shows a notional future gain as there is a commitment to pay the PWLB at a rate below 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 £2.0m took place in 2022-23.

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 2022 £000	Long-term 31 March 2023 £000	Current 31 March 2022 £000	Current 31 March 2023 £000
Financial Assets				
Debtors				
Debtors at Amortised Cost	-	-	21,547	17,573
Other at Amortised Cost	-	-	-	-
Total included in Debtors	**-**	**-**	**21,547**	**17,573**
Cash & Investments				
Cash	-	-	2,130	(317)
Investments at Amortised Cost	-	-	33,000	53,180
Total included in Investments	**-**	**-**	**35,130**	**52,863**
Total Financial Assets	**-**		**56,677**	**70,436**
Financial Liabilities				
Borrowings				
Borrowings at Amortised Cost	(62,273)	(63,240)	(8,097)	(11,033)
Total included in Borrowings	**(62,273)**	**(63,240)**	**(8,097)**	**(11,033)**
Other Long Term Liabilities				
PFI and finance lease liabilities	(1,056)	(782)	(242)	(253)
Total included in Other Long Term liabilities	**(1,056)**	**(782)**	**(242)**	**(253)**
Creditors				
Creditors at Amortised Cost	-	-	(29,906)	(32,687)
Total included in Creditors	**-**	**-**	**(29,906)**	**(32,687)**
Total Financial Liabilities	**(63,329)**	**(64,022)**	**(38,245)**	**(43,973)**
Financial Liabilities at amortised cost				
Interest expense			1,781	2,348
Financial Assets: Loans and receivables				
Interest income			(144)	(1,068)
Net expense in (Surplus) or Deficit on the Provision of Services			**1,637**	**1,280**

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 2023.

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 Provision).

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

2021-22 £000	Pension Fund	2022-23 £000
	Contributions Receivable	
(1,634)	Employers Contributions 1987 Scheme	-
(203)	Employers Contributions 2006 Scheme	-
(23,065)	Employers Contributions 2015 Scheme	(26,342)
(656)	Additional Contributions for early retirements - all schemes	(601)
(759)	Members contributions 1987 Scheme	(41)
(78)	Members contributions 2006 Scheme	-
(9,841)	Members contributions 2015 Scheme	(11,337)
-	Transfer in 1987 Scheme	-
-	Transfer in 2006 Scheme	-
(649)	Transfer in 2015 Scheme	(322)
	Benefits Payable	
61,885	Pensions 1987 Scheme	64,967
50	Pensions 2006 Scheme	69
569	Pensions 2015 Scheme	699
12,412	Commutations and lump sum retirement benefits 1987 Scheme	11,052
1,815	Annual Allowance Tax charge	798
-	GAD v Milne Payments	-
	Payments to / on account of leavers	
-	Refund of contributions 2006 Scheme	-
50	Refund of contributions 2015 Scheme	211
-	Transfers out 1987 Scheme	-
-	Transfers out 2006 Scheme	-
-	Transfers out 2015 Scheme	-
39,897	**Sub-total before transfer from the PCC of amount equal to the deficit**	**39,154**
(39,897)	**Transfer of Government Grant from the PCC to meet the deficit**	**(39,154)**
-	**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 30 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 2023 and set contributions for the period from 1 April 2022 to 31 March 2023. 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 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 2022-23 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 2023. In particular the actuary has allowed for service accrued between 1 April 2022 and 31 March 2023 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 2023 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.

2021-22		Pension Fund Comprehensive Income and Expenditure Statement	2022-23	
LGPS £000	**Police £000**		**LGPS £000**	**Police £000**
22,237	60,430	Current Service Cost	20,595	49,550
143	-	Admin Expense	118	0
888	-	Past Service Cost	0	0
575	-	(Gain) / loss from curtailments	0	0
4,856	54,430	Net interest expense / (income)	4,287	72,910
28,699	**114,860**	**Total charged to (Surplus) and Deficit on Provision of Services**	**25,000**	**122,460**
		Other post-employment benefits charged to the Comprehensive Income and Expenditure Account		
		Re-measurement of the net defined benefit liability comprising:		
(21,272)	-	Return on Assets	13,653	0
(16,094)	24,460	Actuarial (gains) and losses - experience	33,328	158,610
(22,192)	-	Actuarial (gains) and losses arising on changes in demographic assumptions	0	(43,490)
(24,298)	(35,620)	Actuarial (gains) and losses arising on changes in financial assumptions	(222,593)	(947,510)
2,909	-	Other Actuarial Gains/Losses	0	0
(52,248)	**103,700**	**Total charged to the Comprehensive Income and Expenditure Statement**	**(150,612)**	**(709,930)**

2021-22		Pension Fund Movement in Reserves Statement	2022-23	
LGPS £000	**Police £000**		**LGPS £000**	**Police £000**
(28,699)	(114,860)	Reversal of net charges made to the deficit on the Provision of Services	(25,000)	(122,460)
		Amount charged against the general fund balance for pensions in the year:		
7,467	-	Employers' contributions payable to scheme	7,682	-
-	67,180	Retirement benefits payable to pensioners	-	70,200

2021-22		Pensions Assets and Liabilities Recognised in the Balance Sheet	2022-23	
LGPS £000	**Police £000**		**LGPS £000**	**Police £000**
(459,536)	(2,761,540)	Present value of the defined obligation	(295,773)	(1,981,410)
290,811	-	Fair value of plan assets	285,342	-
(168,725)	(2,761,540)	Value of Assets / (Liabilities)	(10,431)	(1,981,410)
(168,725)	**(2,761,540)**	**Net (liability) / asset arising from the defined benefit obligation**	**(10,431)**	**(1,981,410)**

2021-22		Movement in the Fair Value of Scheme Assets	2022-23	
LGPS £000	Police Officer Pension Scheme £000		LGPS £000	Police Officer Pension Scheme £000
265,800	**-**	**Opening fair value of scheme assets**	**290,811**	**0**
5,448	-	Interest income	7,571	0
		Re-measurement gain / (loss):		
21,272	-	The return on plan assets, excluding the amount included in the net interest expense	(13,653)	0
7,467	67,180	Contributions from employer	7,682	70,200
2,733	11,310	Contributions from employees into the scheme	2,955	11,700
(9,349)	(78,490)	Benefits / transfers paid	(9,906)	(81,900)
(2,417)	-	Other actuarial gains/(losses) on assets	0	0
(143)	-	Admin Expense	(118)	0
290,811	**-**	**Closing value of scheme assets**	**285,342**	**0**

2021-22		Movements in the Present Value of Scheme Liabilities	2022-23	
LGPS **£000**	**Police Officer Pension Scheme** **£000**		**LGPS** **£000**	**Police Officer Pension Scheme** **£000**
(494,240)	**(2,725,020)**	**Opening balance at 1 April**	**(459,536)**	**(2,761,540)**
(22,237)	(60,430)	Current service cost	(20,595)	(49,550)
(10,304)	(54,430)	Interest cost	(11,858)	(72,910)
-	(11,310)	Contributions from scheme participants	0	(11,700)
(2,733)	-	Unusable Reserves	(2,955)	0
		Re-measurement gains and losses:		
16,094	(24,460)	- Actuarial gains / (losses) – experience	(33,328)	(158,610)
22,192	-	- Actuarial gains / (losses) from changes in demographic assumptions	0	43,490
24,298	35,620	- Actuarial gains / (losses) from changes in financial assumptions	222,593	947,510
(888)	-	Past service cost	0	0
(1,067)	-	Gains / (losses) on curtailments	0	0
9,349	78,490	Benefits / transfers paid	9,906	81,900
(459,536)	**(2,761,540)**	**Balance as at 31 March**	**(295,773)**	**(1,981,410)**

The liabilities show the underlying commitments that the Group will eventually have for retirement benefits. The total liability of £1,991.8m 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 £8.1m and £28.1m 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 -£6.1m (2021-22, £26.7m). The pension liability is sensitive to changes and the actuaries give an indication of this.

For the LGPS an increase of 0.1% on the discounting rate used decreases the pension liability by £5.5m and a decrease by the same amount increases the pension liability by £5.7m.

For the police officers scheme an extra 0.5% on the discounting rate used decreases the liability by £151m with a 0.5% decrease in the rate increasing the liability by the same amount.

Pension Assumptions	**LGPS**		**Police**	
	2021-22	**2022-23**	**2021-22**	**2022-23**
Mortality assumptions				
Longevity at 65 retiring today				
Men	20.7 yrs	20.7 yrs	22.1 yrs	21.9 yrs
Women	23.5 yrs	23.5 yrs	23.8 yrs	23.5 yrs
Longevity at 65 retiring in 20 years				
Men	21.9 yrs	22.0 yrs	23.8 yrs	23.5 yrs
Women	24.9 yrs	25.0 yrs	25.4 yrs	25.0 yrs
Rate of inflation				
CPI increases	3.20%	2.90%	3.00%	2.60%
Rate of increase in salaries	4.20%	3.90%	4.75%	3.85%
Rate of increase in pensions	3.20%	2.90%	3.00%	2.60%
Rate for discounting scheme liabilities	2.60%	4.80%	2.65%	4.65%

Value of LGPS Assets at Bid Value	31 March 2022 £000	31 March 2022 %	31 March 2023 £000	31 March 2023 %
Equity Investments	174,488	60	166,313	58
Gilts	5,816	2	5,898	2
Other Bonds	23,265	8	16,900	6
Property	36,642	13	33,867	12
Cash	5,816	2	14,931	5
Inflation-linked pooled fund	16,285	6	14,403	5
Infrastructure	28,499	10	22,427	8
Unit Trust	-	-	10,603	4
	290,811	**100**	**285,342**	**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 9 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% 2021-22).

- The East Midlands Special Operations Unit (EMSOU), which includes The Technical Surveillance Unit (TSU)
- The East Midlands Special Operations Major Crime (EMSOUMC).
- The East Midlands Occupational Health Unit (EMCHRS OHU).
- The East Midlands Forensic Support Services (EMFSS).
- The East Midlands Legal Service (EMLS).
- The Regional Emergency Services Network (ESN) 22.6% (22.6% 2021-22).

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% 2021-22)

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% 2021-22).
- 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% 2021-22).

2021-22				2022-23		
Expenditure £000	**Income £000**	**Net £000**	**Joint Operations Comprehensive Income and Expenditure Statement**	**Expenditure £000**	**Income £000**	**Net £000**
14,525	-	14,525	Cost of Police Services	13,627	-	13,627
14,525	**-**	**14,525**	**Cost of Services**	**13,627**	**-**	**13,627**
5	(386)	(381)	Other Operating Expenditure / Income	11	(342)	(331)
-	(1,427)	(1,427)	External Grants and Contributions	-	(1,578)	(1,578)
-	(12,546)	(12,546)	Contributions From Partners	-	(11,731)	(11,731)
14,530	**(14,359)**	**171**	**(Surplus) or Deficit on Provision of Services**	**13,638**	**(13,651)**	**(13)**
		-	Other CIES			-
		171	**Total CIES**			**(13)**

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 2022	**(75)**	**(960)**	**-**	**(1,035)**	**(2,734)**	**(3,769)**
Movements in reserves during 2022-23	(66)	-	-	(66)	66	-
(Surplus) / deficit on the provision of services	(13)	-	-	(13)	-	(13)
Other CIES	-	-	-	-	-	-
Total CIES	**(79)**	**-**	**-**	**(79)**	**66**	**(13)**
Adjustments between accounting basis and funding basis under regulations	-	-	-	-	-	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(79)**	**-**	**-**	**(79)**	**66**	**(13)**
Transfers to / (from) Earmarked Reserves	79	(79)	-	-	-	-
(Increase) or Decrease in 2022-23	-	(79)	-	(79)	66	(13)
Balance at 31 March 2023	**(75)**	**(1,039)**	**-**	**(1,114)**	**(2,668)**	**(3,782)**

31 March 2022 £000	Joint Operations Balance Sheet	31 March 2023 £000
2,891	Property, Plant and Equipment	2,829
7	Assets Under Construction	5
15	Intangible Assets	9
2,913	**Long Term Assets**	**2,843**
-	Assets Held for Sale	-
772	Short Term Debtors	635
1,714	Cash and Cash Equivalents	1,127
2,486	**Current Assets**	**1,762**
(1,631)	Short-Term Creditors	(824)
(1,631)	**Current Liabilities**	**(824)**
-	**Long Term Liabilities**	**-**
3,768	**Net Assets**	**3,781**
(1,035)	Usable Reserves	(1,113)
(2,734)	Unusable Reserves	(2,668)
(3,769)	**Total Reserves**	**(3,780)**

Group Accounts

Joint Operations & Associate Entities

The OPCC's share of Joint Operations (JO's) for 2022-23 is as follows:

Ownership %	Arrangement	2022-23		
		Expenditure £000	**Income £000**	**Net £000**
27.30%	EM Major Crime	233	(240)	(7)
27.30%	EM Legal Services	548	(542)	6
34.90%	EM Criminal Justice	71	(73)	(2)
27.30%	EM Serious Organised Crime	8,171	(8,226)	(55)
27.30%	EM Occupational Health Unit	536	(542)	(6)
31.42%	EM Learning & Development	423	(431)	(8)
27.30%	EM Forensics	2,708	(2,645)	63
22.60%	Emergency Services Network (ESN)	77	(81)	(4)
31.04%	Multi Force Shared Service (MFSS)	870	(870)	-
		13,637	**(13,650)**	**(13)**

The OPCC's does not have any Associate Entities in 2022-23.

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.	For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because: Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.	An item having value to the PCC in monetary terms. Assets are categorised as either current or non-current. • A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). • A non-current asset provides benefits to the PCC and to the services it provides for a period of more than one year and may be tangible e.g. a police station, or intangible, e.g. computer software licences.
AUDIT OF ACCOUNTS	**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

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

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.

CAPITAL FINANCING

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

The capital schemes the PCC intends to carry out over a specific period of time.

CAPITAL RECEIPT

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.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CODE

The CIPFA Code of Practice on Local Authority Accounting governs the content of these accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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.

CONSISTENCY

The concept that the accounting treatment of like items, within an accounting period and from one period to the next, are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the PCC's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

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

CREDITOR

Amount owed by the PCC for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

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

DEBTOR

Amount owed to the 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.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

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

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has not legal, contractual or constructive obligation to award and are awarded under the PCC's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS	FAIR VALUE	FINANCE LEASE
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lease.
GOING CONCERN	**IFRS**	**GROUP**
The concept that the Statement of Accounts is prepared on the assumption that the PCC will continue in operational existence for the foreseeable future.	International Financial Reporting Standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the notes to the accounts.	Nottinghamshire Office of the Police and Crime Commissioner and its Group.
IMPAIRMENT	**INTANGIBLE ASSETS**	**INTEREST COSTS (PENSION)**
A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.	An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. These are generally computer software licences.	For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

LIABILITY

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

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

NON-OPERATIONAL ASSETS

Fixed assets held by the PCC but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

OPERATIONAL ASSETS

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

PAST COSTS (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to the employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

OPERATING LEASE

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

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the PCC.

PENSION SCHEME LIABILITIES	PRECEPT	PRIOR YEAR ADJUSTMENT
The liabilities of a defined benefit pension scheme for 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)	TEMPORARY BORROWING	USEFUL ECONOMIC LIFE (UEL)
Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.	Money borrowed for a period of less than one year.	The period over which the PCC will derive benefits from the use of a fixed asset.