



# Audited Group Statement of Accounts 2021/22

Staffordshire and Stoke on Trent





# Keep Staffordshire safe

## Our Vision

**Our officers, staff and working with local partners, to make Staffordshire communities a safer place to live.**

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## Section 1

# Introduction

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Policing in Staffordshire and Stoke-on-Trent continues to evolve as the nature of crime continues to change. With fewer neighbourhood crimes such as burglary and theft but more crimes against the person, there is a greater focus on protecting people from harm. Complex issues such as child sexual exploitation, modern slavery, online fraud and managing public protests have become 'business as usual' for our police service with local police teams increasingly addressing issues caused by societal problems such as domestic abuse, missing persons, mental health concerns and substance misuse. In light of recent events nationally, people rightly want the police and other services to act urgently to reduce the threat of violence against women and girls.

Protecting people from harm is an absolute priority and it is important that everyone in Staffordshire knows that this is being done well. However, people are frustrated that some of the fundamental police services that they value are being eroded. People expect calls to be answered quickly, for the police to respond rapidly and

to deal effectively with problems in their area.

I am committed to building public confidence by rebalancing the essential activities needed to protect the most vulnerable people in our communities from harm, with an enhanced effort to drive down the crime and ASB that affects the wider community. The further increase in officers that we will see in Staffordshire in the next two years will help us to do just that, as will our approach which is built on prevention and early intervention. I will provide an effective means for people to trigger a multi-agency response to repeat incidences of ASB.

Having been elected to this role in May 2021, I have taken the opportunity to consider the messages I received during my election campaign and I have continued to listen to and consult with people across Staffordshire and Stoke-on-Trent as your concerns have been foremost when developing my Police & Crime Plan. This plan was published in June 2022, and more details of my plan and my priorities are included within the following Narrative Statement by my Chief Financial Officer.

I am committed to working closely with the new Chief Constable Chris Noble to ensure that recent two areas for concern raised by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) can be resolved quickly. As Commissioner, I understand people's concern that some fundamental police services are not up to the standards they expect and deserve. These issues informed my Police & Crime Plan, and significant work is already underway across the force to address them. While progress has been made, it is important that this momentum is maintained, and I will be closely monitoring the force's performance over the coming months, and beyond.

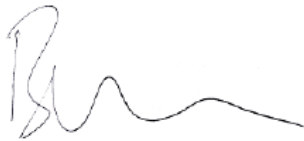
The Chief Constable has also recently launched a large-scale restructure of the local policing model, which sees significant changes to how policing is delivered in local communities and for victims of crime. The force is investing in hundreds more officers in our frontline response teams and going from three hubs to ten local bases to ensure Police respond to victims and our communities faster and have more time to spend when investigating crime and importantly the care for victims. These changes will also

see an enhancement to existing functions within the force Contact and Control Centre, to ensure the vulnerable can be protected as soon as they contact Staffordshire Police.

In terms of ongoing collaboration work, Police and Fire & Rescue teams are now co-located in stations at Hanley in Stoke-on-Trent and Tamworth – a key step in a programme of collaboration which has seen shared services developed in estates, procurement, Human Resources, Finance and Corporate Communications. The Fire Minister, Lord Stephen Greenhalgh, visited Stoke-on-Trent in 2021 to see for himself the Fire & Rescue and Police building at Hanley, which was completed during the pandemic and provides a much-improved working environment for both services.

Whilst the overall financial position for Staffordshire Police has improved considerably in recent years, resulting in a more robust level of reserves, I will continue to review the ongoing investment requirements of Staffordshire Police when considering future council tax proposals and how much the residents of Staffordshire will have to pay as I recognise that these are challenging financial times for everyone.

I am responsible for approving the Statement of Accounts for 2021/22 and will do so giving due consideration to the recommendations made by the Ethics Transparency and Audit Panel (ETAP).

A handwritten signature in blue ink, appearing to read 'Ben Adams', with a stylized, flowing script.

**Ben Adams**

Staffordshire Commissioner

# Director of Finance Narrative Statement

We are continually seeking to improve and develop our approach to reporting and to provide information on the Group main objectives and strategies and the principal risks that it faces. The Narrative Report should provide commentary on how the Group has used its resources to achieve its desired outcomes in line with its objectives and strategies.

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The objectives of the Statement of Accounts are to provide useful information to a wide range of stakeholders about the financial position of the Staffordshire Commissioner's Office and Staffordshire Police. The information provided also allows for an assessment of the Staffordshire Commissioner's performance in terms of stewardship and the management of the resources entrusted to him. The accounts are, therefore, necessarily detailed and technical and explanatory notes are included where applicable.

This statement also reflects upon the impact of Covid-19 and discusses how the Staffordshire Commissioner's Office and Staffordshire Police are doing even more to support the communities served during the very challenging time dealing with the Coronavirus epidemic. The narrative report contains.

"I remain confident that the Office of the Police and Crime Commissioner has a solid financial platform to enable the Force to deliver the key priorities of the Police and Crime Plan"

**Katharine Ross**

Director of Finance  
Staffordshire Commissioner Office

## Narrative Statement

- Our priorities
- Our approach
- About Staffordshire
- Performance
- Partnership collaboration
- Organisation overview
- Financial Review

# Our Priorities

## A flexible and responsive service

Understand and deal with what matters to communities, respond promptly to incidents and work with partners to solve problems and prevent them from getting worse. This will mean that crime and ASB reduces, our roads are safer and confidence in Staffordshire Police increases.

## Prevent harm and protect people

Prevent harm and protect people (particularly children and those that are vulnerable) by ensuring they are appropriately safeguarded and receive the help and support they need.

## Support victims and witnesses

Ensure victims and witnesses are provided with exceptional specialist support services so they feel able to cope and recover from the impact of crime and ASB.

## Reduce offending and reoffending

Ensure people are challenged and supported to make life choices that will prevent them from offending and perpetrators don't reoffend. Doing so will mean fewer victims of crime.

## A more effective criminal justice system

Ensure Staffordshire Police, the Crown Prosecution Service, Courts, the National Probation Service and HM Prison Service all work seamlessly so that effective justice is delivered more quickly.



# Our approach

## Community focused

Understanding communities and recognising their different needs is essential to delivering a style of policing and related services in their local area that builds relationships, tackles the right problems and increases public confidence. It's therefore important to give people a voice so that they feel they are being heard and are confident to report crime and ASB and provide information that can help to prevent crime. I will also encourage people to get more involved through shaping priorities and services, volunteering, scrutinising policing services and helping to solve problems in their community.

## Prevention and early intervention

Preventing crime and ASB from happening in the first place is more cost effective, reduces demand on our police and other services, and is less damaging for children, young people, adults, families, communities and businesses. By intelligently targeting interventions at those more vulnerable to crime and ASB and intervening as early as possible, we can prevent issues from happening in the first place or escalating so that they become even more damaging, complex and costly. So, prevention and early intervention will be central to delivering all aspects of this plan.

## Supported and equipped

Our police service must have the equipment, vehicles, buildings and technology it needs to be able to improve services, help protect the public and deliver real value for money. Staffordshire Police's most valuable resource is its people, and officers and staff must have the right leadership, management, training and wellbeing support, underpinned by the right organisational culture. Recognising the Government's climate change commitment, we will also do everything we can to reduce our impact on the environment without compromising operational effectiveness.

## Solving problems together

The issues affecting individuals, families and communities are often complex and rarely solved by one organisation alone so we need to bring organisations together to prevent problems from escalating and protect people from harm. This means sharing resources and knowledge and aligning services to deliver more efficient and comprehensive solutions. Even better collaboration between partners including neighbouring police forces, other blue light services, councils and health authorities, criminal justice partners and the voluntary and community sector is essential. I will work with communities to address their local safety concerns and ensure that partners have the skills to intervene early, recognise and address vulnerability.

## Value for money

Wherever possible, every penny in policing should be directed at keeping people safe by preventing and reducing crime. We can use our resources efficiently and continuously improve by listening to the people doing the job, learning from best practice in other organisations and listening to those who receive our services, remembering that government grants and the police share of council tax are not just to cover policing; PCCs have broader statutory responsibilities to prevent crime and support victims with services which cannot be delivered by Staffordshire Police alone.

## Open and transparent

I will listen, act on public concerns, explain what we are doing to address them and treat people fairly and I expect Staffordshire Police to do the same. I will challenge, scrutinise and share performance data publicly to demonstrate my expectation of the highest standards of public service and to increase trust and confidence.

# About Staffordshire

Staffordshire Police provides policing services across the County of Staffordshire and the City of Stoke-on-Trent. Our purpose is keeping our communities safe and reassured through preventing crime, protecting the public and bringing offenders to justice.

Staffordshire has the largest total road length of any authority area of the West Midlands and has one of the largest in the country. There are 64 miles of motorway in Staffordshire and the West Coast Mainline connects the county by rail. The section of the motorway through Staffordshire and Cheshire has around 21 million vehicle movements per year.



## Our Workforce

### Officers and staff

**Officers**  
1,841.57 FTE

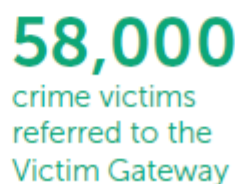
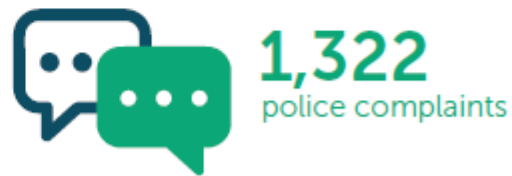
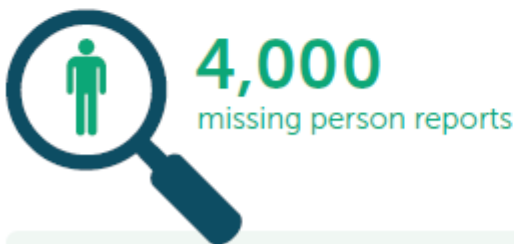
**Police Staff**  
1,362.22 FTE

**PCSO's**  
196.28 FTE



# Performance

Over the past year there were:



# Partnership collaboration

## Regional Policing

Regional Policing Criminals don't recognise borders so it is important that Staffordshire Police works effectively with our neighbouring forces. It also means that more specialised services can be provided on a larger scale to tackle the most acute problems across a broader geography in a way that would not be affordable locally.

The **Regional Organised Crime Unit** comprises officers from Staffordshire, West Midlands, Warwickshire and West Mercia forces and delivers a cohesive and coordinated response to serious organised crime across the region.

The **West Midlands Counter Terrorism Unit** is part of the national counter terrorism network that leads the response to international terrorism and domestic extremism. Its team of specialist officers provides a coordinated response in support to Staffordshire, West Midlands, Warwickshire and West Mercia forces and supports the national network as required.

**Central Motorway Policing Group** is made up of officers from Staffordshire and West Midlands Police forces and aims to stop crime on the region's roads and make them safer. The team covers all motorways across the area and the A500, keeping some of the busiest roads in Europe moving. Staffordshire and West Midlands also have joint teams for Legal Services and Firearms Licencing.

## Police/Fire Collaboration Staffordshire

Staffordshire was only the second area in England where governance of fire and rescue was transferred to an elected Police, Fire and Crime Commissioner in 2018. Collaborative work has brought real benefits to how fire and police work together to keep communities safe, and delivered significant financial benefits. A forward-looking joint estates plan has seen fire and police teams brought together in modern facilities in Hanley and Tamworth, with public money no longer spent on separate buildings for each team. There are plans for similar arrangements in other locations across Staffordshire. Staffordshire Police and Staffordshire Fire & Rescue Service now share a number of vital support services including vehicle fleet management, estates management, corporate communications, financial services, supplies and logistics, HR and occupational health. This saves money that is redirected to front line services. In addition to financial savings, closer working between police and fire is bringing benefits such as joined-up approaches to protecting vulnerable people, and missing persons searches that take advantage of both services' resources and skills.



# Organisation Overview

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate legal entities. The legal transfer of operational policing to the Chief Constable, who also became the employer of police staff members, was completed on 1st April 2014.

This Statement of Accounts is produced in the context of the Police Reform and Social Responsibility Act 2011. The PCC will mainly be referred to throughout this document as the Staffordshire Commissioner. The Staffordshire Commissioner includes the responsibilities as the Police and Crime Commissioner and governance of the Staffordshire Commissioner Fire and Rescue Authority.



# Financial Review

“At the end of what has been another challenging financial year, we can all be proud of the resilience that the Staffordshire Commissioner Office and Staffordshire Police continues to show a positive and encouraging financial position.”

## Katharine Ross

Director of Finance

Staffordshire Commissioner Office

2021/22 represents the second full year of Central Governments uplift programme which will see an additional 20,000 Police officers recruited by the end of 2022/23.

The first year of this programme has seen Staffordshire receive an additional 90 officers – this is a net growth of 90 once accounting for retirees and leavers meaning actual recruitment has been in excess of 200 officers. The national recruitment target was 6,000 for 2020/21

Whilst funding for these new officers is received via a mix of increased core grant and a ring-fenced uplift grant, excluding these funding streams means that central government funding is cash flat from 2020/21 to 2021/22 (e.g. a real term reduction). As these new uplift officers progress through their careers this brings pay pressure as well as the replacement of increasing quantities of equipment, higher IT licensing costs and other non-pay spend as a result of a higher number of officers. These elements require local funding on an ongoing basis, resulting in either further efficiencies on non-police officer spend or via increases in precept. To support Commissioners in delivering the uplift programme the government has allowed for precept increases of up to £15

After consideration of all of these aspects the Commissioner is proposing a precept increase of 26 pence per week from April 2021. The proposed precept enables the Commissioner to provide an increase in funding raised from the precept of £3.784m in 2021/22 in order to maintain and safeguard policing and community safety services across Staffordshire and Stoke on Trent, to make targeted additional investment in his Police and Crime Plan as well provide some degree of medium-term financial stability in light of uncertainty around Central Government support from 2022/23.



## Headline figures for the year

Our financial performance in 2021/22 was positive. The Groups core funding grew to £222m and operating surplus of £1.294m (0.87%) against the annual budget. This underspend will be added to our

general reserves, providing additional support in future years in an increasingly uncertain external environment. We have excluded the statutory accounting adjustment.

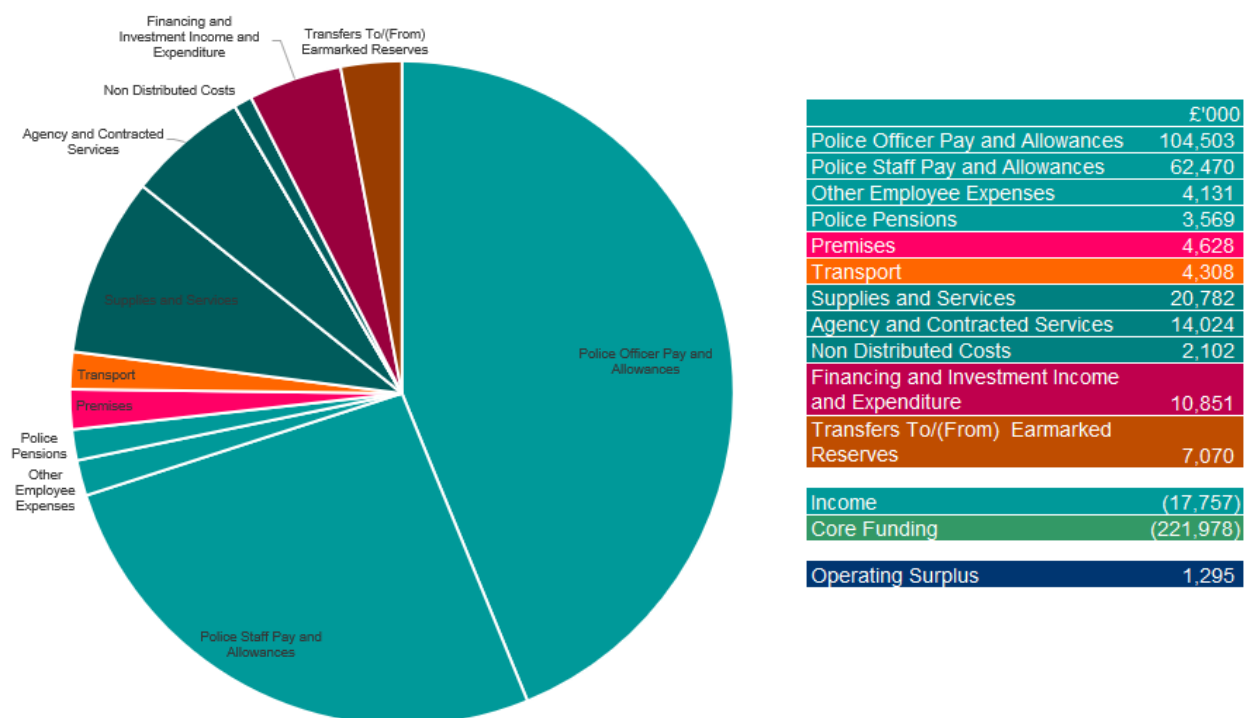
	2022 £'000	2021 £'000
Income	(17,757)	(18,018)
Expenditure	238,441	229,578
<b>Total</b>	<b>220,684</b>	<b>211,560</b>
Core Funding	(221,978)	(212,403)
<b>Operating surplus</b>	<b>(1,294)</b>	<b>(843)</b>

This, the fourth year of underspending, coupled with being one of only a handful of Forces nationally to see a continual reduction in crime over a number of years, underlies an organisation performing strongly delivering Value for Money to the taxpayer of Staffordshire.

During the year we received additional Home Office funding increase by £7.259m main grant funding. Although the Home Office have been clear that this does not cover any inflationary uplift and is the non-ring-fenced element of funding to support the increase in Police Officer numbers. In addition to the core funding the Group also received core policing grant for Officer Uplift for the second year. MHCLG also issued a non-ring-fenced Council tax support grant to assist the Group to cover council tax shortfall during the pandemic.

Achievements during the year:

- The Group delivered 94% of its planned savings for the year. This is set against the context of the year's budget and savings requirement being set in the MTFS.
- External debt, used to fund the capital programme, has reduced year on year as maturing loans were not refinanced but were paid off using internal cash balances, reducing the interest payable on loans thus providing better value for the taxpayer.
- Cashable savings from better, smarter and more efficient procurement totalling £634k for the year.



## Reserves

Reserves	General Fund Actual £000	Earmarked Reserves Actual £000
<b>General Reserves</b>		
General Reserves Balance at 1 <sup>st</sup> April 2021	7,215	20,613
(Over)/Underspend against Budget	1,294	0
Transfers In/(Out)	0	7,070
<b>General reserves at 31<sup>st</sup> March 2022</b>	<b>8,509</b>	<b>27,683</b>

The general reserve balance at 31<sup>st</sup> March 2022 as shown in the above table is £8.509m and is held to cover any unexpected or emergency events that are to be considered to be a medium or high risk by the Group.

The general reserves is a minimum level of 3% of the total revenue budget which has been set by the Staffordshire Commissioner and is considered to be a reasonable provision for an emergency events that may occur and in line with the commissioner's reserves strategy. The balance includes the underspend in year of £1.294m.

There are a number of transfers to earmarked reserves in 2021/22 taking the total value of earmarked reserves to £27.683m as at 31<sup>st</sup> March 2022. Covid, Border delays and War in Ukraine have all contributed to supply chain issues which has impacted on the receipting of goods in the financial year, necessitating higher than forecast revenue budget carry forwards.

Reserves are not held without good reason and are fully supported by a detailed Reserves Strategy that is updated annually. Whilst reserves are held to support known and future liabilities and commitments, reserves are also earmarked to support future capital investment resulting in lower capital financing costs into the medium term.





### Capital Investment

During 2021/22, £4.724m was invested in capital projects, summarised as follows.

Capital Expenditure Outturn	Revised Budget £000	Actual £000	Actual %
Land and Buildings	4,371	1,129	24%
Information Technology	13,918	1,662	35%
Vehicles	3,023	1,599	34%
Plant and Equipment	483	334	7%
<b>Total Capital Expenditure</b>	<b>21,795</b>	<b>4,724</b>	<b>100%</b>

The table above shows the net capital position against budget for 2021/22. The shortfall against budget is attributable to some project slippage mainly due to the impact on capital spend during the pandemic, which had a significant impact upon the building and motor industry.

The capital programme is supported mainly by external borrowing and planned capital receipts, with little basic capital grant funding from the government now being available.

Depending on the project, business case and life expectancy the Staffordshire Commissioner may borrow to fund the longer life assets. Any decision to borrow will be made, like all decisions, with value for money for the taxpayer in mind and only be done when it is the most cost-effective way of delivering a project.

During the financial year an additional revenue contribution to capital in year was made. In which has resulted in no requirement to borrow to finance expenditure on short-life assets (IT, Fleet and Equipment) for the 2021/22 programme. The capital financing requirement (net debt) has fallen by c.£3.8m in year.

The capital programme spend of £4.724 million in year has been funded as follows:

Capital Financing	31 <sup>st</sup> March 2022 £000
Capital Grants	0
Capital Receipts	0
Revenue Contribution to Capital	4,724
Internal Borrowing	0
<b>Total Capital Funding</b>	<b>4,724</b>

(This does exclude revenue contribution to capital which has funded assets under construction which has become operational during the year).

## Balance Sheet

The Balance sheet is a snapshot of the Group assets and liabilities, cash balances and reserves at the balance sheet date. A table summary is provided below.

	31 <sup>st</sup> March 2021 £000	31 <sup>st</sup> March 2022 £000
Long Term Assets	90,889	87,568
Current Assets	46,502	61,222
Current Liabilities	(32,888)	(34,099)
Long Term Pension Liabilities	(2,313,253)	(2,255,143)
Other Long Term Liabilities	(69,791)	(67,592)
<b>Net Liabilities</b>	<b>(2,278,543)</b>	<b>(2,208,045)</b>
Usable Reserves	(28,159)	(38,154)
Unusable Reserves	2,306,702	2,246,199
<b>Total Reserves</b>	<b>2,278,543</b>	<b>2,208,045</b>

As at 31st March the balance sheet shows the group had negative assets, fortunately this is not the case. The sole reason for this is the unfunded Police Pension Scheme and the funded Local Government Pension Scheme (LGPS) pension scheme. Excluding these pension liabilities, the Group Balance sheet has net assets of £47.099m including usable reserves of £38.154m.

## Treasury Management

The Staffordshire Commissioner approves a Treasury Management and Investment Strategy before the start of each financial year and receives regular updates on treasury performance during the year.

## Cash Flow

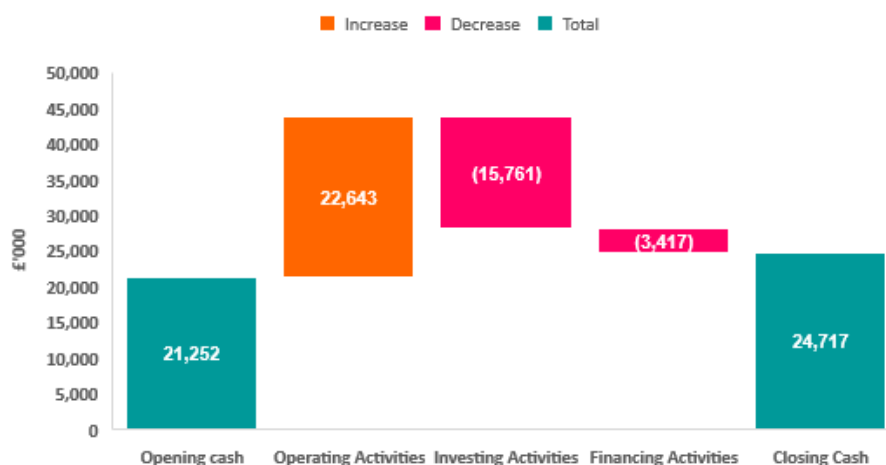
	31 <sup>st</sup> March 2021 £000	31 <sup>st</sup> March 2022 £000
Cash and Cash Equivalents	152	317
Short Term Deposits	21,100	24,400
<b>Total</b>	<b>21,252</b>	<b>24,717</b>

Overall, group cash flow has continued to improve during the year with £24.7m of cash held in bank and deposits as at 31 March 2022.

## External Debt

Historically long-term borrowing has been utilised to finance part of the overall capital programme. As at 31st March 2022 the Group had total external borrowing of £67.449m (£71.057m 2020/21). This is still under the Authorised limit for external debt.

## Cash flow statement 2021/22



1. Inflow from operating activities reflects operating surplus generated in the year.
2. Other investing activities outflow is due to investment acquisitions and disposals.
3. Outflow on financing activities is largely loan repayments made on debt.

## Pensions

Accounting standards require the full cost of pension benefits as they are earned to be reported in the accounts. The impact of this requirement on the accounts is significant with the total balance sheet liability for pensions amounting to £2,255m. The amounts included within the balance sheet reflects an estimate of the total pension liability and incorporates a number of assumptions that change over time. This liability does not affect the ability to continue as a going concern as it refers to future liabilities that will be met by future contributions. Excluding the pension liability, the balance sheet shows net assets of £47.099m.

### Police Officer Pension Scheme (PPS)

The police pension schemes are unfunded defined benefit schemes and any deficit on the scheme is met by Central Government through the Home Office and a top-up payment is received annually to cover any shortfall. Contributions to the scheme at the rate of 31% (31% in 2020/21) of pay for current officers are funded from the current revenue budget which includes council tax funding. The cost of pension payments to pensioners is largely met from the Home Office top-up grant and is therefore not funded by Council Tax. The assessed liability overall of Staffordshire in the Police Pension Scheme as at 31<sup>st</sup> March 2022 was:

	31 March 2022	31 March 2021
	£'000	£'000
Police Pension Scheme Obligation	(2,114,233)	(2,128,800)
<b>Total Deficit</b>	<b>(2,114,233)</b>	<b>(2,128,800)</b>

The Police pension scheme liability has decreased by £14 million in year as incorporated into the Statement of Accounts for 2021/22 is primarily associated with the impact of fund valuation mainly through changes in financial assumptions that included an increase in the discount rate of 0.65% (from 2.00% to 2.65%) used by the actuary within the valuation of the Police Pension Schemes. In addition, the rate of CPI has also been adjusted upwards by 0.6%, as has the long-term assumption for salary increases by 0.50% increase. Life expectancy assumptions for both males and females has also changed.

### McCloud vs Sargeant judgement

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case and the Court of Appeal handed down its judgment on this claim on 20<sup>th</sup> December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been unpaused and the calculations complete, with the outcome being no changes to benefits or contributions. Past service costs were included in the 2018/19, 2019/20 and 2020/21 accounts and the 2021/22 service cost allows for the higher expected cost of accrual under McCloud.

### Police Staff Pensions, Local Government Pension scheme (LGPS)

Staff working for Staffordshire Police, the Staffordshire Commissioner's Office and PCSOs are eligible to be members of the Local Government Pension Scheme (LGPS) administered by Staffordshire County Council and is a funded scheme: The current contribution rate for employees is 15.5% of pay, and this is met from the current revenue budget which includes council tax funds. Following the three year "triennial" review of the Local Government Pension Scheme (LGPS), the actuary, Hymans Robertson, proposed that a further deficit repair payment was required for the three-year period to 2022/23 in order for the employer contribution rates to remain unchanged. The Staffordshire Commissioner agreed to make an upfront payment of £5.774m as a lump sum and receive a favorable discount rate offered by the actuary for this payment in advance.

	31 March 2022	31 March 2021
	£'000	£'000
LGPS Defined Benefit Obligations	(473,590)	(492,155)
Fair Value of LGPS Assets	332,680	307,702
<b>Total</b>	<b>(140,910)</b>	<b>(184,453)</b>

The impact of the change in the closing balance sheet position has been largely driven by changes in the other comprehensive income. Changes in the financial assumption £36,056k gain on the balance sheet is for assumptions adopted for the period during the 31<sup>st</sup> March 2022. Market derived CPI inflation has risen over the period which were shaped by global events including the war in Ukraine. This has served to increase the employer's obligations and led to loss of around £33,420k on the balance sheet. Salary increased by 0.35% in line with inflation, which underpins the Funds standard salary increase assumption. This has served to increase the Employer's obligations and led to loss around £5,660k on the balance sheet. The discount rate has led to a 0.70% increase, which reduces the employer's obligations and led to gain around £81,890k on the balance sheet.

The total investment achieved by the fund over the accounting period was 12.1%, compared to expected return of 2.05% which led to gain of £31,292k.

#### Ukraine war

In the immediate aftermath of the invasion, there was a significant fall in the fund's asset values. However, over the remainder of March 2022, the funds assets will have broadly recovered to similar levels to before the invasion. LGPS fund had direct Russian investment exposure have been written down, however these typically very small proportions (<0.2%) of funds overall assets.

#### **Environmental Sustainability**

The Staffordshire Commissioner and The Force is committed to sustainability and is recruiting to Sustainability Manager to engage with organization and develop and implement the strategies and policies and work with local partners to create a sustainable culture. Key achievement delivered in the year;

- SCO committed to make future investment into renewable of energy technology to reduce carbon emissions and save money. In 2022/23 the Group have approved to install solar panels on two Headquarters building.
- Managed waste effectively, reusing and recycling various waste streams. Introducing recycling paper and card across all the sites.
- Supported and launched alternative staff travel initiatives to promote health and wellbeing and reduce CO2 emissions. The Group offer its Officers and staff a Cycle2Work salary sacrifice scheme.
- Investing brand new lower emission vehicles and looking to add electric fleet to the vehicle.
- Investing in IT to support the people first strategy and helping employees working more agile and remotely from home or local stations.



## Outlook

Staffordshire Police continues to deliver Value for Money. In the latest HMICFRS Value for Money profiles Staffordshire Police is the 6th lowest funded Force in England and Wales on a per head of population basis but continues to be one of the safest places to live, work and visit in the United Kingdom. This low funding position, relative to other areas, means that the scope for efficiencies is arguably lower than in other areas without impacting on the Policing model.

The current Covid-19 pandemic, whilst rightfully seen as public health emergency, is having a significant economic impact. The financial impact of the pandemic will likely set the scene for the decade to come in relation to public spending, with an impact already being seen on the financial position of Policing within Staffordshire. The impact of the Covid-19 pandemic was strongly evidenced in the 2021/22 budget via a reduction in the tax base (driven by an increase in the means tested benefit Local Council Tax Support schemes) and a deficit on the collection fund. We have seen a return to growth in the council tax base for 2022/23, however the degradation on the base seen due to the pandemic has not been fully recovered, reducing the ongoing base to what was forecast pre-pandemic.

The MTFS contains £2.948m of identified savings, of which £2.692m are required to be delivered in 2022/23. In addition to this compared to the 2020/21 MTFS there is a reduction of £0.691m in the revenue costs of capital financing for the 2022/23 MTFS. This is the main driver behind the closure of the budget gap.

The spending review presented to Parliament on the 27th October 2021 covered a three-year period. A spending review sets out allocations to government departments as opposed to allocations to local public bodies. It is welcome after a number of one-year spending reviews to see a multiyear spending review.

This spending review is front loaded, that is to say the cash increase available to the Home Office predominantly comes in year one (2022/23). The years 2023/24 and 2024/25 see a real terms reduction in funding for the Home Office.

The draft policing settlement was published on 16th December 2021. The Home Office has provided a one-year local settlement only, despite receiving a three-year settlement itself. This pattern is in line with the one-year local settlements received by strategic partners in Fire and Councils.

The Commissioner is proposing a precept increase of 19 pence per week from April 2022. The proposed precept enables the Commissioner to provide an increase in funding raised from the precept of £3.487m in 2022/23 (excluding the collection fund positions and council tax base changes) in order to; maintain and safeguard policing and community safety services across Staffordshire and Stoke on Trent, to make targeted additional investment in his Police and Crime Plan as well provide some degree of medium-term financial stability in light of uncertainty around Central Government support from 2023/24.

Staffordshire Police underwent a scheduled inspection by Her Majesty's Inspectorate of Constabularies and Fire & Rescue Services (HMICFRS) at the start of January 2022. As a result of this, two areas of particular concern were notified to the force. The first in the area of carrying out effective investigations and appropriate ongoing support for victims, and the second in relation to identifying and assessing the vulnerabilities of those who contact Staffordshire Police.

Police, Fire and Crime Commissioner Ben Adams has said that: "As Commissioner, I understand people's concern that some fundamental police services are not up to the standards they expect and deserve. These issues informed my Police & Crime Plan, and significant work is already underway across the Force to address them. Whilst progress has been made, it is important that this momentum is maintained and I will be closely monitoring the Force's performance over the coming months and beyond."

The full inspection report for Staffordshire Police is published by HMICFRS and will include full details regarding the two areas of particular concern identified by the inspectorate. During March 2022 the force was notified of two accelerated causes of concern as a result of early findings from the HMICFRS

PEEL continuous assessment process, which included the auditing of a cross section of case files. The concerns were largely predicated on the risks identified in respect of recognising and assessing vulnerability at the initial contact stage and the effectiveness of investigations and support for victims. The force immediately responded to this by setting out and delivering against a series of rapid improvement plans, putting an enhanced governance structure in place, and increasing the capability and capacity of its in-house audit and scrutiny function. In June 2022 Staffordshire Police was escalated into the 'engaged' level of monitoring by HMICFRS which saw enhanced scrutiny and monitoring arrangements of the force by the inspectorate. The force's full PEEL report was published in September 2022 which also saw a number of additional Areas for Improvement set out as part of the overall PEEL assessment.

Whilst the Medium-term Financial Strategy incorporates and clearly shows the funding assumptions included and the sensitivities around these assumptions the following factors must be noted:

1. It is unclear what approach the Government will take as part of the next comprehensive spending review
2. Costs are escalating through the impacts of Brexit. The Covid pandemic and the war in the Ukraine
3. The impact of increasing costs may lead to spiralling and potentially unaffordable increases in salaries. The pay awards for Police Officers and Police staff are all negotiated nationally with little influence at a local level
4. The Government is pressing ahead with a review of Police Funding Formula
5. The impact upon pension costs from 2024 when the remedy costs for the Sargeant/McCloud are rolled into employer contribution

When considering the existing turbulent economic factors and significant uncertainty surrounding costs this leads to a very challenging financial landscape into the medium term and beyond for the Staffordshire Commissioner and Staffordshire Police.

These Accounts are due to be approved by the Staffordshire Commissioner following detailed review and recommendation by the Ethics, Transparency and Audit Panel.



## Section 2

# Independent auditors report to the Police and Crime Commissioner of Staffordshire

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of the Staffordshire Commissioner for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Accounting Policies;
- Staffordshire Commissioner and Group Movement in Reserves Statement;
- Staffordshire Commissioner and Group Comprehensive Income and Expenditure Statement;
- Staffordshire Commissioner and Group Balance Sheet;
- Staffordshire Commissioner and Group Cash Flow Statement;
- related notes 6.1.1 to 6.5.10; and
- Staffordshire Commissioner and Group Pension Fund Account and related notes 7.1.1 to 7.2.8.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Staffordshire Commissioner and the Group as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22; and
- have been prepared properly in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

### Basis for opinion

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

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Staffordshire Commissioner ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Staffordshire Commissioner ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the Group Statement of Accounts 2021/22 set out in the Narrative Report, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information contained within the Group Statement of Accounts.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### **Matters on which we report by exception**

We report to you if:

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

We have nothing to report in these respects.

In respect of the following, we have matter to report by exception:

- Report on the Group and the Staffordshire Commissioner's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Group and the Staffordshire Commissioner has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the Code of Audit Practice 2020 and the guidance issued by the Comptroller and Auditor General in December 2021, we have identified the following significant weakness in the Group and the Staffordshire Commissioner's arrangements for the year ended 31 March 2022.

**Significant weakness in arrangements**

**Our judgement on the nature of the weakness identified:**

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) undertook a Police effectiveness, efficiency and legitimacy (PEEL) inspection of Staffordshire Police between May 2021 and April 2022. In the report published on 22 September 2022, the Inspector reported concerns about the performance of Staffordshire Police in keeping people safe and reducing crime.

HMICFRS gave Staffordshire Police graded judgements in nine areas of policing as follows:

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

Staffordshire Police has been placed in the 'Engage' phase of HMICFRS's monitoring process which is for those Forces who the Inspector concludes are either not responding to a cause of concern, or are not succeeding in managing, mitigating or eradicating the cause of concern raised in the 'Scan' phase.

**The evidence on which our view is based:**

- PEEL 2021/22 inspection report published by HMICFRS on 22 September 2022
- PEEL Cause of concern revisit letter published by HMICFRS on 10 February 2023
- AFI (Area for Improvement) action tracker related to the PEEL report used to track progress and update activity
- Presentations on HMICFRS 2022 PEEL made by Chief Constable of Staffordshire Police to Police Performance Oversight Group meeting dated 14 July 2022 and 29 November 2022

**Impact on the Group and the Staffordshire Commissioner:**

In the report issued on 22 September 2022, His Majesty's Inspector's (HM Inspector) raised serious concerns about how the force is responding to the public, investigating crime and managing its offenders and suspects and placed it in the engage phase of the monitoring process. As part of this process, the HM Inspector required Staffordshire Police to develop an improvement plan to address the causes of concern and for it to formally report to the Policing Performance Oversight Group to understand the progress been made against the plan.

**Action the Group and the Staffordshire Commissioner needs to take to address the weakness:**

Staffordshire Police should continue to review and monitor the progress made against the improvement plan developed to address the matters raised in by HMICFRS in the PEEL inspection report.

The issues raised in the report are evidence of weaknesses in proper arrangements for

- a) Governance, including how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance; and
- b) Improving economy, efficiency and effectiveness, including how the body evaluates the services it provides to assess performance and identify areas for improvement.

**Responsibility of the Director of Finance**

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 25 the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance determine is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Staffordshire Commissioner and the Group and determined that the most significant are:
  - Local Government Act 1972,
  - Local Government Act 2003,
  - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
  - The Local Audit and Accountability Act 2014 (as amended),
  - The Accounts and Audit Regulations 2015,
  - The Police Reform and Social Responsibility Act 2011,
  - Anti-social behaviour, Police and Crime Act 2014,
  - Police Pensions scheme regulations 1987,
  - Police Pensions regulations 2006; and
  - Police Pensions regulations 2015.

In addition, the Staffordshire Commissioner and the Group have to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

- We understood how the Staffordshire Commissioner and the Group are complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance, and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Staffordshire Commissioner's and the Group's committee minutes, policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework

through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

- We assessed the susceptibility of the Staffordshire Commissioner and the Group's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified improper recognition of revenue and expenditure, inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk around the improper cut-off of non-payroll revenue expenditure and non-grant income we reviewed and tested the Staffordshire Commissioner and Group's revenue and expenditure recognition policies and tested a sample of transactions to ensure that recognition is in accordance with the accounting policies and non-payroll revenue expenditure and non-grant income are recorded in the correct period.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Staffordshire Commissioner and Group's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were accounted for appropriately.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in December 2021, as to whether the Staffordshire Commissioner and the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Staffordshire Commissioner and the Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

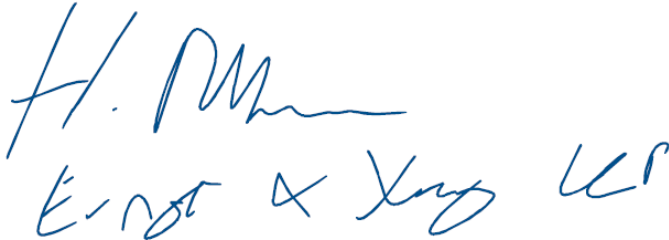
We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Staffordshire Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Staffordshire Commissioner's and the Group's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Certificate**

We certify that we have completed the audit of the accounts of the Staffordshire Commissioner and the Group in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

**Use of our report**

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

Handwritten signature of H. Rohimun and the text 'Ernst & Young LLP' in blue ink.

Hassan Rohimun (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Manchester  
09 January 2024

## Section 3

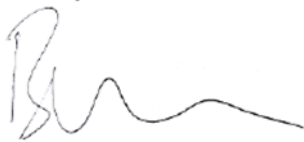
# Statement of Responsibilities

## The Police and Crime Commissioner Responsibilities

The commissioner is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For this authority, the responsibility rests with the Director of Finance.
- Manage the PCC's affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

I accept the above responsibilities and approve these Statements of Accounts for 2021/22.



**Ben Adams**  
Police, Fire and Crime Commissioner for Staffordshire

**Date 5<sup>th</sup> January 2024**

## The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the PCC single entity and OPCC Group Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (*the Code*).

In preparing this Statement of Accounts, I have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with the local authority code.

I have also

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

These financial statements give a true and fair view of the financial position of the authority at the reporting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2022.



**Katharine Ross**  
Director of Finance, Staffordshire Commissioner's Office / S151 Officer

**Date 5<sup>th</sup> January 2024**

## Section 4

# Accounting Policies

This section explains the accounting policies applied in producing the Statement of Accounts. The accounting policies apply to all of the Group, OPCC and CC single entity transactions and statements unless stated otherwise. Where the term “Group” is used below this refers to both the individual statements as well.

The Statement of Accounts are prepared on a going concern basis, assuming that Staffordshire Police will continue in operation for the foreseeable future, and using International Financial Reporting Standards (IFRS). Additionally, the accounts have been prepared in accordance with the Accounts and Audit Regulations 2016 and the Code of Practice on Local Authority Accounting.

The Statement of Accounts are a legal requirement under the Accounts and Audit Regulations 2015 and must comply with proper accounting practices. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) which is based on International Financial Reporting Standards and other supporting accounting standards.

**Statement of Responsibilities** for the Statement of Accounts which sets out the respective responsibilities of the Authority and the Treasurer for the accounts.

**Statement of Accounting Policies** which sets out the basis for recognising, measuring and disclosing transactions in the accounts;

**Movement in Reserves Statement (MIRS)** which reconciles the Income and Expenditure Account with General Fund Balances considering contributions to reserves committed for future expenditure;

**Comprehensive Income and Expenditure Statement (CIES)** which summaries the income and expenditure activity for the financial year. This statement analyses the income and expenditure by type of spend.

**Balance Sheet** which sets out statement of the financial position as at 31st March, showing the assets, liabilities and reserves as valued at that date.

**Cash Flow Statement** which summaries the changes in cash balances during the year and sets out whether the change is due to operating activities, new investment or financing activities.

**Auditors Report** gives the auditors opinion on whether the accounts provide a true and fair view of the financial position and operations for the year.

**Disclosure Notes** to these financial statements it provides more detail on the Group and PCC accounting policies and individual transactions.

**Police Pension Fund Account (Police Officers ONLY)** is to provide a basis for demonstrating the balance of cash-based transactions taking place over the year and for identifying the arrangements needed to close the balance for that year.

### **1. General Principles (IAS 8)**

The Statement of Accounts have been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the International Financing Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical costs, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **2. Group Accounts**

Following the passing of the Police Reform and Social Responsibility Act 2011, Staffordshire Police Authority was replaced with two 'corporation sole' bodies, the Police and Crime Commissioner for Staffordshire Police (PCC) and the Chief Constable of Staffordshire Police (CC). Both bodies are required to prepare separate Statement of Accounts. However, the Act also recognises that the Chief Constable is a wholly owned subsidiary of the PCC and proper accounting practices require group accounts to be produced.

### **3. Income and Cost Recognition and Intra-group Adjustment**

The OPCC is responsible for the Police Fund into which all income is received including the main funding streams of Police Grant, Revenue Support Grant, National Non-Domestic Rates and Council Tax as well as income from charges and from which all costs are met.

The OPCC holds a bank account along with the Chief Constable: the OPCC transfers money to the Chief Constable bank account from where those payments can be made.

The Chief Constable's Accounts show the cost of undertaking day to day operational policing under the direction and control of the Chief Constable. Expenditure shown in the CIES include the salaries of police officers, PCSOs and police staff as well as the cost of purchases. In addition, a charge is shown for the Chief Constable's use of assets, which are strategically controlled by the PCC. The capital charge is equal to depreciation of property, plant and equipment and amortisation of intangible assets plus any charge for impairment through obsolescence or physical damage. To fund the operational expenditure, the Chief Constable's Accounts show income by way of funding or financial guarantee provided by the OPCC to the Chief Constable. This treatment forms the basis of the intra-group adjustment between the Accounts of the OPCC and the CC.

The cost of post-employment benefits accrued by serving and ex-police officers and police staff and the cost of accrued absences are shown in both set of accounts.

### **4. Revenue from Contracts with Customers (IFRS 15)**

IFRS 15 determines that the Group should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

- Revenue recognised from contracts with customers, including the disaggregation of revenue into appropriate categories
- Contract balances, including the opening and closing balances of receivables, contract assets and contract liabilities
- Performance obligations, including when the entity typically satisfies its performance obligations and the amount of the transaction price that is allocated to the remaining performance obligations in a contract
- Significant judgements, and changes in judgements, made in applying the requirements, and
- Assets recognised from the costs to obtain or fulfil a contract with a customer.

### **5. Accruals of Income and Expenditure**

The revenue and capital accounts of the Group are maintained on an accrual basis. This means that income and expenditure are recognised in the accounts in the period in which they are earned or

incurred and not when money is received or paid. The exception to the accruals basis is where the amounts involved are not material. Further details are given below:

- Where income and expenditure has been recognised but cash has not yet been received or paid; a debtors or creditor for the relevant amount is included in the Balance Sheet;
- Fees, charges and rents due from customers are accounted for as income at the date that the associated goods or services are provided;
- Interest due to or from third parties in relation to loans and investment, is accrued in full at the year-end;
- Supplies are recorded as expenditure when they are consumed. Supplies received but not yet consumed are held as inventories in the Balance Sheet;
- Provision id made for Impairments of debts in the General Fund;

Specifically the Council Tax precept on billing authorities is accounted for on an accruals basis. As a preceptor the Group recognises its share of collection fund debtors and creditors with each billing authority. Entries are therefore included within the Balance Sheet to represent the Group's share of the following:

- Council Tax arrears (debtor)
- Impairment allowance for bad/doubtful debts (debtor)
- Council tax overpayments and prepayments (creditor)
- Cash Balances (debtor or creditor as appropriate)

Accruals have been made on the basis of the known value of the transaction wherever possible. Where estimates have been required to be made, they are based on appropriate and consistently applied methods. Where there has been a change to an estimation method from that applied in previous years and the effect is material, a description of the change and if practicable, the effect on the results for the current period is separately disclosed.

#### **6. 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 prospectively, i.e. in the current and future years affected by the change 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's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **7. Events after the Balance Sheet Date (IAS 10)**

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 when the Statement of Accounts is authorised for issue.

Two types of events can be identified as:

- Adjusting Events – Those events that provide evidence of conditions that existed at the year end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Non-adjusting Events- Those events that are indicative of conditions that arose after the reporting period – the statement of Accounts is 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably.

#### **8. Government Grants and Contributions (IAS 20)**

Government's grants and contributions are recognised in the CIES when conditions attached to the grant or contributions has be satisfied. Government's grants and contributions that have been satisfied are carried in the Balance Sheet as creditors. Where capital grants are credited to the CIES they are reversed out of the General Fund Balance in the Movements in Reserves Statement (MIRS). Where the grant is yet to be used to finance capital it is held on the Capital Grant unapplied reserve. Where it has been used it is transferred to the Capital Adjustment Account (CAA).

#### **9. Leases (IAS 17)**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other Leases are classified as operating leases.

Property, Plant and Equipment held under finance lease are initially recognised at the inception of lease at fair value or, if lower, present value of minimum lease payments, with a matching liability for the lease obligation to the lessor.

Finance lease payments are apportioned between-

- A charge for the acquisition of the interest in the property applied to the writing down of the lease liability; and
- A finance charge debited to the CIES

Where leases are classified as operating lease, the annual rentals are charged to revenue. The value of assets and related liability for future rentals are not shown on the Balance Sheet.

#### **Operating Lease - Receivable (Group as lessor)**

Where the Group has granted an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease and any direct costs incurred in negotiating and arranging the lease are added to the carrying amount and charged as an expense over the lease term on the same basis as rental income.

#### **Operating Lease - Payable (Group as lessee)**

Rentals paid under operating leases are charged to the service benefiting from use of the leased asset in the CIES. Charges are made on a straight-line basis over the life of the lease, regardless of the pattern of payments.

#### **10. Employee Benefits (IAS 19)**

##### **Benefits Payable during Employment**

Under IAS19 short term employee benefits are those to be settled within 12 months of the year end. They include such benefits as salaries and wages, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for the service in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements, flexi leave and time off in lieu earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at year end. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the MIRS so that such benefits are charged to revenue in the financial year in which the benefit occurs. The accumulated cost is carried to the Chief Constable's Balance Sheet where is it held as a liability and is matched by an unusable reserve.

##### **Termination Benefits**

This policy only applies to members of police staffs including PCSOs. Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the Non Distributed Costs line in the Group's CIES. They are charged when the Group is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

#### **Defined Benefit Schemes (Post-Employment Benefits)**

Employees of the Group are members of one of two separate defined benefit pension schemes which provide lump sums and pensions upon retirement:

- Police Officers – Police Pension Scheme (PPS)

From 1 April 2015 the Police Pension Scheme 2015 was introduced which changed accrued pension entitlements from a final salary basis to career average. All new police recruits will join this scheme from April 2015. Police Officers in post before this date will be members of the previous 1987 and 2006 schemes or may have transferred to the 2015 scheme dependent upon protection and transitional arrangements for the previous schemes.

Under the Police Pensions Regulations 1987 (as amended) the schemes have no investment assets and the Pension Fund is balanced to nil each year by a transfer from the Police Fund. The Home Office then pay a top-up grant, not exceeding the amount of the transfer, back into the Police Fund. In accordance with IAS19, the charge to the CIES represents the increase in the benefits earned by officers in the current period, including the related finance costs and any changes in the value of the unfunded liabilities.

International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds. The PPS liabilities are discounted using the nominal discount rate based on government bond yield of appropriate duration plus an additional margin. Discount rates used by the actuaries and other assumptions are sent out in Appendix 8.2.7 in the accounts.

- Police Staff - the Local Government Pension Scheme (LGPS), Administered by Staffordshire County Council

In accordance with IAS19 the charge to the CIES represents the increase in the benefits earned by employees in the current period, including the related finance costs and any changes in the value of the assets and liabilities of the scheme.

The liabilities of the pension fund attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of anticipated earnings for current employees.

Liabilities are discounted to their value at current prices in line with the actuary's agreed discount rate as stated in the relevant Note to the Accounts. The assets attributable to the Group are also included in the Balance Sheet at fair value:

- Quoted securities – current bid price
- Unquoted securities – professional valuation
- Utilised securities – current bid price
- Property – market value

The change in the net pensions' liability is analysed as follows:

**Current service cost** – the increase in liabilities as a result of years of service earned this year. This is charged to the CIES and is apportioned across service headings according to numbers of employees.

**Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years and charged to the CIES as part of the Non-Distributed Costs.

**Net Interest** – on the net defined benefit liability (asset), i.e. the net interest expense for the Group – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – considering any

changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The re-measurements comprise of:

**The return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

**Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

**Contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Group to the pension fund or directly to pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the IAS19 Pension Reserve to remove the notional debits and credits for the retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the IAS19 Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for the retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

#### **Discretionary Benefits**

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. 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.

#### **Injury Awards**

Injury awards under The Police (Injury Benefits) Regulations 2006 are not part of the Police Pensions Scheme and are funded direct from the CIES. However, liabilities in respect of injury awards are disclosed in the Statement of Accounts as part of the Group overall liability and are measured on an actuarial basis, using the projected unit method.

### **11. Charges to Service Revenue Accounts for Non-Current Assets**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service, and other losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Group is not required to raise council tax (via precept) to fund depreciation, revaluation and impairment losses or amortisation. However, he is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement in accordance with the Local Authorities (Capital Finance & Accounting) (England) Regulations 2003, as amended, known as the Minimum Revenue Provision.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the MIRS for the difference between the two.

### **12. Jointly Controlled Operations (IAS 31)**

Jointly controlled operations are activities undertaken by the Group in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a

separate entity. The Group recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other ventures, with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a separate entity. The Group accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

### **13. Exceptional Items**

Normally any material exceptional items are separately identified on the face of the CIES, in order to give a fair presentation of the accounts. Where these items are less significant they are included within the relevant line of the CIES, however, details of all exceptional items are given in the Explanatory Foreword.

### **14. Cash and Cash Equivalent (IAS 39)**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In both the Balance Sheet and Cash flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group cash management.

### **15. Financial Instruments (IFRS9)**

#### **Financial liabilities**

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has not entered into the repurchase or early settlement of borrowing.

#### **Financial Assets**

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available for sale' assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and receivables are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans the Group has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest, and the interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made in the CIES. The

impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

'Available for sale' assets are recognised on the Balance Sheet when the Group becomes a party to a contractual provision of a financial instrument and is initially measured and carried at fair value.

When the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the CIES when it becomes receivable by the Group.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations

The inputs to the measurement techniques are categorised in accordance with the following three levels

- Level 1 – inputs are quoted prices in active markets for identical assets and liabilities
- Level 2 – inputs are other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly
- Level 3 – inputs are unobservable inputs for the asset or liability

Changes in fair value are balanced by an entry in the 'Available for sale' Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of 'Available for sale' Financial Assets. The exception is where impairment losses have been incurred and are debited to the Financing and Investment Income and Expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the 'Available for sale' Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event; that payments due under the contract will not be made (fixed or determinable payments); or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gain and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES along with any accumulated gains or losses previously recognised in the 'Available for sale' Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost less any impairment losses.

## **16. Property, Plant and Equipment (PPE) (IAS 16) and Intangible Assets (IAS 38)**

### **PPE - Recognition**

#### *Operational*

All expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it brings benefits to the Group for more than one financial year. Expenditure that maintains but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as an expense when it is incurred.

#### *Surplus Assets*

Assets that are surplus to service needs but that do not meet the classification of Investment Property or Assets Held for Sale are classified as PPE 'Surplus', pending a decision on the future use of the asset.

### *Intangible assets*

Assets that do not have physical substance, but are identifiable and controlled by the Group. e.g. software licences

### **De Minimis**

The Group has agreed a de Minimis level of £10,000 for the acquisition, renewal or replacement of buildings, plant and machinery or other equipment to count as prescribed capital expenditure.

### **Measurement**

Assets are initially measured at cost, i.e. purchase price plus any costs incurred in bringing the asset into working condition for its intended use and the initial estimate of the costs dismantling and removing the items and restoring the site on which it is located.

The Group does not capitalise borrowing costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line in the CIES unless the donation has been made conditionally. In such cases until the conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the CIES they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Group Balance Sheets at fair value, determined as the amount that would be paid for the asset in its existing use, with the exception of assets under construction which are depreciated on a historical cost basis.

Assets included in the Balance Sheet at current value are revalued, as a minimum, every 5 years. However, if there is evidence that there have been material changes in the value a further valuation will be undertaken. Increases in valuations are matched by credits to the Group Revaluation Reserves to recognise unrealised gains.

Any revaluation losses are firstly written down against any previous revaluation gains held in the Revaluation Reserve. Where there are no previous revaluation gains, the losses are charged to the relevant service line of the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **17. Impairment (IAS 39)**

Asset values are assessed at the end of each financial year for evidence of reductions in value. If identified either as part of this review or as a result of a valuation exercise, they are accounted for as follows:

- Where there is a balance of revaluation gains on the Revaluation Reserve for the relevant asset the impairment loss is charged against that balance until it is used up. Thereafter, or if there is no balance of revaluation gains the impairment loss is charged to the relevant service line of the CIES.
- For intangible assets there will be no Revaluation Reserve balance, so impairment losses are charged to the relevant service line of the CIES only.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Group's CIES, up to the amount of the original loss, adjusted for depreciation (if material) that would have been charged if the loss had not been recognised.

### 18. Depreciation and Amortisation (IAS 16/38)

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without determinable finite useful life (i.e. freehold) and assets that are not yet available for use (i.e. assets under construction). Assets are not depreciated or amortised in the year of acquisition, but a full year's charge is made in the year of disposal.

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the Valuer;
- Vehicles, plant, furniture and equipment (including Information Technology) – a percentage of the value of each class of assets in the Group's Balance Sheet, as advised by a suitably qualified officer.
- Intangible Assets – amortised on a straight-line basis over the life of the licences ranging over a number of years dependent on the license agreement.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are separated from the main item and depreciated separately.

The Revaluation Reserve is also reduced for the depreciation relating to revaluation gains with a corresponding credit to the Capital Adjustment Account.

### 19. Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Group Balance Sheets is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. This line is also netted off for any receipts from disposals. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

### 20. Gains and Losses on Sale of Assets

Where sale proceeds are in excess of £10,000, the gain or loss on sale or disposal (including finance leases) is removed from the CIES and adjusted with the Usable Capital Receipts Reserve (for sale proceeds) and the Capital Adjustment Account (for carrying value in the Balance Sheet).

The Usable Capital Receipts Reserve can then only be posted against the Capital Adjustment Account when financing new capital expenditure. In the meantime, the Reserve is included as a reduction in the calculation of the Capital Financing Requirement.

### 21. Assets Held for Sale (IFRS 5)

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to Other Operating Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement. 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.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

**22. Inventories/Stocks (IAS 2)**

Stock is valued at the lower of cost or current replacement cost where it is held for distribution at no charge. The stock reflected in the Balance Sheet relates predominantly to uniforms and equipment which is distributed to officers as appropriate.

**23. Provisions (IAS 37)**

Provisions have only been recognised in the accounts where there is a legal or constructive obligation to transfer economic benefits as a result of a past event and where such an amount can be reliably estimated. Provisions are charged to the CIES and, depending on their materiality, are either disclosed as a separate item on the Balance Sheet or added to the carrying balance of an appropriate current liability. When expenditure is eventually incurred, it is charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it is apparent that the provision is not required or is lower than originally anticipated, the provision is reversed and credited back to the relevant part of the CIES.

The insurance provision was established to meet liability claims which are not covered by external insurers. The balance reflects the Group's independent external insurance advisor's assessment of the level of outstanding liabilities. The provision represents non-current amounts which are expected to be recovered or settled over more than 12 months. No amounts are expected within one year.

**24. Contingent Liabilities**

Where a potential provision cannot be accurately estimated or an event is not considered sufficiently certain, it has not been included in the accounts but is instead disclosed in the notes as a contingent liability. A contingent liability also occurs where a liability may arise but is dependent upon the outcome of future events before it can be confirmed.

**25. Contingent Assets**

A contingent asset occurs where a possible asset may arise but is dependent upon the outcome of future events before it can be confirmed. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

**26. Reserves**

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Transfers to and from reserves are shown in the MIRS and not within services. Expenditure is charged to the CIES and not directly to any reserve. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits and are not usable resources for the Group.

**27. Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the PCC has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the CAA then reverses out the amounts charged so that there is no impact on the level of council tax.

**28. Value Added Tax**

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

**29. Accounting Policies not relevant or not material**

The accounting policies are reviewed each year to assess whether it is appropriate for individual policies to be included. There are a number of accounting policies that have not been included above, because the statements are not materially affected by their implementation. These policies include:

- Acquisitions and Discontinued Operations
- Restructuring of loan portfolios and treatment of bonds
- Use of capital receipts to fund disposal costs
- Foreign Currency Translation
- Intangible Assets – Recognition of website development and other internally generated assets
- Long term contracts
- Interests in companies and other entities
- Investment properties (IAS 40)
- Private Finance Initiatives and Similar Contracts.
- Heritage Assets
- Financial Instruments – soft loans

**30. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Group about the future or that are otherwise uncertain. Estimates are made considering 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 assumptions made about future and other major sources of estimation and uncertainty are in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation would increase and the carrying amount of the assets would fall, however, the assets are revalued on a rolling three year basis so the lives of the assets are regularly adjusted to allow for actual maintenance schedules. This, along with the increase in disposals, should negate the need to reduce lives further in the coming year.
Insurance Reserve	The Insurance Fund was subject to a full revaluation in 2020/21. This review confirmed that there were sufficient funds for future liabilities. The only uncertainty is the potential increase in claims as a result of the current economic climate, e.g. increase in fraud claims.	The fund evaluation in 2020/21 reassured OPCC that there were sufficient funds in the insurance reserves for outstanding current and potential liabilities.
Insurance Provisions	The insurance provision is based on estimates for all claims/liabilities known to the Group. Each claim is assessed and estimated based on experience and knowledge from previous similar claims and from information provided by the insurance company. These insurance provisions are updated for any known changes as and when required internally and on a monthly basis by the insurance company.	It is difficult to predict the actual outcome of most claims until they are finalised, however for these items the risk is clearly identified to the Group. A bigger risk is for any unforeseen, unusual insurance claims successfully made against the force. However, the Group has a £100,000 limit on each and every incident before the insurance company will then cover all other costs. Therefore, this is the maximum risk for every incident.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured.

**31. Critical Judgements in Applying Accounting Policies**

- a) HQ has been valued based on 9 blocks of individual value that each have service potential as opposed to recognising the value as one single asset. The judgement of management is that each individual block does not need to be fitted out to accommodate the use of police operations and as a result has the service potential to be absorbed by the market, for example as office accommodation. Management have determined the individual units of value by the income approach. In the event that service potential is deprived or the value is recognised as one single asset, then management accept that an alternative valuation method would be to treat the HQ as a single specialised property for police operations, and therefore apply a depreciated replacement cost methodology. Management's judgement is that this is not the appropriate use or service potential of these individual blocks of unit as at the 31st March 2022 and at the point the accounts are authorised for issue. Any change in the use and purpose of the individual blocks in the future would lead to a different valuation method for HQ.

**32. Going Concern**

The concept of a going concern assumes that the functions of the Office of the Police, Fire and Crime Commissioner for Staffordshire will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Policing services carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police authority were in financial difficulty, the prospects are thus that alternative arrangements might 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 therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police authority and service will continue to operate for the foreseeable future.

Based upon the latest assumptions cash flow forecasts have been prepared out to the end of March 2025 which indicate positive cash balances. The assumptions used in the Medium-Term Financial Plan (MTFP) and Reserves Strategy will be revised as necessary ahead of the next budget-setting round and reported to the Police Fire and Crime Panel. Based on our assessment of the financial and liquidity position of the PFCC/CC, there are no material uncertainties or concerns on the basis of preparing the 2021/2022 financial statements as a going concern.”

**33. Accounting Standards Issued, Not Adopted**

The standards that may be relevant for additional disclosure that will be required for the financial statements in respect of accounting changes that are introduced in the 2021/22 code are:

- Definition of a business, amendments to IFRS 3 Business Combinations
- Interest Rates Benchmark Reform: Amendments to IFRS 9, IAS 49 and IFRS 7
- Interest Rate Benchmark Reform- Phase 2 Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS16.

- 34.** The statement of Accounts was authorised for issue by Katharine Ross, Director of Finance to the PCC.

# Financial Statements

(Incorporating Police and Crime Commissioner for Staffordshire  
Single entity accounts)



## 5.1 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the OPCC Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund before any discretionary transfers to or from earmarked reserves undertaken by the Group.

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL GROUP RESERVES £'000
<b>Balance as at 01 April 2020</b>		6,350	10,145	3,150	331	<b>19,976</b>	(1,900,195)	<b>(1,880,219)</b>
<b><u>Movement in reserves during 2020/21</u></b>								
Total Comprehensive Income and Expenditure	5.2	10,976	0	0	0	<b>10,976</b>	(409,300)	<b>(398,324)</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	357	0	(3,150)	0	<b>(2,793)</b>	2,793	<b>0</b>
<b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>		<b>11,333</b>	<b>0</b>	<b>(3,150)</b>	<b>0</b>	<b>8,183</b>	(406,507)	<b>(398,324)</b>
Transfers To/From Earmarked Reserves		(10,468)	10,468	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or (Decrease) in 2020/21</b>		<b>865</b>	<b>10,468</b>	<b>(3,150)</b>	<b>0</b>	<b>8,183</b>	(406,507)	<b>(398,324)</b>
<b>Balance as at 31 March 2021</b>		<b>7,215</b>	<b>20,613</b>	<b>0</b>	<b>331</b>	<b>28,159</b>	(2,306,702)	<b>(2,278,543)</b>
<b>Balance as at 01 April 2021</b>		7,215	20,613	0	331	<b>28,159</b>	(2,306,702)	<b>(2,278,543)</b>
<b><u>Movement in reserves during 2021/22</u></b>								
Total Comprehensive Income and Expenditure	5.2	(10,804)	0	0	0	<b>(10,804)</b>	81,303	<b>70,499</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	19,169	0	1,449	183	<b>20,801</b>	(20,801)	<b>0</b>
<b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>		<b>8,365</b>	<b>0</b>	<b>1,449</b>	<b>183</b>	<b>9,997</b>	60,503	<b>70,499</b>
Transfers To/From Earmarked Reserves		(7,070)	7,070	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or (Decrease) in 2021/22</b>		<b>1,295</b>	<b>7,070</b>	<b>1,449</b>	<b>183</b>	<b>9,997</b>	60,503	<b>70,499</b>
<b>Balance as at 31 March 2022</b>		<b>8,509</b>	<b>27,683</b>	<b>1,449</b>	<b>514</b>	<b>38,155</b>	(2,246,199)	<b>(2,208,044)</b>

## 5.1 Movement in Reserves Statement PCC (Continued)

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL GROUP RESERVES £'000
<b>Balance as at 01 April 2020</b>		6,350	10,145	3,150	331	<b>19,976</b>	11,194	<b>31,170</b>
<b><u>Movement in reserves during 2020/21</u></b>								
Total Comprehensive Income and Expenditure	5.2	7,924	0	0	0	<b>7,924</b>	2,988	<b>10,912</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	3,408	0	(3,150)	0	<b>257</b>	(257)	<b>0</b>
<b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>		11,332	0	(3,150)	0	<b>8,182</b>	2,730	<b>10,912</b>
Transfers To/From Earmarked Reserves		(10,468)	10,468	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or (Decrease) in 2020/21</b>		864	10,468	(3,150)	0	<b>8,182</b>	2,730	<b>10,912</b>
<b>Balance as at 31 March 2021</b>		7,215	20,613	0	331	<b>28,159</b>	13,924	<b>42,082</b>
<b>Balance as at 01 April 2021</b>		7,215	20,613	0	331	<b>28,159</b>	13,924	<b>42,082</b>
<b><u>Movement in reserves during 2021/22</u></b>								
Total Comprehensive Income and Expenditure	5.2	9,187	0	0	0	<b>9,187</b>	2,594	<b>11,783</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	(823)	0	1,449	183	<b>809</b>	(809)	<b>0</b>
<b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>		8,364	0	1,449	183	<b>9,995</b>	1,786	<b>11,783</b>
Transfers To/From Earmarked Reserves		(7,070)	7,070	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or (Decrease) in 2021/22</b>		1,294	7,070	1,449	183	<b>9,995</b>	1,786	<b>11,783</b>
<b>Balance as at 31 March 2022</b>		8,509	27,683	1,449	514	<b>38,155</b>	15,710	<b>53,865</b>

## 5.2 Comprehensive Income and Expenditure Statement

This statement shows the net cost in the year of providing services in accordance with IFRS, rather than the amount to be funded from taxation (funding basis). Costs covered on the funding basis are calculated differently, in accordance with legislative requirements. The funding basis position is shown in the Movement in Reserves Statement and in section 6.1.

2020/21			2021/22	
PCC	Group		Group	PCC
Net Expenditure £'000	Net Expenditure £'000	Notes	Net Expenditure £'000	Net Expenditure £'000
(4,790)	(10,875)	Grants and Contributions	(9,229)	(5,037)
(371)	(5,891)	Reimbursements	(7,176)	(294)
0	(1,050)	Sales, Fees and Charges	(1,072)	0
0	(203)	Other Income	(279)	0
<b>(5,161)</b>	<b>(18,019)</b>	<b>Total Income</b>	<b>(17,756)</b>	<b>(5,331)</b>
0	77,660	Police Officer Pay and Allowances	91,613	0
1,607	67,274	Police Staff Pay and Allowances	79,899	1,990
339	4,594	Other Employee Expenses	4,130	187
0	4,271	Police Pensions	3,569	0
0	4,664	Premises	4,628	0
4	3,327	Transport	4,308	5
1,348	18,653	Supplies and Services	20,782	1,484
8,251	14,503	Agency and Contracted Services	14,024	9,222
0	8,850	Depreciation, Amortisation and Impairment	9,716	0
6	1,058	Non Distributed Costs	1,019	5
<b>11,555</b>	<b>204,854</b>	<b>Total Expenditure</b>	<b>233,688</b>	<b>12,888</b>
<b>6,394</b>	186,835	<b>Cost of Services before Intra-group Funding</b>	215,923	7,564
193,423	0	Intra-group Funding	0	205,204
<b>199,817</b>	<b>186,835</b>	<b>Cost of Services</b>	<b>215,923</b>	<b>212,768</b>
203	203	(Surplus) or loss on disposals	(36)	(36)
2,446	52,938	Financing and Investment Income and Expenditure	56,395	2,351
(210,390)	(210,390)	Taxation and Non-Specific Grant Income	(224,270)	(224,270)
0	(40,562)	Grant Received From Home Office in respect of the pension fund account	(37,207)	0
<b>(7,924)</b>	<b>(10,976)</b>	<b>(Surplus) or deficit on Provision of Services</b>	<b>10,805</b>	<b>(9,187)</b>
(4,100)	(4,100)	(Surplus) or Deficit on revaluation of non-current assets	(1,482)	(1,482)
1,112	413,400	Re-measurement of the net defined benefit liabilities	(79,821)	(1,112)
<b>(2,988)</b>	<b>409,300</b>	<b>Other Comprehensive (Income) and Expenditure</b>	<b>(81,303)</b>	<b>(2,594)</b>
<b>(10,912)</b>	<b>398,324</b>	<b>Total Comprehensive (Income) and Expenditure</b>	<b>(70,499)</b>	<b>(11,781)</b>

### 5.3 Balance Sheet

The Balance sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised but the Group. The net assets of the authority (asset less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. Usable reserves i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves – i.e. those reserves that are not able to be used to help provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to help provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

PCC 31 March 2021 £'000	Group 31 March 2021 £'000		Notes	Group 31 March 2022 £'000	PCC 31 March 2022 £'000
45,764	45,764	Land and Buildings	6.3.1	45,516	45,516
275	275	Surplus Assets	6.3.1	275	275
20,024	20,024	Vehicles, Plant and Equipment	6.3.1	19,922	19,922
22,248	22,248	Intangible Assets	6.3.2	19,952	19,952
2,544	2,544	Assets under construction	6.3.1 & 6.3.3	1,687	1,687
34	34	Long-Term Debtors	6.3.4	216	216
1,849	0	Intra-group Long Term Debtors		0	0
<b>92,738</b>	<b>90,889</b>	<b>Long Term Assets</b>		<b>87,568</b>	<b>87,568</b>
3,100	3,100	Assets Held for Sale	6.3.5	1,680	1,680
614	616	Inventories	6.3.6	568	568
0	0	Short Term Investments	6.3.7	11,000	11,000
21,533	21,533	Short Term Debtors	6.3.8	23,257	23,257
1,924	0	Intra-group Short Term Debtors	6.3.8	0	1,849
21,252	21,252	Cash and Cash Equivalents	6.3.9	24,717	24,717
<b>48,423</b>	<b>46,501</b>	<b>Current Assets</b>		<b>61,222</b>	<b>63,071</b>
(3,857)	(3,857)	Short Term Borrowing	6.3.7	(2,749)	(2,749)
(18,720)	(29,031)	Short Term Creditors	6.3.10	(31,351)	(20,598)
(6,166)	0	Intra-group Short Term Creditors	6.3.10	0	(6,208)
<b>(28,743)</b>	<b>(32,888)</b>	<b>Current Liabilities</b>		<b>(34,100)</b>	<b>(29,555)</b>
0	0	Long Term Creditors		(3)	(3)
0	(2,592)	Provisions	6.3.11	(2,769)	0
(67,200)	(67,200)	Long-Term Borrowing	6.3.7	(64,700)	(64,700)
0	0	Revenue Grants Received in Advance	6.3.12	(119)	(119)
(3,136)	(2,313,253)	Liability Related to Defined Benefit Pension Scheme	7.2.3	(2,255,143)	(2,396)
<b>(70,336)</b>	<b>(2,383,045)</b>	<b>Long Term Liabilities</b>		<b>(2,322,734)</b>	<b>(67,218)</b>
<b>42,082</b>	<b>(2,278,543)</b>	<b>Net Liabilities</b>		<b>(2,208,045)</b>	<b>53,866</b>
		<b>Financed by:</b>			
		Usable Reserves			
(7,214)	(7,215)	General Fund	6.3.13	(8,509)	(8,509)
(20,613)	(20,613)	Earmarked Reserves	6.3.13	(27,683)	(27,683)
(331)	(331)	Capital Grant Unapplied	6.3.13	(514)	(514)
0	0	Capital Receipt Reserve	6.3.13	(1,449)	(1,449)
(13,924)	2,306,702	Unusable Reserves	6.3.14	2,246,199	(15,711)
<b>(42,082)</b>	<b>2,278,543</b>	<b>Total Reserve</b>		<b>2,208,045</b>	<b>(53,866)</b>

The PCC for Staffordshire owns all of the assets and bank accounts of the Group and therefore the Group Balance sheet is in many respects identical to that of the PCC. The only differences are that the Group Balance sheet includes the net pension liability and the provision for compensated absences, both of which sit with the accounts of the Chief Constable of Staffordshire Police.

I confirm that the PCC for Staffordshire approved these accounts as at 31<sup>st</sup> March 2022.

A handwritten signature in black ink, appearing to read 'K. Ross', with a horizontal line underneath.

**Katharine Ross, Director of Finance (Section 151 Officer)  
for the Police and Crime Commissioner for Staffordshire  
Date 5<sup>th</sup> January 2024**

## 5.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents held by the OPCC during the reporting period and how these are generated or used by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income or from the recipients of services provided by the OPCC. Investing activities represent the extent to which cash outflows have been used to generate resources intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

PCC 2020/21 £'000	Group 2020/21 £'000		Notes	Group 2021/22 £'000	PCC 2021/22 £'000
7,924	10,976	<b>Net Surplus or (Deficit) on the provision of services</b>	5.2	<b>(10,805)</b>	<b>9,187</b>
7,471	4,421	Adjustments to net Surplus or (Deficit) on the provision of services for non-cash movements	6.4.1	33,595	13,603
(608)	(608)	Adjustment for items included in the net Surplus or (Deficit) on the provision of services that are investing and financing activities.	6.4.2	(147)	(147)
<b>14,787</b>	<b>14,787</b>	<b>Net cash flow Operating Activities</b>		<b>22,644</b>	<b>22,643</b>
(2,830)	(2,830)	Net cash flows from Investing Activities	6.4.3	(15,761)	(15,761)
(817)	(817)	Net cash flows from Financing Activities	6.4.4	(3,417)	(3,417)
<b>11,142</b>	<b>11,142</b>	<b>Net Increase or (decrease) in cash and cash equivalents</b>		<b>3,466</b>	<b>3,466</b>
10,110	10,110	Cash and cash equivalents at the beginning of the reporting period		21,252	21,252
21,252	21,252	Cash and cash equivalent at the end of the reporting period	6.3.9	24,717	24,717

## Section 6

# Notes to the Core Financial Statements

These notes provide information that supports and helps in interpreting the financial statements.

## 6.1 Movement in Reserves Statements (MIRS) notes

- 6.1.1 Adjustment between accounting basis and funding basis
- 6.1.2 Expenditure and Funding Analysis
- 6.1.3 Notes to Expenditure and Funding Analysis
- 6.1.4 Movement in Earmarked Reserves

## 6.2 Comprehensive Income and Expenditure Statement (CIES) notes

- 6.2.1 Single entity intra group transactions
- 6.2.2 Other operating expenditure
- 6.2.3 Financing and investment net expenditure
- 6.2.4 Specific grants
- 6.2.5 Taxation and non-specific grant income
- 6.2.6 External Audit Fees
- 6.2.7 Operating Leases
- 6.2.8 Material items of income and expenditure

## 6.3 Balance Sheet Statement notes

- 6.3.1 Property, plant and equipment
- 6.3.2 Intangible assets
- 6.3.3 Intangible assets under construction
- 6.3.4 Long term debtors
- 6.3.5 Asset held for sale
- 6.3.6 Inventories
- 6.3.7 Financial Instruments (includes investments and borrowing)
- 6.3.8 Short term debtors
- 6.3.9 Cash and cash equivalents
- 6.3.10 Short term creditors
- 6.3.11 Provisions
- 6.3.12 Revenue grants received in advance
- 6.3.13 Usable reserves
- 6.3.14 Unusable reserves

## 6.4 Cash Flow Statement notes

- 6.4.1 Operating activities
- 6.4.2 Adjustments for items included in the net deficit on the provision of services that are investing or financing activities
- 6.4.3 Investing activities
- 6.4.4 Financing activities

## 6.5 Other notes

- 6.5.1 Termination benefits and exit packages
- 6.5.2 Officers remuneration
- 6.5.3 Disclosure of remuneration for senior executives
- 6.5.4 Related party transactions
- 6.5.5 Pooled budgets and joint operations
- 6.5.6 Member allowances
- 6.5.7 Proceeds of Crime Act 2002 (POCA)
- 6.5.8 Contingent liabilities
- 6.5.9 Capital financing
- 6.5.10 Events after the Balance Sheet date

## 6.1 Movement in Reserves Statement (MIRS) Notes

### 6.1.1 Adjustment between accounting basis and funding basis

This note details the adjustments that are made to the CIES recognised by the OPCC/Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the OPCC/Group to meet future capital and revenue expenditure.

GROUP 2021/22	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b>				
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pension Costs (transferred to or from pension reserve)	19,787	0	0	(19,787)
Council tax (transfer to or from collection fund)	(2,110)	0	0	2,110
Holiday Pay (transfer to the Accumulated Absences Account)	562	0	0	(562)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (these items charged to the CAA)	11,130	0	0	(11,130)
<b>Total Adjustment to Revenue Resources</b>	<b>29,369</b>	<b>0</b>	<b>0</b>	<b>(29,369)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current assets sale proceeds from revenue to the Capital receipt reserve	(1,449)	1,449	0	0
Statutory provision for the repayment of debt MRP (transfer from the CAA)	(3,552)	0	0	3,552
Capital expenditure financed from revenue balances (transfer to the CAA)	(4,992)	0	0	4,992
Transfer of capital grants and contributions to capital grants unapplied	(183)	0	183	0
<b>Total Adjustment between Revenue and Capital Resources</b>	<b>(10,176)</b>	<b>1,449</b>	<b>183</b>	<b>8,544</b>
<b>Adjustment to Capital Resources</b>				
Application of capital receipt to finance capital expenditure	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	0	0
Cash Payment to deferred capital receipt	(25)	0	0	25
<b>Total Adjustment to Capital Resources</b>	<b>(25)</b>	<b>0</b>	<b>0</b>	<b>25</b>
<b>Total Group Adjustment</b>	<b>19,169</b>	<b>1,449</b>	<b>183</b>	<b>(20,800)</b>
<i>Less: Chief Constable only adjustments</i>				
Pension Costs (transferred to or from pension reserve)	(19,415)	0	0	19,415
Holiday Pay (transfer to the Accumulated Absences Account)	(578)	0	0	578
<b>Total PCC Adjustments</b>	<b>(823)</b>	<b>1,449</b>	<b>183</b>	<b>(808)</b>

## 6.1.1 Adjustment between accounting basis and funding basis (continued)

GROUP 2020/21	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b>				
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pension Costs (transferred to or from pension reserve)	(5,428)	0	0	5,428
Council tax (transfer to or from collection fund)	2,195	0	0	(2,195)
Holiday Pay (transfer to the Accumulated Absences Account)	2,488	0	0	(2,488)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (these items charged to the CAA)	9,478	0	0	(9,478)
<b>Total Adjustment to Revenue Resources</b>	<b>8,733</b>	<b>0</b>	<b>0</b>	<b>(8,733)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current assets sale proceeds from revenue to the Capital receipt reserve	(524)	524	0	0
Statutory provision for the repayment of debt MRP (transfer from the CAA)	(2,179)	0	0	2,179
Capital expenditure financed from revenue balances (transfer to the CAA)	(5,567)	0	0	5,567
<b>Total Adjustment between Revenue and Capital Resources</b>	<b>(8,270)</b>	<b>524</b>	<b>0</b>	<b>7,746</b>
<b>Adjustment to Capital Resources</b>				
Application of capital receipt to finance capital expenditure	0	(3,674)	0	3,674
Application of capital grants to finance capital expenditure	(183)	0	0	183
Cash Payment to deferred capital receipt	78	0	0	(78)
<b>Total Adjustment to Capital Resources</b>	<b>(105)</b>	<b>(3,674)</b>	<b>0</b>	<b>3,779</b>
<b>Total Group Adjustment</b>	<b>358</b>	<b>(3,150)</b>	<b>0</b>	<b>2,793</b>
<i>Less: Chief Constable only adjustments</i>				
Pension Costs (transferred to or from pension reserve)	5,514	0	0	(5,514)
Holiday Pay (transfer to the Accumulated Absences Account)	(2,464)	0	0	2,464
<b>Total PCC Adjustments</b>	<b>3,407</b>	<b>(3,150)</b>	<b>0</b>	<b>(257)</b>

### 6.1.2 Expenditure and Funding Analysis (EFA)

The EFA shows how annual expenditure is used and funded from resources (government grants and council tax) by the Group in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Group services. The income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

	2021/22		
	Net Expenditure Chargeable to General Fund	Adjustments between funding and IFRS Basis	CIES Net Expenditure
	£'000	£'000	£'000
Police Officer Pay and Allowances	104,503	12,891	91,613
Police Staff Pay and Allowances	62,470	(17,419)	79,899
Other Employee Expenses	4,130	0	4,130
Police Pensions	3,569	0	3,569
Premises	4,628	0	4,628
Transport	4,308	0	4,308
Supplies and Services	20,782	0	20,782
Agency and Contracted Services	14,024	0	14,024
Depreciation, Amortisation and Impairment	0	(9,716)	9,716
Non Distributed Costs	2,102	1,083	1,019
<b>Total Expenditure</b>	<b>220,517</b>	<b>(13,162)</b>	<b>233,688</b>
Grants and Contributions	(9,229)	0	(9,229)
Reimbursements	(7,176)	0	(7,176)
Sales, Fees and Charges	(1,072)	0	(1,072)
Other Income	(279)	0	(279)
<b>Income</b>	<b>(17,757)</b>	<b>0</b>	<b>(17,757)</b>
<b>Net Cost of Services</b>	<b>202,761</b>	<b>(13,162)</b>	<b>215,923</b>
(Surplus) or loss on disposals	0	36	(36)
Financing and Investment Income and Expenditure	10,852	(45,543)	56,395
Taxation and Non-Specific Grant Income	(221,977)	2,293	(224,270)
Grant Received From Home Office in respect of the pension fund account	0	37,207	(37,207)
<b>(Surplus) or deficit on Provision of Services</b>	<b>(8,364)</b>	<b>(19,170)</b>	<b>10,804</b>
(Surplus) or Deficit on revaluation of non current assets	0	1,482	(1,482)
Re-measurement of the net defined benefit liabilities	0	79,821	(79,821)
Transfers To/(From) Earmarked Reserves	7,070	7,070	0
<b>Net (Surplus) / Deficit funded from General Fund</b>	<b>(1,294)</b>	<b>69,203</b>	<b>(70,499)</b>
<b>Opening General Fund</b>	7,215		
Budgeted Transfer to General Fund	0		
Underspend during the year against Budget	1,294		
<b>Closing General Fund</b>	<b>8,509</b>		

## Section 6 Notes to the Financial Statements

	2020/21		
	Net Expenditure Chargeable to General Fund	Adjustments between funding and IFRS Basis	CIES Net Expenditure
	£'000	£'000	£'000
Police Officer Pay and Allowances	98,174	20,514	77,660
Police Staff Pay and Allowances	60,568	(6,706)	67,274
Other Employee Expenses	4,594	0	4,594
Police Pensions	4,271	0	4,271
Premises	4,664	0	4,664
Transport	3,327	0	3,327
Supplies and Services	18,653	0	18,653
Agency and Contracted Services	14,503	0	14,503
Depreciation, Amortisation and Impairment	0	(8,850)	8,850
Non Distributed Costs	165	(893)	1,058
<b>Total Expenditure</b>	<b>208,919</b>	<b>4,065</b>	<b>204,854</b>
Grants and Contributions	(10,875)	0	(10,875)
Reimbursements	(5,891)	0	(5,891)
Sales, Fees and Charges	(1,050)	0	(1,050)
Other Income	(203)	0	(203)
<b>Income</b>	<b>(18,019)</b>	<b>0</b>	<b>(18,019)</b>
<b>Net Cost of Services</b>	<b>190,900</b>	<b>4,065</b>	<b>186,835</b>
(Surplus) or loss on disposals	0	(203)	203
Financing and Investment Income and Expenditure	10,168	(42,770)	52,938
Taxation and Non-Specific Grant Income	(212,402)	(2,012)	(210,390)
Grant Received From Home Office in respect of the pension fund account	0	40,562	(40,562)
<b>(Surplus) or deficit on Provision of Services</b>	<b>(11,334)</b>	<b>(358)</b>	<b>(10,976)</b>
(Surplus) or Deficit on revaluation of non current assets	0	4,100	(4,100)
Re-measurement of the net defined benefit liabilities	0	(413,400)	413,400
Transfers To/(From) Earmarked Reserves	10,468	10,468	0
<b>Net (Surplus) / Deficit funded from General Fund</b>	<b>(866)</b>	<b>(399,190)</b>	<b>398,324</b>
<b>Opening General Fund</b>	6,350		
Budgeted Transfer to General Fund	23		
Underspend during the year against Budget	842		
<b>Closing General Fund</b>	<b>7,215</b>		

## 6.1.2 Expenditure and Funding Analysis (EFA) PCC Single Entity (Continued)

	2021/22		
	Net Expenditure Chargeable to General Fund £'000	Adjustments between funding and IFRS Basis £'000	CIES Net Expenditure £'000
Police Officer Pay and Allowances	0	0	0
Police Staff Pay and Allowances	1,705	(285)	1,990
Other Employee Expenses	189	0	189
Police Pensions	0	0	0
Premises	0	0	0
Transport	5	0	5
Supplies and Services	1,484	0	1,484
Agency and Contracted Services	9,222	0	9,222
Depreciation, Amortisation and Impairment	0	0	0
Non Distributed Costs	0	(5)	5
<b>Total Expenditure</b>	<b>12,605</b>	<b>(290)</b>	<b>12,895</b>
Grants and Contributions	(5,037)	0	(5,037)
Reimbursements	(294)	0	(294)
Sales, Fees and Charges	0	0	0
Other Income	0	0	0
<b>Income</b>	<b>(5,331)</b>	<b>0</b>	<b>(5,331)</b>
Intra-group Funding	195,487	(9,717)	205,204
<b>Net Cost of Services</b>	<b>202,761</b>	<b>(10,007)</b>	<b>212,768</b>
(Surplus) or loss on disposals	0	36	(36)
Financing and Investment Income and Expenditure	10,851	8,501	2,351
Taxation and Non-Specific Grant Income	(221,978)	2,293	(224,270)
Grant Received From Home Office in respect of the pension fund account	0	0	0
<b>(Surplus) or deficit on Provision of Services</b>	<b>(8,365)</b>	<b>823</b>	<b>(9,187)</b>
(Surplus) or Deficit on revaluation of non current assets	0	1,482	(1,482)
Re-measurement of the net defined benefit liabilities	0	1,112	(1,112)
Transfers To/(From) Earmarked Reserves	7,070	7,070	0
<b>Net (Surplus) / Deficit funded from General Fund</b>	<b>(1,295)</b>	<b>10,487</b>	<b>(11,781)</b>
<b>Opening General Fund</b>	7,215		
Budgeted Transfer to General Reserve	0		
Underspend during the year against budget	1,295		
<b>Closing General Fund</b>	<b>8,509</b>		

## Section 6 Notes to the Financial Statements

	2020/21		
	Net Expenditure Chargeable to General Fund £'000	Adjustments between funding and IFRS Basis £'000	CIES Net Expenditure £'000
Police Officer Pay and Allowances	0	0	0
Police Staff Pay and Allowances	1,547	(59)	1,607
Other Employee Expenses	339	0	339
Police Pensions	0	0	0
Premises	0	0	0
Transport	4	0	4
Supplies and Services	1,348	0	1,348
Agency and Contracted Services	8,251	0	8,251
Depreciation, Amortisation and Impairment	0	0	0
Non Distributed Costs	0	(6)	6
<b>Total Expenditure</b>	<b>11,489</b>	<b>(65)</b>	<b>11,555</b>
Grants and Contributions	(4,790)	0	(4,790)
Reimbursements	(371)	0	(371)
Sales, Fees and Charges	0	0	0
Other Income	0	0	0
<b>Income</b>	<b>(5,161)</b>	<b>0</b>	<b>(5,161)</b>
Intra-group Funding	184,574	(8,850)	193,423
<b>Net Cost of Services</b>	<b>190,902</b>	<b>(8,915)</b>	<b>199,817</b>
(Surplus) or loss on disposals	0	(203)	203
Financing and Investment Income and Expenditure	10,168	7,722	2,446
Taxation and Non-Specific Grant Income	(212,402)	(2,012)	(210,390)
Grant Received From Home Office in respect of the pension fund account	0	0	0
<b>(Surplus) or deficit on Provision of Services</b>	<b>(11,332)</b>	<b>(3,408)</b>	<b>(7,924)</b>
(Surplus) or Deficit on revaluation of non current assets	0	4,100	(4,100)
Re-measurement of the net defined benefit liabilities	0	(1,112)	1,112
Transfers To/(From) Earmarked Reserves	10,468	10,468	0
<b>Net (Surplus) / Deficit funded from General Fund</b>	<b>(864)</b>	<b>10,048</b>	<b>(10,912)</b>
<b>Opening General Fund</b>	6,350		
Budgeted Transfer to General Reserve	23		
Underspend during the year against budget	842		
<b>Closing General Fund</b>	<b>7,215</b>		

## 6.1.3 Notes to Expenditure and Funding Analysis

	Adjustments for Capital Purpose £'000	2021/22 Net Changes for Pensions IAS19 £'000	Other Differences £'000	Total £'000
Police Officer Pay and Allowances	0	13,670	(779)	12,891
Police Staff Pay and Allowances	0	(17,637)	218	(17,419)
Other Employee Expenses	0	0	0	0
Depreciation, Amortisation and Impairment	(9,716)	0	0	(9,716)
Non Distributed Costs	0	1,083	0	1,083
<b>Net Cost of Services</b>	<b>(9,716)</b>	<b>(2,884)</b>	<b>(562)</b>	<b>(13,162)</b>
(Surplus) or loss on disposals	36	0	0	36
Financing and Investment Income and Expenditure <sup>Note(iii)</sup>	8,568	(54,111)	0	(45,543)
Taxation and Non-Specific Grant Income	183	0	2,110	2,293
Grant Received From Home Office in respect of the pension fund account	0	37,207	0	37,207
<b>Surplus or (deficit) on Provision of Services</b>	<b>(930)</b>	<b>(19,788)</b>	<b>1,548</b>	<b>(19,170)</b>
(Surplus) or Deficit on revaluation of non current assets	1,482	0	0	1,482
Re-measurement of the net defined benefit liabilities	0	79,821	0	79,821
Transfers To/(From) Earmarked Reserves	0	0	7,070	7,070
<b>Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services</b>	<b>552</b>	<b>60,033</b>	<b>8,618</b>	<b>69,203</b>

	Adjustments for Capital Purpose £'000	2020/21 Net Changes for Pensions IAS19 £'000	Other Differences £'000	Total £'000
Police Officer Pay and Allowances	0	22,130	(1,616)	20,514
Police Staff Pay and Allowances	0	(5,835)	(871)	(6,706)
Other Employee Expenses	0	0	0	0
Depreciation, Amortisation and Impairment	(8,850)	0	0	(8,850)
Non Distributed Costs	0	(893)	0	(893)
<b>Net Cost of Services</b>	<b>(8,850)</b>	<b>15,402</b>	<b>(2,487)</b>	<b>4,065</b>
(Surplus) or loss on disposals	(203)	0	0	(203)
Financing and Investment Income and Expenditure <sup>Note(iii)</sup>	7,767	(50,537)	0	(42,770)
Taxation and Non-Specific Grant Income	183	0	(2,195)	(2,012)
Grant Received From Home Office in respect of the pension fund account	0	40,562	0	40,562
<b>Surplus or (deficit) on Provision of Services</b>	<b>(1,103)</b>	<b>5,427</b>	<b>(4,682)</b>	<b>(358)</b>
(Surplus) or Deficit on revaluation of non current assets	4,100	0	0	4,100
Re-measurement of the net defined benefit liabilities	0	(413,400)	0	(413,400)
Transfers To/(From) Earmarked Reserves	0	0	10,468	10,468
<b>Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services</b>	<b>2,997</b>	<b>(407,973)</b>	<b>5,786</b>	<b>(399,189)</b>

## 6.1.3 Notes to Expenditure and Funding Analysis PCC Single Entity (continued)

	2021/22			Total £'000
	Adjustments for Capital Purpose £'000	Net Changes for Pensions IAS19 £'000	Other Differences £'000	
Police Staff Pay and Allowances	0	(301)	16	(285)
Non Distributed Costs	0	(5)	0	(5)
<b>Net Cost of Services</b>	<b>0</b>	<b>(306)</b>	<b>16</b>	<b>(290)</b>
Intra-group Funding	(9,717)	0	0	(9,717)
(Surplus) or loss on disposals	36	0	0	36
Financing and Investment Income and Expenditure <sup>Note(iii)</sup>	8,568	(67)	0	8,501
Taxation and Non-Specific Grant Income	183	0	2,110	2,293
<b>Surplus or (deficit) on Provision of Services</b>	<b>(930)</b>	<b>(373)</b>	<b>2,126</b>	<b>822</b>
Surplus or Deficit on revaluation of non current assets	1,482	0	0	1,482
Re-measurement of the net defined benefit liabilities	0	1,112	0	1,112
Transfers To/(From) Earmarked Reserves	0	0	7,070	7,070
<b>Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services</b>	<b>552</b>	<b>739</b>	<b>9,196</b>	<b>10,486</b>

	2020/21			Total £'000
	Adjustments for Capital Purpose £'000	Net Changes for Pensions IAS19 £'000	Other Differences £'000	
Police Staff Pay and Allowances	0	(36)	(23)	(59)
Non Distributed Costs	0	(6)	0	(6)
<b>Net Cost of Services</b>	<b>0</b>	<b>(42)</b>	<b>(23)</b>	<b>(65)</b>
Intra-group Funding	(8,850)	0	0	(8,850)
(Surplus) or loss on disposals	(203)	0	0	(203)
Financing and Investment Income and Expenditure <sup>Note(iii)</sup>	7,767	(45)	0	7,722
Taxation and Non-Specific Grant Income	183	0	(2,195)	(2,012)
<b>Surplus or (deficit) on Provision of Services</b>	<b>(1,103)</b>	<b>(87)</b>	<b>(2,218)</b>	<b>(3,408)</b>
Surplus or Deficit on revaluation of non current assets	4,100	0	0	4,100
Re-measurement of the net defined benefit liabilities	0	(1,112)	0	(1,112)
Transfers To/(From) Earmarked Reserves	0	0	10,468	10,468
<b>Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services</b>	<b>2,997</b>	<b>(1,199)</b>	<b>8,250</b>	<b>10,048</b>

**Note (i) Adjustments for Capital Purposes**

This column adds in depreciation and revaluation gains and losses in the services line. Minimum Revenue Provision (MRP) and other revenue contributions to capital expenditure are deducted because they are not chargeable under generally accepted accounting practices. Other income and expenditure is adjusted for capital disposals of assets with a transfer of the income on disposal and the amounts written off for those assets; an adjustment is also made to recognise capital grant income.

**Note (ii) Net Change for Pensions Adjustments**

This column reflects the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs;
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
- Grant Received From Home Office in respect of the police pension fund account.

**Note (iii) Financing and Investment Income and Expenditure Adjustments**

This column adjusts for investment income and borrowing costs that are charged to the Police Fund but are not included in the Net Costs of Policing Services and also capital financing costs.

**Note (iv) Other Adjustments**

This column reflects variations in the amount chargeable for Council Tax under Statute and the Code; and timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account).

**6.1.4 Movement in Earmarked Reserves**

This note sets out the amounts set aside from the General Fund to provide financing for future expenditure plans.

GROUP AND PCC	Balance at 01 April 2020	Transfer Out	Transfer In	Balance at 31 March 2021	Transfer Out	Transfer In	Balance at 31 March 2022
	£'000			£'000			£'000
Reshaping the Future	1,011	0	1,253	2,264	(989)	1,057	2,332
IT Transformation	2,205	0	413	2,618	(378)	340	2,580
Insurance Reserve	348	(973)	1,826	1,201	(1,742)	1,522	981
Pension Reserve	1,314	0	1,248	2,562	(68)	2,005	4,499
Collaboration Reserve	250	0	455	705	(491)	78	292
Capital Reserve	1,286	0	288	1,574	(466)	1,108	2,216
ESN Reserve	617	0	163	780	0	1,004	1,784
Covid-19	478	0	1,719	2,197	(1,991)	716	923
Operational Reserves	2,636	(947)	5,023	6,712	(3,082)	8,446	12,076
<b>Total Earmarked Reserves</b>	<b>10,145</b>	<b>(1,920)</b>	<b>12,388</b>	<b>20,613</b>	<b>(9,206)</b>	<b>16,276</b>	<b>27,683</b>

## 6.2 Comprehensive Income and Expenditure (CIES) Notes

### 6.2.1 PCC Single Entity Intra-Group Funding Arrangements between the PCC and the Chief Constable

The Intra-Group funding arrangement is eliminated on consolidation of the Group Accounts, a treatment adopted for any transactions between the PCC and Chief Constable. The guarantee from the PCC in respect of the resources consumed by the Chief Constable in 2021/22 amounts to £205.204m (£193.423m in 2020/21). This has been re-presented in the CIES and is now included within the Net Cost of Policing Services, in line with current best practice for the preparation of Police Accounts.

2020/21 £'000		2021/22 £'000
180,443	Chief Constable's cost of service	208,359
50,492	Interest on the net defined benefit liability	54,044
(40,562)	Home Office grant towards cost of retirement	(37,207)
412,288	Re-measurement of the net defined benefit liability	(78,709)
602,661	<b>Resources consumed</b>	<b>146,487</b>
	<b>Items removed through the MIRS</b>	
(406,774)	Movement in pension liability	59,294
(2,464)	Movement in accumulated absences liability	(577)
193,423	<b>Total resources consumed for the year by the Chief Constable and funded by the PCC</b>	<b>205,204</b>

### 6.2.2 Other operating expenditure

During 2021/22 the Group has disposed of Stone and Tamworth Police stations. Which created opportunities to jointly collaborate into Tamworth Fire station to deliver value for money for the local tax payer.

	Receipts for Sale of Assets £'000	Carrying Amount £'000	Less Depreciation £'000	Less Cost of Sale £'000	Surplus/ (Loss) on Disposals £'000
31 March 2022	1,450	(2,251)	837	0	36
31 March 2021	425	(1,323)	695	0	(203)
31 March 2020	2,668	(2,082)	441	0	1,027
31 March 2019	11,995	(11,071)	543	(39)	1,428

### 6.2.3 Financing and Investment net expenditure

Financing and Investment includes the following items, Interest payable during 2021/22 was made to the PWLB.

2020/21 Group £'000	2020/21 PCC £'000		2021/22 Group £'000	2021/22 PCC £'000
2,462	2,462	Interest Payable and Similar Charges	2,332	2,332
50,537	45	Pension Net Interest Costs	54,111	67
(61)	(61)	Interest Receivable and Similar Income	(48)	(48)
<b>52,938</b>	<b>2,446</b>	<b>Total</b>	<b>56,395</b>	<b>2,351</b>

### 6.2.4 Specific Grants

Included within the Gross income figure in the Net Cost of Services for the OPCC Group and PCC are specific grants and contributions. A breakdown of these by awarding body is listed below:

2020/21 Group £'000	2020/21 PCC £'000	Body	2021/22 Group £'000	2021/22 PCC £'000
1,390	1,390	Victim Service Grant	1,853	1,853
1,417	0	Safer Roads Partnership	1,387	0
1,527	0	Covid-19 Grant	0	0
1,065	1,065	Safer Streets Grant	952	952
473	473	Covid-19 Support Grant	0	0
174	174	Innovation Fund	0	0
298	0	Counter Terrorism	245	0
0	0	The Safety of Women at night	244	244
0	0	Tax Income Compensation Scheme	317	0
1,156	0	Other Grants	1,457	110
<b>7,500</b>	<b>3,102</b>	<b>Total Specific Grants</b>	<b>6,455</b>	<b>3,159</b>
3,375	1,688	Contributions	2,774	1,879
<b>10,875</b>	<b>4,790</b>	<b>Total Grants and Contributions</b>	<b>9,229</b>	<b>5,038</b>

### 6.2.5 Taxation and Non-Specific Grant Income

Included within the core funding we saw an increase in the Policing Precept by 5.99%, equivalent to 26p per week. In which brought in additional £4.172m in core funding in 2021/22. The Home Office also confirmed an increase by £7.259m main grant funding. Although the Home Office have been clear that this does not cover any inflationary uplift and is the non-ring-fenced element of funding to support the increase in Police Officer numbers. In addition to the core funding the Group also received core policing grant for Officer Uplift for the second year. MHCLG issued a non-ring-fenced Council tax support grant to assist the Group to cover council tax shortfall during the pandemic. 2020/21 figures where represented.

2020/21 (Re-presented) £'000		2021/22 £'000
(78,728)	Precepts	(85,009)
(72,242)	Police Revenue Grant	(77,189)
(42,916)	Non-Domestic Rates Redistribution	(45,227)
(8,423)	Localisation of Council Tax	(8,423)
(3,541)	Council Tax Freeze Grant	(3,541)
(2,532)	Police Uplift Programme	(1,507)
(1,825)	Police Pension Grant	(1,825)
0	Council Tax Support Grant	(1,365)
(183)	Capital Grants and Contribution	(183)
<b>(210,390)</b>	<b>Taxation and Non-Specific Grant Income PCC</b>	<b>(224,270)</b>
(40,562)	Home Office Pension Top Up Grant	(37,207)
<b>(250,952)</b>	<b>Taxation and Non-Specific Grant Income Group</b>	<b>(261,478)</b>

### 6.2.6 External Audit Fees

The audit fees payable in 2021/22 to the Auditors in relation to the audit of OPCC Group accounts were as follows:

The external audit fees are the PSAA Ltd scale fees for the Group and PCC opted-in authority are normally based on the scale fee for the previous year, reflecting the auditor's assessment of audit risk and complexity.

During 2019/20 audit the Group and PCC accrued for additional costs for additional work to address increase in Regulatory standards and additional procedure for Covid-19 works during the 2020/21 audit undertaken by the auditor. These additional fees proposed by the auditor was not approved by the PSAA Ltd and therefore is a credit in 2021/22.

2020/21 Group £'000	2020/21 PCC £'000		2021/22 Group £'000	2021/22 PCC £'000
36	24	External Audit Fees	36	24
<b>36</b>	<b>24</b>	<b>Sub-Total</b>	<b>36</b>	<b>24</b>
75	51	Additional External Audit Fees 2019/20	(49)	(36)
0	0	Additional External Audit Fees 2020/21	29	18
0	0	PSAA Scale Variation Fees	(7)	(5)
<b>111</b>	<b>75</b>	<b>Total</b>	<b>9</b>	<b>2</b>

### 6.2.7 Operating Leases

The OPCC Group leases various land and buildings. The amount paid under these arrangements in 2021/22 was £617k (£578k in 2020/21).

The OPCC Group has entered into a number of operating leases for its use of Premises owned by other bodies. The future minimum lease payments due under non-cancellable leases in future years are:

2020/21 £'000		2021/22 £'000
473	No Later Than One Year	623
1,733	Later Than One Year and Not Later Than Five Years	1,839
3,843	Later Than Five Years	3,350
<b>6,049</b>	<b>Total</b>	<b>5,812</b>

### 6.2.8 Material items and income and expenditure

There are no material items of Income or Expenditure in 2021/22 that require specific disclosure.

## 6.3 Balance Sheet Notes

### 6.3.1 Property, Plant and Equipment (PPE)

The PCC holds all the Groups PPE. Assets are strategic in nature and are controlled by the PCC to achieve strategic outcomes. Cameron Butler BLE (Hons) MRICS, FHP Property Consultants have been engaged on behalf of the OPCC/Group to provide valuation services. A full property valuation was carried out on 30 police sites in 2021/22 in accordance with the 'code' to undertake a valuation at least every 5 years and all assets held on the Balance Sheet comply with as per IAS16.

The valuation has been updated for the properties which are valued on the basis of "depreciated replacements costs" (DRC) these are 3 properties which are specialised due to the nature of the property. All remaining properties have been valued using the income-based approach as there is service potential to be absorbed by the market, for example as office accommodation. The valuations of the land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

The Land and Building net carrying amount below includes £380k in respect of Castle House at Newcastle Under Lyme. This property is shared property with Newcastle Under Lyme district council and Staffordshire County Council and is classed as finance lease.

The movements on the balances of the PPE assets are shown in the following tables:

GROUP AND PCC MOVEMENTS 2021/22	Land and Building	Surplus Assets	Assets Under Construction	Vehicles, Plant and Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
<b>Value at 01 April 2021</b>	45,790	275	1,298	59,495	106,857
Additions	919	0	0	3,486	4,405
Disposals	0	0	0	(1,026)	(1,026)
Derecognition other	0	0	(133)	(407)	(540)
Revaluations	(274)	0	0	0	(274)
Impairment	(154)	0	0	0	(154)
Transfers	(765)	0	521	358	114
Other movements in cost or valuation	0	0	0	(193)	(193)
<b>Gross Book Value at 31 March 2022</b>	<b>45,516</b>	<b>275</b>	<b>1,687</b>	<b>61,713</b>	<b>109,190</b>
<u>Depreciation and Impairment:</u>					
Cumulative net to 01 April 2021	(26)	0	0	(39,471)	(39,497)
Depreciation Charge	(1,251)	0	0	(3,500)	(4,751)
Assets reclassified (to)/from	0	0	0	0	0
Derecognition other	0	0	0	150	150
Disposals	0	0	0	837	837
On revaluations	1,277	0	0	0	1,277
Other Movements	0	0	0	193	193
<b>Depreciation at 31 March 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(41,791)</b>	<b>(41,791)</b>
<b>Net Book Value 2022</b>	<b>45,516</b>	<b>275</b>	<b>1,687</b>	<b>19,922</b>	<b>67,399</b>
<b>Net Book Value 2021</b>	<b>45,764</b>	<b>275</b>	<b>1,298</b>	<b>20,024</b>	<b>67,361</b>

GROUP AND PCC MOVEMENTS 2020/21	Land and Building	Surplus Assets	Assets Under Construction	Vehicles, Plant and Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
<b>Value at 01 April 2020</b>	50,448	950	818	54,288	106,504
Additions	106	0	979	5,651	6,736
Disposals	0	0	0	(885)	(885)
Derecognition other	0	0	0	(234)	(234)
Revaluations	(2,250)	25	0	0	(2,225)
Impairment	(107)	0	0	0	(107)
Transfers	(2,407)	(700)	(499)	674	(2,932)
<b>Gross Book Value at 31 March 2021</b>	<b>45,790</b>	<b>275</b>	<b>1,298</b>	<b>59,494</b>	<b>106,857</b>
<b>Depreciation and Impairment:</b>					
Cumulative net to 01 April 2020	(2,567)	1	0	(37,538)	(40,104)
Depreciation Charge	(1,309)	(2)	0	(2,829)	(4,138)
Assets reclassified (to)/from	297	0	0	0	297
Derecognition other	0	0	0	200	200
Disposals	0	0	0	695	695
On revaluations	3,554	0	0	0	3,554
Other Movements	0	1	0	0	1
<b>Depreciation at 31 March 2021</b>	<b>(26)</b>	<b>0</b>	<b>0</b>	<b>(39,472)</b>	<b>(39,496)</b>
<b>Net Book Value 2021</b>	<b>45,764</b>	<b>275</b>	<b>1,298</b>	<b>20,024</b>	<b>67,361</b>
<b>Net Book Value 2020</b>	<b>47,881</b>	<b>951</b>	<b>818</b>	<b>16,750</b>	<b>66,400</b>

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation in 2021/22.

- Land and Building (Inc. Components) 15 to 60 years
- Vehicles 3 to 10 years
- IT Equipment 2 to 10 years
- Other Plant and Equipment 3 to 20 years

### Capital Commitments

As part of the capital programme the OPCC had in progress during 2021/22 a number of contracted schemes which were not completed before 31<sup>st</sup> March 2022. The potential budgeted capital commitment arising from those schemes is estimated to be £4.813m (£1.253m in 2020/21).

### Revaluations

The figures shown in the tables above include both upward and downward revaluations of tangible non-current assets. These movements are captured in either the revaluation reserve (balance sheet) or the other comprehensive income and expenditure section of the comprehensive income and expenditure statement (CIES).

### Assets under Construction

As at 31<sup>st</sup> March 2022 we had 32 vehicles classed as Assets Under Construction as these had not been commissioned for operational purposes and the building of the new Watling property store which is expected to be completed in quarter 1 of 2022/23.

## Section 6 Notes to the Financial Statements

	Land and Building £'000	Surplus Assets £'000	Assets Under Construction £'000	Asset Held for Sale £'000	Vehicles, Plant and Equipment £'000	Total Property, Plant and Equipment £'000
Carried at Historical Cost:	0	0	1,687	0	61,713	63,400
Valued at Fair Value as at:						
31 March 2022	(274)	0	0	(1,420)	0	(1,694)
31 March 2021	(4,658)	(675)	0	1,737	0	(3,596)
31 March 2020	(4,023)	(2,260)	0	1,363	0	(4,920)
Up to 31 March 2019	54,471	3,210	0	0	0	57,681
<b>Total Gross Cost or Valuation</b>	<b>45,516</b>	<b>275</b>	<b>1,687</b>	<b>1,680</b>	<b>61,713</b>	<b>110,871</b>

### 6.3.2 Intangible assets

part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and general software.

All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the OPCC. The useful lives assigned to the major software suites by the OPCC are three to 10 years.

The carrying amount of intangible assets is amortised on a straight-line basis. An amortisation of £2.630m was charged to revenue in 2021/22, (£0.934m in 2020/21).

2020/21 £'000		2021/22 £'000
	<b>Group and PCC Balance as at 1 April</b>	
16,080	Gross Carrying Amount	32,958
(9,753)	Accumulated Amortisation	(10,709)
<b>6,327</b>	<b>Net Carrying Amount at Start of Year</b>	<b>22,248</b>
3,922	Additions	291
22	De recognition- other	(124)
12,934	Transfer	123
(934)	Amortisation for the period	(2,630)
(22)	Write Out Amortisation on Disposal	44
<b>15,922</b>	<b>Net Carrying Amount at End of Year</b>	<b>(2,296)</b>
	Comprising:	
32,958	Gross Carrying Amounts	33,248
(10,709)	Accumulated Amortisation	(13,296)
<b>22,248</b>	<b>Group and PCC Balance as at 31 March</b>	<b>19,952</b>

### 6.3.3 Intangible asset under construction

2020/21 £'000		2021/22 £'000
13,989	<b>Group and PCC Balance as at 1 April</b>	1,246
396	Additions	0
(12,934)	Transfer	(330)
0	De recognition- other	(916)
(205)	Other movements	0
<b>1,246</b>	<b>Group and PCC Balance as at 31 March</b>	<b>0</b>

### 6.3.4 Long Term Debtors

From 1st October 2013, all air support for Staffordshire Police was transferred to NPAS, (the National Police Aviation Service). As a result, NPAS also acquired Staffordshire Police's helicopter (which was shared with West Mercia Police). Part of the arrangement is that NPAS pays set amounts each year in order to negate the effect of existing borrowing which will continue to be provided for in the accounts. The total of these credits amounts to £0.920m and will be received over 11 years up to 2023/24.

As the payment of the capital receipt is deferred it has been discounted at a rate of 3.5% to illustrate the 'real' loss from the disposal of the helicopter and the remaining balance of this is shown in the unusable reserve.

This is balanced by the debtor for these payments which are shown as £0.014m here as a debtor due in more than 12 months with the remaining payment expected being shown as a short-term debtor of £0.043m included in the figures in Note 6.3.8.

Alongside the NPAS long term debtors is also smaller items of prepayments for software support and subscriptions fees where amounts have been paid in advance over 1 year which is totaling to £202k.

### 6.3.5 Asset Held for Sale

In 2021/22 we seen the disposal of the following sites Stone and Tamworth Police station. We also are expected to sell Hanley and Blythe Bridge police station in the next 12 months.

2020/21 £'000		2021/22 £'000
1,363	<b>Group and PCC Balance as at 1 April</b>	3,100
	<i>Assets newly classified as held for sale</i>	
4	Additions	29
2,840	Transfers	94
(32)	Impairments	(139)
(637)	Revaluations	(179)
(438)	Disposals	(1,225)
0	Other Movements	0
<b>3,100</b>	<b>Group and PCC Balance as at 31 March</b>	<b>1,680</b>

### 6.3.6 Inventories

During 2021/22 the increase in prices due to currency fluctuations made the acquisition and holding certain stocks a more material item for the OPCC. The closing stock adjustment of £0.568m does however reflect the value of a number of different stock types including ammunition, protective clothing and uniform as at 31st March 2022 (£0.616m 2020/21).

### 6.3.7 Financial Instruments

Financial liabilities and financial assets 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:

The new borrowing interest rates at the 31<sup>st</sup> March 2022 for all Public Works Loan Board (PWLB) loans and the market rate applicable at the 31<sup>st</sup> March 2022 for investments;

- No early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- Short term debtors and creditors are carried at cost as this is an approximation of their fair value. Total short-term financial assets and liabilities relating to debtors and creditors are included in Notes 6.3.8 and 6.3.10.

- The fair values in 2021/22 are calculated under IFRS 13 which under the definition the fair value is calculated reference to the “premature repayment” set of rates as at 31st March 2022. As the price that would be received to sell an asset or paid to transfer its liability.

31 March 2021			31 March 2022	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
		<u>Financial Liabilities</u>		
67,200	84,316	PWLB Long Term Borrowing	64,700	74,106
<b>67,200</b>	<b>84,316</b>		<b>64,700</b>	<b>74,106</b>
3,600	3,668	PWLB Short Term Borrowing	2,500	2,515
0	0	Short Term OLAS	0	0
257	257	Interest due within one year	249	249
<b>3,857</b>	<b>3,925</b>		<b>2,749</b>	<b>2,764</b>
11,525	11,525	Creditors which are financial instruments	12,284	12,284
<b>82,582</b>	<b>99,766</b>	<b>Group and PCC Total Liability</b>	<b>79,733</b>	<b>89,154</b>

31 March 2021			31 March 2022	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
		<u>Financial Assets</u>		
0	0	Short Term Deposits	11,000	11,000
<b>0</b>	<b>0</b>	<b>Total Short-Term Investments</b>	<b>11,000</b>	<b>11,000</b>
		<u>Cash</u>		
152	152	Cash	316	316
21,100	21,100	Short Term Deposits	24,400	24,400
<b>21,252</b>	<b>21,252</b>	<b>Total Cash and Cash Equivalents</b>	<b>24,716</b>	<b>24,716</b>
5,199	5,199	Debtors which are financial instruments	6,205	6,205
<b>26,451</b>	<b>26,451</b>	<b>Group and PCC Total Assets</b>	<b>41,921</b>	<b>41,921</b>

Financial Assets appear in two places on the Balance Sheet, either as Short-Term Investments or as Cash Equivalents within the Cash and Cash Equivalents figure. Their fair values are calculated by using the net present value approach, using a discount rate that should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation for an instrument with a duration that is equal to the outstanding period from valuation date to maturity.

The OPCC's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due
- Liquidity risk – the possibility that the OPCC might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the OPCC as a result of changes in such measures as interest rates and stock market movements.

The OPCC's Treasury Management function is sub-contracted to Staffordshire County Council and the Council's management of treasury risks actively works to minimise the OPCC's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Group has fully adopted the CIPFA's Treasury Management in the Public Services: Code of Practice and has written Treasury Management practice notes dealing with different aspects of the function.

**Credit risk**

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities, as well as credit exposure to customers. It is the policy of the OPCC to loan money with only a limited number of high-quality banks and building societies and during the past financial year the OPCC has restricted lending to the following bodies with the amounts limited as shown:

- The UK Government directly (unlimited amount)
- Non- charge capped UK Local Authorities (unlimited amount)
- The OPCC's banker, Lloyds Bank (£0.5m) – see below.

	As at 31 <sup>st</sup> March	Historical Experience of Default	Historical Experience Adjusted for Market Conditions	Estimated Maximum Exposure to default and Collectability
	£'000	%	%	£'000
Deposits with Banks and other Financial Institutions	35,400	N/A	N/A	N/A
Customers	2,532	2.4%	2.6%	61

The following analysis summarises the potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Group expects full repayment on the due date of deposits placed with its counterparties. The Group does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Group allows credit to some customers and £62k of the £2.532m balance (£144k of £1.368m in 2020/21) is past its due date for payment but has not been impaired. The past due amount can be analysed by age as follows:

	31st March 2021	31st March 2022
	£'000	£'000
Less than three months	125	(112)
Three to six months	19	47
Six months to one year	2	1
More than one year	(2)	2
<b>Total</b>	<b>144</b>	<b>(62)</b>

**Liquidity risk**

The OPCC has access to a facility to borrow from the Public Works Loan Board. As a result, there is no significant risk of being unable to raise finance to meet its commitments. Safeguards are in place to ensure that a significant proportion of borrowing does not mature for repayment at any one time in the future, to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The policy is to ensure that no more than 10% of loans are due to mature within any financial year, through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The lender and maturity analysis of financial liabilities at nominal value is as follows:

	31st March 2021	31st March 2022
	£'000	£'000
Analysis by lender		
Public Work Loan Board (PWLB)	70,800	67,200
Other Local Authorities	0	0
	<b>70,800</b>	<b>67,200</b>
Analysis by Maturity		
Less than one year	3,600	2,500
Between one to two years	2,500	1,600
Between two to five years	5,050	5,050
More than five years	59,650	58,050
<b>Total</b>	<b>70,800</b>	<b>67,200</b>

**Market risk****Interest rate risk**

The OPCC is exposed to interest rate risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the OPCC Group. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates - the fair value of the liabilities will fall
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund on a pound for pound basis. The OPCC has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

At 31st March 2022, if interest rates had been 1% higher, with all other variables held constant, the financial effect would have been:

	£'000
Increase in interest receivable on variable rate investments	295
Impact on CIES	295
Decrease in fair value of fixed rate borrowing liabilities	9,171
(No impact on CIES)	0

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

**Foreign exchange risk**

The Group or OPCC single entity has no financial assets, or liabilities, denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

**6.3.8 Short term debtors**

A breakdown of the Debtors figure in the balance sheet is provided below. The balance per debtor category is shown net of any impairment. All Debtors were held on the Balance Sheet of the PCC and the Group during 2020/21 and 2021/22.

31 March 2021 Group £'000	31 March 2021 PCC £'000		31 March 2022 Group £'000	31 March 2022 PCC £'000
9,536	9,536	Central government bodies	6,200	6,200
6,370	6,370	Other Local authorities	9,987	9,987
110	110	NHS Bodies	65	65
0	0	Public corporations	0	0
5,517	5,517	Other entities and individuals	7,004	7,004
21,533	21,533	<b>Sub-Total</b>	23,257	23,257
0	1,924	Intra Group Funding	0	1,849
<b>21,533</b>	<b>23,457</b>	<b>Total short-term debtors</b>	<b>23,257</b>	<b>25,106</b>

### 6.3.9 Cash and cash equivalents

A breakdown of the cash figure in the Balance Sheet is provided below. All cash was held by the PCC and the OPCC Group during 2020/21 and 2021/22.

31 March 2021 Group £'000	31 March 2021 PCC £'000		31 March 2022 Group £'000	31 March 2022 PCC £'000
		<b>Current assets:</b>		
152	152	Cash in hand and Bank current account	317	317
21,100	21,100	Short term deposits	24,400	24,400
<b>21,252</b>	<b>21,252</b>	<b>Total current cash and equivalents Group and PCC</b>	<b>24,717</b>	<b>24,717</b>

### 6.3.10 Short term creditors

A breakdown of the Creditors figure in the Balance Sheet is provided below.

31 March 2021 Group £'000	31 March 2021 PCC £'000		31 March 2022 Group £'000	31 March 2022 PCC £'000
3,859	284	Central government bodies	3,857	418
8,320	8,320	Other Local authorities	10,603	10,603
84	84	NHS Bodies	306	306
0	0	Public corporations	0	0
16,768	10,032	Other entities and individuals	16,585	9,272
29,031	18,720	<b>Sub Total</b>	31,351	20,599
0	6,166	Intra Group Funding	0	6,208
<b>29,031</b>	<b>24,886</b>	<b>Total short term creditors</b>	<b>31,351</b>	<b>26,807</b>

### 6.3.11 Provisions

Provisions fall into two categories depending on when the related payments are expected to be made. Provisions with expected pay outs within one year are classed as current liabilities and those expected to be paid out in excess of one year are long term liabilities. Provision are now under the control of the Chief Constable and as such have moved from the Balance Sheet of the PCC to the Balance Sheet of the Chief Constable.

#### Insurance Provision

This provision was established to meet liability claims which are not covered by external insurers. The balance reflects the Group's independent external insurance advisor's assessment of the level of outstanding liabilities. The provision represents non-current amounts which are expected to be recovered or settled over more than 12 months. No amounts are expected within one year.

31 March 2021 £'000		31 March 2022 £'000
2,426	<b>Group and CC Balance as at 1 April</b>	2,592
974	Contributions to provision in year	1,381
(808)	Net expenditure in year	(1,203)
<b>2,592</b>	<b>Group and CC Balance as at 31 March</b>	<b>2,769</b>

### 6.3.12 Revenue Grants Received in Advance

During the financial year 2021/22 £5m was given to Staffordshire Police as the NPCC Victims and Witnesses Lead and NPCC lead for CJ recovery. To be used to support the work of Witness Care Units (WCUs). This is in recognition of the extra pressures placed on Witness Care as a result of the backlogs in the Criminal justice system, delays to trials, and the higher risk of victim and witness attrition as a result. The Home Office has required the money to be distributed applying a lead force model (Staffordshire Police) employing the funding formula. 80% of the funds (£4m) will be distributed

immediately. The remaining 20% (£1m) will be considered for specific initiatives aimed at improving victim and witness care to support CJ recovery and more sustainable improvements for victims and witnesses in the CJS.

In 2021/22 the £4m has been distributed to all forces using the funding formulae model and the remaining £1m has been issued to fund Special measures advisor post. Leaving a remaining balance of £119k left to be allocated for specific initiatives.

### 6.3.13 Usable Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22. All Usable Reserves are held by the PCC.

31 March 2021 £'000		31 March 2022 £'000
<b>7,215</b>	<b>General Fund</b>	<b>8,509</b>
0	Capital receipt reserve	1,449
331	Capital grants unapplied	514
2,264	Reshaping the Future	2,332
2,618	IT Transformation Reserve	2,580
1,201	Insurance Reserve	981
2,562	Pension Reserve	4,499
705	Collaboration Reserve	292
1,574	Capital Reserve	2,216
780	ESN Reserve	1,784
2,197	Covid-19	923
6,712	Operational Reserves	12,076
<b>20,613</b>	<b>Total Earmarked Reserves</b>	<b>27,683</b>
<b>28,159</b>	<b>Total Usable Reserves</b>	<b>38,155</b>

- **General Fund** is held to protect against any state or emergency conditions which may arise. The level held is based on a risk assessment.
- **Reshaping the Future Reserves** – this reserve has been created to help fund the transformation currently taking place in order to achieve the required savings to balance future budgets. These reserves will cover the cost of external advisors, redundancy and some investments required in order to achieve more efficiencies and reduce future costs for the force.
- **Insurance Reserve** - provides for the self-funding of certain uninsurable risks, and also to cover the excess (£100,000) for any unknown claims before the insurance cover is applied and the aggregate stop loss for each year. The reserve covers amounts falling outside the definition of the insurance provision as they are unknown claims which could occur from past or future events.
- **Earmarked pensions reserve** – This reserve has been created because when Officers leave on ill health reasons the OPCC are required to make contribution from the revenue budget towards the pension scheme.
- **Capital Reserve and ESN Reserve**- Revenue funding which has been set aside for future capital projects.
- **Covid19** - Earmarked Reserves to support the Force during the budget year and into the medium term.
- **Other Earmarked reserves** – the OPCC has other funding sources which are restricted in terms of the purpose or timing of their use and these have been established on the balance sheet date.

### 6.3.14 unusable Reserves

The Group and PCC keeps a number of reserves that are required to be held for statutory reasons. They cannot be used to provide services. Majority of the Pension Reserve and Accumulated Absences Reserves are held by the Chief Constable and all other unusable reserves are held by the PCC. The unusable reserves can be summarised as follows:

31 March 2021 Group £'000	31 March 2021 PCC £'000		31 March 2022 Group £'000	31 March 2022 PCC £'000
(10,480)	(10,480)	Revaluation Reserve	(11,471)	(11,471)
(7,010)	(7,010)	Capital Adjustment Account	(4,916)	(4,916)
(133)	(133)	Deferred Capital Receipt Reserve	(158)	(158)
512	512	Collection Fund Adjustment Account	(1,598)	(1,598)
2,317,027	3,136	Pension Reserve	2,256,992	2,396
6,787	51	Accumulated Absences Account	7,349	35
<b>2,306,702</b>	<b>(13,924)</b>	<b>Total Unusable Reserves</b>	<b>2,246,199</b>	<b>(15,711)</b>

The Group's unusable reserves are in deficit due to the pension reserve. The pension reserve reflects the deficit on the Group's defined pension scheme and in particular the police schemes which are not funded by assets but are supported by central funding from the Home Office.

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the OPCC Group arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2020/21 £'000		2021/22 £'000
6,806	<b>Group and PCC Balance as at 1 April</b>	10,481
5,739	Upwards revaluation of assets	1,510
(1,638)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(28)
4,100	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	1,482
(109)	Reversal of Previous Impairments Written Out to the Capital Adjustment Account	0
(185)	Different between fair value depreciation and historical cost depreciation	(268)
(132)	Accumulated gains on assets sold or scrapped	(223)
(426)	<b>Amount written off the Capital Adjustment Account</b>	(491)
<b>10,481</b>	<b>Group and PCC Balance as at 31 March</b>	<b>11,472</b>

#### Capital Adjustment Account (CAA)

The CAA absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with

reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with amounts set aside by The Group as finance for the cost of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

2020/21 £'000		2021/22 £'000
4,459	<b>Group and PCC Balance as at 1 April</b>	7,012
	<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>	
(4,310)	Charges for depreciation and impairments of non-current assets	(6,429)
109	Reversal of Previous Impairments Written Out to the Capital Adjustment Account	0
(3,406)	Revaluation losses on PPE	(656)
(934)	Amortisation of intangible assets	(2,630)
(628)	Amounts of non-current assets written off on disposal as part of gain/loss on disposals to the CIES	(1,414)
(198)	Revenue expenditure funded from capital under statute (REFCUS)	0
(9,367)		(11,131)
317	Adjusting amounts written out of the revaluation reserve	491
<b>(9,050)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(10,640)</b>
	<u>Capital financing in year:</u>	
3,674	Use of Capital Receipt Reserve to finance new capital expenditure	0
183	Capital Grants and contributions credited to the CIES that have been applied to capital financing	0
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
5,567	Capital Expenditure charged to General Fund	4,992
2,179	Statutory provision for the financing of capital investment charged against the General Fund	3,552
<b>7,012</b>	<b>Group and PCC Balance as at 31 March</b>	<b>4,916</b>

#### Deferred Capital Receipt Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Group does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The balance relates to the disposal of the Staffordshire Police share of the Central Counties' Air Operations Unit helicopter and disposal of Stone Police Station where a £100k payment was deferred to 2022/23.

2020/21 £'000		2021/22 £'000
211	<b>Group and PCC Balance as at 1 April</b>	133
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	100
(78)	Transfer to the Capital Receipt Reserve upon receipt of cash	(75)
<b>133</b>	<b>Group and PCC Balance as at 31 March</b>	<b>158</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the CIES as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020/21 £'000		2021/22 £'000
1,683	<b>Group and PCC Balance as at 1 April</b>	(512)
(2,195)	Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	2,110
<b>(512)</b>	<b>Group and PCC Balance as at 31 March</b>	<b>1,598</b>

### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for the funding of benefits in accordance with statutory provisions. The OPCC Group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the OPCC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources The Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2021 Group £'000	31 March 2021 PCC £'000		31 March 2022 Group £'000	31 March 2022 PCC £'000
(1,909,055)	(1,938)	<b>Balance as at 1 April</b>	(2,317,027)	(3,136)
(413,400)	(1,112)	Re-measurement of the net defined benefit liability	79,821	1,112
(117,850)	(308)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(137,622)	(503)
86,489	222	Employer's pensions contribution and direct payments to pensioners payable in year	78,704	132
(3,773)	0	LGPS deficit contribution prepayment	1,924	0
40,562	0	Additional contribution to the pension fund balances the deficit on the fund account	37,207	0
<b>(2,317,027)</b>	<b>(3,136)</b>	<b>Total Balance as at 31 March</b>	<b>(2,256,993)</b>	<b>(2,396)</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

The majority of the Reserve relates to Police Officers and Staff who are under the direction and control of the Chief Constable. Therefore, the Opening Balance of the Reserve as at 1<sup>st</sup> April 2012 was transferred to the CC Single Entity with effect from that date. The entries for the PCC Single Entity below relate to the balances on the Reserve that relate to those staff that were under the direct control of the PCC as at 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022.

31 March 2021	31 March 2021		31 March 2022	31 March 2022
Group	PCC		Group	PCC
£'000	£'000		£'000	£'000
(4,299)	(27)	<b>Balance as at 1 April</b>	(6,787)	(51)
4,299	27	Settlement of cancellation of accrual made at the end of the preceding year	6,787	51
(6,787)	(51)	Amount accrued at the end of the current year	(7,349)	(35)
<b>(2,488)</b>	<b>(24)</b>	Amount by which office remuneration charged to the CIES on accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>(562)</b>	<b>16</b>
<b>(6,787)</b>	<b>(51)</b>	<b>Total Balance as at 31 March</b>	<b>(7,349)</b>	<b>(35)</b>

## 6.4 Cash Flow Statement Notes

### 6.4.1 Operating Activities

31 March 2021	31 March 2021		31 March 2022	31 March 2022
Group	PCC		Group	PCC
£'000	£'000		£'000	£'000
4,310	4,310	Depreciation and Impairment	6,429	6,429
3,408	3,408	(Upward)/downward valuation	658	658
934	934	Amortisation of intangible assets	2,630	2,630
883	(1,417)	Increase/(decrease) in revenue creditors	2,323	1,923
3,179	(592)	(Increase)/decrease in revenue debtors	(1,907)	17
(159)	(159)	(Increase)/decrease in inventories	48	48
(5,428)	86	Movement in pension liability	19,787	372
(3,773)	0	Prepayment of Pension Contribution	1,924	0
166	0	Movement in provisions	178	0
628	628	Carrying amount of non-current assets sold	1,414	1,414
273	273	Other non-cash items charged to the net surplus or deficit on the provision of services	111	111
<b>4,421</b>	<b>7,471</b>	<b>Adjustment to net surplus or (deficit) on the provision of services for non-cash movements</b>	<b>33,595</b>	<b>13,603</b>

### 6.4.2 Adjustments for items included in the net deficit on the provision of services that are investing or financing activities

31 March 2021	31 March 2021		31 March 2022	31 March 2022
Group	PCC		Group	PCC
£'000	£'000		£'000	£'000
(425)	(425)	Proceeds from the sale of PPE	36	36
(183)	(183)	Capital Grants	(183)	(183)
<b>(608)</b>	<b>(608)</b>	<b>Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities</b>	<b>(147)</b>	<b>(147)</b>

## 6.4.3 Investing Activities

31 March 2021 Group £'000	31 March 2021 PCC £'000		31 March 2022 Group £'000	31 March 2022 PCC £'000
(11,255)	(11,255)	Purchase of PPE and Intangible Assets	(4,725)	(4,725)
425	425	Proceeds from the sale of PPE	(36)	(36)
0	0	Purchase of short term and long term investments	0	0
8,000	8,000	Proceeds from short term and long term investments	(11,000)	(11,000)
<b>(2,830)</b>	<b>(2,830)</b>	<b>Total Investing Activities</b>	<b>(15,761)</b>	<b>(15,761)</b>

## 6.4.4 Financing Activities

31 March 2021 Group £'000	31 March 2021 PCC £'000		31 March 2022 Group £'000	31 March 2022 PCC £'000
(1,000)	(1,000)	Repayments of short term and long term borrowing	(3,600)	(3,600)
0	0	Cash receipts of short and long term borrowing	0	0
183	183	Capital grants	183	183
<b>(817)</b>	<b>(817)</b>	<b>Total Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities</b>	<b>(3,417)</b>	<b>(3,417)</b>

## 6.5. Other Notes

### 6.5.1 Termination Benefits and Exit Packages

During 2021/22 the Group approved 5 voluntary redundancies and early retirements (13 in 2020/21) at a total cost of £0.154m (£0.372m). PCC had approved 2 voluntary redundancies and early retirements at a total cost of £0.071m. A breakdown of the total cost and number of exit packages are shown below:

Exit Package Cost Band	Number of exit packages		Total cost of exit packages in	
	2020/21	2021/22	2020/21	2021/22
			£	£
£0- £20,000	8	2	59,414	15,876
£20,001 - £40,000	2	1	66,742	30,000
£40,001 - £60,000	1	1	52,586	40,533
£60,001 - £80,000	1	1	60,511	67,515
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	1	0	132,520	0
£150,001 - £200,000	0	0	0	0
<b>Total</b>	<b>13</b>	<b>5</b>	<b>371,773</b>	<b>153,923</b>

### 6.5.2 Officers Remuneration

The number of employees whose remuneration, excluding employer's pension contribution, was £50,000 or more in bands of £5,000 were:

Group 2020/21 Number of employees	Remuneration Band	Group 2021/22 Number of employees
0	£50,000 - £54,999	2
0	£55,000 - £59,999	0
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
1	£70,000 - £74,999	0
1	£75,000 - £79,999	0
0	£80,000 - £84,999	0
1	£85,000 - £89,999	4
3	£90,000 - £94,999	2
1	£95,000 - £99,999	1
0	£100,000 - £104,999	1
0	£105,000 - £109,999	1
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0
0	£130,000 - £134,999	1
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
0	£145,000 - £149,999	0
0	£150,000 - £154,999	1
1	£155,000 - £159,999	0
<b>9</b>	<b>Total</b>	<b>13</b>

The banding includes the remuneration of employees and relevant police officers who have been disclosed individually; above the rank of Superintendent.

## 6.5.3 Disclosure of Remuneration for Senior Executives 2021/22

Notes	Salary	Bonuses, Fees and Allowances	Expenses allowances	Pension Contribution	Total Remuneration	
	£	£	£	£	£	
<b>Post Holder Information</b>						
<b>Senior Executives of the Chief Constable</b>						
Chief Constable (A)	1	49,724	376	0	14,755	64,856
Chief Constable (B)	2	33,525	767	0	0	34,292
Temporary Chief Constable – Emma Barnett	3	80,780	1,317	0	23,957	106,054
Deputy Chief Constable – Emma Barnett	3	69,017	1,317	0	20,310	90,644
Temporary Chief Constable	4	67,212	1,815	0	19,751	88,777
Assistant Chief Constable (A)	5	52,819	558	0	14,887	68,263
Assistant Chief Constable (B)	4	59,541	1,815	0	17,373	78,729
Assistant Chief Constable (C)	6	64,927	723	0	16,259	81,908
Temporary Assistant Chief Constable	7	57,773	1,244	0	16,201	75,218
Director of People and Resources		119,523	0	0	17,441	136,964
Temporary Director of Enabling Services	8	18,579	0	0	2,655	21,234
Chief Finance Officer (Section 151 Officer)	8	73,753	0	0	11,432	85,184
<b>Sub Total Chief Constable</b>		<b>747,173</b>	<b>9,932</b>	<b>0</b>	<b>175,020</b>	<b>932,124</b>
<b>Senior Executives of the OPCC</b>						
Police and Crime Commissioner (A)	9	70,310	0	0	10,898	81,209
Police and Crime Commissioner (B)	10	9,190	0	0	0	9,190
Deputy Police and Crime Commissioner (A)	11	27,782	0	0	4,306	32,089
Deputy Police and Crime Commissioner (B)	12	8,118	0	0	677	8,795
Chief Executive (A)	13	110,904	1,033	0	13,742	125,678
Temporary Chief Executive (B)	13	18,944	0	0	2,936	21,881
Temporary Chief Executive (C)	13	19,684	0	0	3,051	22,735
Director of Finance (S151 Officer)	14	0	0	0	0	0
<b>Sub Total OPCC</b>		<b>264,932</b>	<b>1,033</b>	<b>0</b>	<b>35,611</b>	<b>301,576</b>
<b>Total- Group</b>		<b>1,012,105</b>	<b>10,964</b>	<b>0</b>	<b>210,631</b>	<b>1,233,700</b>

**Notes**

- Chief Constable (A) was appointed to the Force on 12th December 2021.
- Chief Constable (B) had left the organisation as at 14th June 2021.
- Deputy Chief Constable was promoted to temporary Chief Constable on the 15th June 2021 and they reverted back to the Deputy Chief Constable on the 13th December 2021.
- Temporary Deputy Chief Constable was promoted on the 15th June 2021 and they reverted back to the role of Assistant Chief Constable on the 13th December 2021.
- Assistant Chief Constable (A) left the organisation as at 12th September 2021.
- Assistant Chief Constable (C) was appointed to the Force on 13th September 2021.
- Temporary Assistant Chief Constable was promoted on the 15th June 2021 and they reverted back to the role of Chief Superintendent on the 13th December 2021.
- Chief Finance Officer (Section 151 Officer) became the temporarily Director of Enabling Services.
- Police and Crime Commissioner (A) was successful and was appointed to become the new Police and Crime Commissioner on the 13th May 2021.
- Police and Crime Commissioner (B) had left the organisation as at 12th May 2021.
- Deputy Police and Crime Commissioner (A) was successful and was appointed to become the new Deputy Police and Crime Commissioner on the 17th May 2021.
- Deputy Police and Crime Commissioner (B) had left the organisation as at 12th May 2021.
- Chief Executive (A) had left the organisation as at 31st January 2022. This role is temporarily shared between Temporary Chief Executive (B) and (C) from 17th January 2022.
- Director of Finance (S151 Officer) as a shared duty of responsibilities between OPCC and Staffordshire Fire and Rescue and his payments totaling where £60,565

## 6.5.3 Disclosure of Remuneration for Senior Executives 2020/21 (Continued)

Post Holder Information	Notes	Salary	Bonuses, Fees and Allowances	Expenses allowances	Pension Contribution	Total Remuneration
		£	£	£	£	£
<b>Senior Executives of the Chief Constable</b>						
Gareth Morgan - Chief Constable		155,101	3,066	0	0	158,167
Deputy Chief Constable (A)	1	41,030	878	0	0	41,908
Deputy Chief Constable (B)	2	88,830	1,756	0	26,633	117,219
Assistant Chief Constable (A)	2	38,402	878	0	11,905	51,185
Assistant Chief Constable (B)	3	70,120	773	0	20,384	91,277
Assistant Chief Constable (C)	4	74,852	2,420	0	21,757	99,029
Temporary Assistant Chief Constable (D)	5	40,004	943	0	10,518	51,465
Director of People and Resources		117,135	0	0	17,264	134,399
Chief Finance Officer (Section 151 Officer)		86,308	0	0	13,378	99,686
<b>Sub Total Chief Constable</b>		<b>711,782</b>	<b>10,714</b>	<b>0</b>	<b>121,839</b>	<b>844,335</b>
<b>Senior Executives of the OPCC</b>						
Police and Crime Commissioner		79,500	0	25	0	79,525
Deputy Police and Crime Commissioner		37,808	0	0	5,860	43,668
Chief Executive		106,547	0	0	16,323	122,870
Director of Finance (S151 Officer)	6	0	0	0	0	0
<b>Sub Total OPCC</b>		<b>223,855</b>	<b>0</b>	<b>25</b>	<b>22,183</b>	<b>246,063</b>
<b>Total- Group</b>		<b>935,637</b>	<b>10,714</b>	<b>25</b>	<b>144,022</b>	<b>1,090,398</b>

**Notes**

- 1 Deputy Chief Constable (A) had left the organisation as at 31st July 2020.
- 2 Assistant Chief Constable (A) was successful and was appointed to become Deputy Chief Constable (B) on the 1st August 2020.
- 3 Assistant Chief Constable (B) was appointed to the Force on 17th August 2020.
- 4 Assistant Chief Constable (C) was appointed to the Force on 1st August 2020.
- 5 Temporary Assistant Chief Constable (D) left their secondment on the 17th August 2020.
- 6 Director of Finance (S151 Officer) as a shared duty of responsibilities between OPCC and Staffordshire Fire and Rescue and his payments totalling where £59,729

#### 6.5.4 Related Parties

The Group is required to disclose material transactions with related parties, that is bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group. The OPCC's staff and members, senior officers and departmental heads were contacted to obtain the required declarations.

The Group also has business relationships with Central Government and a number of other public organisations, such as Staffordshire County Council.

Details of our related party transactions are as follows:

- Central Government – it has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Details of transactions with government departments are set out in the disclosure notes.
- Other Local Authorities and Public Bodies – transactions have been disclosed elsewhere in the notes to the Financial Statements.
- Members, senior officers and other employees – there are no known related party transactions.
- Partnerships, Trusts, and Associated Organisations – three members of the PCC management team, the PCC, Deputy PCC and Chief of Staff are on the governing body of the Staffordshire Social Responsibility Fund. During 2021/22 the PCC made a grant of £25,000 to this organisation which supported its work including the operation of the Staffordshire Police cadet force.

Precept funding was received from the following local authorities during the year (amounts are shown on an accruals basis):

2020/21		2021/22
£'000		£'000
14,651	Stoke-on-Trent City Council	15,844
10,767	Stafford Borough Council	11,679
8,702	South Staffordshire District Council	9,371
8,652	Lichfield District Council	9,370
8,328	Newcastle-under-Lyme Borough Council	8,941
8,571	East Staffordshire Moorlands District Council	9,305
7,472	Staffordshire Moorlands District Council	7,998
6,537	Cannock Chase District Council	7,022
5,048	Tamworth Borough Council	5,479
<b>78,728</b>		<b>85,009</b>

#### 6.5.5 Pooled Budgets and Joint Operations

The Group actively works with other police forces to deliver areas of operational policing and back office functions. Some arrangements have financial implications and these are explained below:

##### Central Counties' Air Operations Unit (CCAOU) with West Mercia Police

As from 1st October 2013, the joint arrangement with West Mercia Police for the provision of air support ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2021/22 amounted to £543k (2020/21 £232k).

### Central Motorway Police Group with West Midlands Police

The Police and Crime Commissioner for the West Midlands (PCCWM) is engaged in a jointly controlled operation with Staffordshire PCC for the Policing of the Motorway network in the West Midlands area known as the Central Motorway Police Group. PCCWM provides the financial administration service for this joint unit.

The assets of the unit in respect of police vehicles, equipment and land and buildings are held individually by each PCC and are shown on each force's balance sheet.

The two police forces have an agreement in place for funding this unit with contributions to the agreed budget of 70% from PCCWM and 30% from Staffordshire PCC. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The revenue account for the Unit covers all operating costs. The details for 2021/22 are as follows:

2020/21 £'000		2021/22 £'000
	<b>Contributions to the Pooled Budget</b>	
(4,775)	West Midlands PCC	(5,083)
(2,304)	Staffordshire PCC	(2,379)
0	Other Income	0
<b>(7,079)</b>	<b>Total Income</b>	<b>(7,462)</b>
	Expenditure met from Pooled Budget	
6,492	Pay and Allowances	6,688
408	Transport Costs	441
179	Supplies and Services and Communications and Computing	333
<b>7,079</b>	<b>Total Expenditure</b>	<b>7,462</b>
<b>0</b>	<b>Net Surplus/(Deficit) arising during the year</b>	<b>0</b>
0	Staffordshire PCC share (30%) of (Surplus)/Deficit	0
<b>108</b>	<b>Reimbursement to Staffordshire PCC</b>	<b>140</b>

### Joint Emergency Transport Services (JETS)

The Joint Emergency Transport Service delivers all aspects of fleet services for Fire and Police vehicles in Staffordshire. JETS was established in April 2016 and is located at the Staffordshire Fire Workshop's at Trentham Lakes. Some overheads costs are shared at a 51:49 split Police: Fire respectively. Other costs are direct to each Service. All the stock is held separately with identifiable stock control. The cost to Staffordshire Police for the transport service in 2021/22 £3,083,519 (2020/21 £2,910,945).

### Staffordshire Fire and Rescue Service Collaboration

The PCC became the Police, Fire and Crime Commissioner (PFCC) on the 1<sup>st</sup> August 2018. The PFCC and the PFCC staff pay and associated costs relating to their work at Staffordshire Fire and Rescue Service are recharged on a direct basis. In addition to this, there is a joint arrangement for joint projects which is run by a joint Collaboration Board programme and Strategic Governance Board. The costs for providing the service in 2021/22 where £1,291,392 (2020/21 £1,249,922).

### Legal Services

During 2011/12 a Section 22a collaboration agreement was signed with West Midlands Police for the joint delivery of a Legal Services Department. The collaborative working arrangement began in 2011/12. In 2021/22 a contribution of £0.234m (£0.243m in 2020/21) was made to West Midlands Police towards the cost of legal services and this figure is included in the Comprehensive Income and Expenditure Statement of the Group.

### Regional Organised Crime Unit (ROCU) with West Midlands Police

The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised crime across the region. The collaboration is agreed between the PCCs for the forces with the operational activity under the direction of the Chief Constables.

The aim of ROCU is to reduce the impact and increase the disruption of serious and organised crime with the region and beyond. West Midlands Police acts as the lead force this joint arrangement and provides the financial management service for the unit.

The unit is funded in part by force contributions and also by grants from the Home Office and the National Cyber Security Programme (NCSP). The revenue account for this unit cover all operating costs. The details are as follows:

2020/21 £'000		2021/22 £'000
	<b>Funding provided to West Midlands ROCU</b>	
(14,721)	Contribution from West Midlands Police	(14,500)
(4,002)	Contribution from West Mercia Police	(3,970)
(3,887)	Contribution from Staffordshire Police	(3,857)
(1,944)	Contribution from Warwickshire Police	(1,928)
(2,399)	WMROCU Grant	(2,399)
(140)	National Cyber Security Programme funding	(365)
(178)	Regional Asset Recovery Team Grant	(0)
(0)	Asset Confiscation Enforcement grant (ACE)	(224)
(482)	ROCU Reserves	(1,156)
(1,096)	UCOL funding	(1,096)
(112)	ROCTA funding	(122)
(256)	Disruption Team Funding	(155)
(250)	Dark Web Funding	(250)
(33)	OPSY income	(67)
<b>(29,500)</b>	<b>Total Income</b>	<b>(30,089)</b>
	<b>WM ROCU Expenditure</b>	
1,066	Regional Asset Recovery Team (RART)	1,172
187	RART- ACE team	237
739	Regional Cyber Crime Unit	827
320	Regional Fraud Team	389
952	Regional Prisons Intelligence Unit	1,211
63	Operational Security (OPSY)	71
61	Regional Government Agency Intelligence Network (GAIN)	62
1,440	Command Team	1,400
5,679	Regional Confidential Unit	5,660
0	Posts created from underspend	93
765	TIDU- Technical Intelligence	841
251	Enabling Services	312
5,197	SOCU	4,780
7,531	Regional Surveillance Unit (FSU)	7,710
3,649	Other Regional Operations	3,808
853	Additional Contribution to Reserves	902
112	Threat Assessment Team (ROCTA)	194
385	Disruption Team	160
250	Dark Web	259
<b>29,500</b>	<b>Total Expenditure</b>	<b>30,089</b>
<b>0</b>	<b>Total Net Expenditure</b>	<b>0</b>

### Firearms Licensing

On 1<sup>st</sup> August 2013 a collaborative working arrangement commenced with West Midlands Police for the joint delivery of a Firearms Licensing Department based in Staffordshire and with all Police Staff being employed by Staffordshire Police. A contribution of £0.190m has been made by West Midlands Police towards the cost of the service during 2021/22 (£0.199m in 2020/21). This figure is included in the CIES of the Group. A formal agreement is in place.

### 6.5.6 Members Allowances

Allowances and expenses for Ethics, Transparency & Audit Panel members, the PCC and the Deputy PCC in 2021/22 amounted to £23,757 (£18,864 in 2020/21).

### 6.5.7 Proceeds of Crime Act 2002 (POCA)

The Group has separate bank accounts for temporarily holding third party funds seized as suspected proceeds of crime. At 31<sup>st</sup> March 2022 the balance on this account was £557,701 (£556,826 at 31<sup>st</sup> March 2021). This sum does not appear on the Balance Sheet of the OPCC Group accounts.

### 6.5.8 Contingent Liabilities

During the year 2021/22 there was no contingent liabilities.

### 6.5.9 Capital Financing

The total amount of capital expenditure incurred in the year shown in the table below together with the resources used to finance it. Where capital expenditure is to be financed in future years, by charges to revenue as assets are used by the Group, the expenditure results in the Capital Financing Requirement (CFR), a measure of capital expenditure incurred historically by the Group that has yet to be financed.

2020/21 £'000		2021/22 £'000
76,812	<b>Opening Capital Financing Requirement Group and PCC</b>	76,464
	<b>Capital Investment</b>	
5,760	Property Plant and Equipment (PPE)	2,798
3,922	Intangible Assets	291
1,375	Non-Operational Assets	1,635
	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	0
198		
	<b>Sources of Finance:</b>	
(183)	Capital Grants Received in Year	0
0	Capital Grants from Earmarked Reserves	0
(3,674)	Capital Receipts	0
	<b>Amounts Set aside from Revenue</b>	
(5,567)	Direct Revenue Contribution	(4,992)
	Direct Revenue Contribution from Earmarked Reserves	0
(2,179)	Minimum Revenue Provision (MRP)	(3,552)
<b>76,464</b>	<b>Closing Capital Financing Requirement Group and PCC</b>	<b>72,645</b>
	Explanation of movement in year:	
(348)	Increase / (decrease) in underlying need to borrowing (supported by government financial assistance)	(3,819)
<b>(348)</b>	<b>Increase/(Decrease) in Capital Financing Requirement Group and PCC</b>	<b>(3,819)</b>

### 6.5.10 Events after the Balance Sheet Date

Events after the balance sheet date have been considered for inclusion in the accounts up to the date of authorised for issue. No adjusting events have taken place to date.

## Section 7

# Pension Fund Account

## 7.1 Police Pension Scheme for England and Wales Pension Fund Account

The Chief Constable administers the Police Pension Fund Account on behalf of the PCC; amounts debited and credited to the Account are specified by legislation, the Police Pension Fund Regulations 2007 (Statutory Regulations 2007 No 1932) In relation to the Account the use of the word 'Fund' should not be taken to mean the Police Pension Scheme is a funded scheme, as there are no assets or investments associated with the Account to provide for future benefits. Instead the purpose of the Account is to provide a basis for demonstrating the balance of cash-based transactions taking place over the year and for identifying the arrangements needed to balance the account for that year.

Fund Account 2020/21 £'000		Fund Account 2021/22 £'000	
		<b>Contributions Receivable:</b>	
(19,441)		From employer	
(1,092)		Contributions at 31%	(20,611)
(8)		Early retirements	(503)
(8,414)		Other- Pre-1974 recharge receipts	(6)
		Officers contributions	(8,892)
	(28,955)		(30,012)
	(545)	<b>Transfers in from Other Schemes</b>	
		<b>Benefits Payable:</b>	
56,849		Pensions	57,768
12,743		Commutations and lump sum retirement benefits	9,958
0		Repayments to HO following Ombudsman decision Milne v GAD	(39)
114		Lump sum death benefits	3
	69,706		67,690
		<b>Payment to and on Account of Leavers</b>	
33		Refund of contributions	56
323		Individual transfers out to other schemes	42
	356		98
	40,562	<b>Sub-total for the year before transfer from the Group of amounts equal to the deficit</b>	
	(40,562)	<b>Net Amount payable/ receivable for the year</b>	
	<b>(40,562)</b>	<b>Actual Home Office top up funding</b>	
			<b>(37,207)</b>

7.1.1 Notes to the Police Pension Fund Account

**Note 1**

The annual cost of police pensions is met, in part, by contributions from the employer and serving police officers and other minor sources of income. Under the Police Pension Fund Regulations 2007. Due to the fact that the Chief Constable does not hold assets or liabilities, no cash is transacted by the Chief Constable. The fund is be balanced to nil at the end of each financial year either by paying over any surplus to the Home Office or by receiving cash in the form of pension top-up grant from the Home Office to make up any deficit. The OPCC acts as intermediary where grant payment/receipt takes place – the grant is therefore shown on the OPCC's CIES (Intra-group funding) but is transferred to the Chief Constable through the Intra-Group funding. The fund does not hold any investment assets and follows the accounting policies of the Group.

**Note 2**

The Account collects the costs and income relating to retired police officers that are in receipt of pensions and income associated with serving police officers that are members of the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) or the Police Pension Scheme 2015 (PPS). There are certain exceptions to this arrangement, such as pension's payable under the Police Injury Pension Regulations, which are charged directly to the Cost of Services in the CIES;

**Note 3**

This Account does not take account of long-term liabilities to pay future pension benefits after the year end, details of the Group's pension liability can be found in 7.2.3.

**Note 4**

Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department triennial valuation, are calculated at 31% in 31<sup>st</sup> March 2022.

**Accounting Policies**

**(a) Transfer values**

The OPCC uses the receipts and payments basis for transfer values it has received or paid and for refunds of contributions. This means the accounts do not include amounts the OPCC owe or amounts which are owed to the OPCC.

**(b) Debtors and creditors**

The OPCC include debtors and creditors at the end of the financial year for employer's pension contributions paid in advance, top-up grant due but not received and for commuted lump sum payments to retiring police officers that have been paid but not processed through the payroll. The pension scheme financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

**(c) IAS 19**

Relevant information from the pension accounts has been supplied to the Government Actuary Department (GAD), so the necessary information is available to help us meet IAS19. Further details of the long-term pension obligations are contained in 7.2.3 the Financial Statements.

## 7.2 Group Pension Scheme

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the OPCC offers retirement benefits. Although these benefits will not actually be payable until employees retire, the OPCC has a commitment to make the payments, and that needs to be disclosed at the time that employees earn their future entitlement.

The OPCC participates in two post-employment schemes:

- The Local Government Pension Scheme for Police Staff (LGPS), administered by Staffordshire County Council. This is a funded defined benefit scheme, meaning that the OPCC and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. With effect from 1st April 2014, the LGPS became a career average (CARE) scheme rather than a final salary scheme.
- The Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) and the Police Pension Scheme 2015 (PPS) are administered by XPS Limited. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pensions payments as they eventually fall due. Further details of this scheme are given in the Supplementary Financial Statement.

### Transactions Relating to Retirement Benefits

The OPCC recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the OPCC is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The triennial valuation of Staffordshire Local Government Pension Scheme was undertaken in 2020 by the actuary Hymans Robertson LLP, to establish the contribution rates applicable for the period 1 April 2020 to 31 March 2023. For the Staffordshire Police and Crime Commissioner the results of the modelling exercise resulted in a proposal to keep employer contribution rates payable into the scheme unchanged, however this would require a deficit repayment to cover the three-year period. The Group made a payment in advance of £5.774m to cover the triennial period, receiving a favourable discount rate for paying the deficit upfront rather than on an annual basis. The annual split for 20/21, 21/22 and 22/23 is £2.001m, £1.924m and £1.849m respectively. This result is a difference between Remeasurement of the net defined liability shown in 7.2.1 and 5.2.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

## 7.2.1 Comprehensive Income and Expenditure Statement

	LGPS (PCC)		LGPS (Group)		PPS (Group)	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
<b>Cost of Services:</b>						
Current service costs (Inc. employee contribution)	(257)	(431)	(15,110)	(25,370)	(51,310)	(57,300)
Past service costs (Inc. curtailments)	(1)	(5)	(65)	(271)	0	0
Pension transfer in	0	0	0	0	(540)	(570)
Effect of business combinations and disposals	(5)	0	(288)	0	0	0
<b>Financing and Investment income and expenditure</b>						
Interest cost on defined benefit obligation	(138)	(175)	(8,099)	(10,312)	(47,890)	(50,150)
Interest income on plan assets	93	108	5,452	6,351	0	0
<b>Total post-employment benefit charges to the surplus or deficit on provision of services</b>	<b>(308)</b>	<b>(503)</b>	<b>(18,110)</b>	<b>(29,602)</b>	<b>(99,740)</b>	<b>(108,020)</b>
<b>Re-measurement of the net defined benefit liability</b>						
Return on plan assets (excluding the amount included in the net interest expense)	1,000	532	58,828	31,292	0	0
Re-measurement of the net defined benefit liability- demographic assumptions	(110)	79	(6,490)	4,676	0	0
Re-measurement of the net defined benefit liability- financial assumptions	(2,056)	613	(120,915)	36,056	(264,690)	32,640
Actuarial gains and losses on liabilities experience	54	(112)	3,197	(6,613)	(83,330)	(18,230)
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>(1,112)</b>	<b>1,112</b>	<b>(65,380)</b>	<b>65,411</b>	<b>(348,020)</b>	<b>14,410</b>

## 7.2.2 Movement in Reserve Statement

	LGPS (PCC)		LGPS (Group)		PPS (Group)	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for the Post-Employment Benefits in Accordance with the Code	308	503	18,110	29,602	99,740	108,020
Employers Contributions Payable to Scheme	(222)	(132)	(13,049)	(7,734)	(73,440)	(70,970)
Retirement Benefits Payable to Pensioners	0	0	0	0	0	0
<b>Total Post Employment Benefit Charged to the CIES</b>	<b>86</b>	<b>372</b>	<b>5,061</b>	<b>21,868</b>	<b>26,300</b>	<b>37,050</b>

### 7.2.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Present Value of the Defined Benefit Obligations				
PPS	(2,114,233)	(2,128,800)	(1,795,042)	(2,014,947)
LGPS	(473,590)	(492,155)	(345,770)	(394,329)
Fair Value of LGPS Assets	332,680	307,702	231,758	238,180
Deficit in the Scheme				
PPS	(2,114,233)	(2,128,800)	(1,795,042)	(2,014,947)
LGPS	(140,910)	(184,453)	(114,012)	(156,149)
<b>Total</b>	<b>(2,255,143)</b>	<b>(2,313,253)</b>	<b>(1,909,054)</b>	<b>(2,171,096)</b>

### PCC Single Entity Pension Assets and Liabilities Recognised in the Balance Sheet

	2020/21 £'000	2021/22 £'000
Present Value of the Defined Benefit Obligations		
LGPS	(8,368)	(8,053)
Fair Value of LGPS Assets	5,232	5,657
<b>Total</b>	<b>(3,136)</b>	<b>(2,396)</b>

### 7.2.4 Reconciliation of Present Value of the Scheme liabilities (Defined Benefit Obligations)

	LGPS PCC		LGPS Group		PPS	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
<b>Opening Balance at 1 April</b>	(5,878)	(8,368)	(345,770)	(492,155)	(1,795,042)	(2,128,800)
Current Service Cost	(257)	(431)	(15,110)	(25,370)	(42,900)	(48,410)
Interest Cost	(138)	(175)	(8,099)	(10,312)	(47,890)	(50,150)
Contributions by Scheme Participants	(51)	(55)	(2,987)	(3,209)	(8,410)	(8,890)
Re-measurement Gain/(Loss)	(2,112)	874	(124,208)	51,405	(348,020)	14,410
Pension Transfers In	0	0	0	0	(540)	(570)
Benefits Paid	107	107	6,301	6,322	73,440	70,970
Past Service Costs (including curtailments)	(1)	(5)	(65)	(271)	0	0
Effect of business combinations and disposals	(38)	0	(2,217)	0	0	0
Top-up-Grant	0	0	0	0	40,562	37,207
<b>Closing Balance at 31 March</b>	<b>(8,368)</b>	<b>(8,053)</b>	<b>(492,155)</b>	<b>(473,590)</b>	<b>(2,128,800)</b>	<b>(2,114,233)</b>

## 7.2.5 Reconciliation of the Movement in the fair value of the scheme assets

	LGPS (PCC)		LGPS (Group)	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
<b>Opening Balance at 1 April</b>	3,940	5,232	231,758	307,702
Interest Income	93	108	5,452	6,351
<i>Re-measurement gain/(loss)</i>				
The Return on the plan assets, excluding the amount included in the net interest expense	1,000	532	58,828	31,292
Other experiences	0	(294)	0	(17,286)
Employer Contributions	222	131	13,049	7,734
Contributions by Scheme Participants	51	55	2,987	3,209
Benefits Paid	(107)	(107)	(6,301)	(6,322)
Effect of business combinations and disposals	33	0	1,929	0
<b>Closing Balance at 31 March</b>	<b>5,232</b>	<b>5,657</b>	<b>307,702</b>	<b>332,680</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying 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 net liabilities show the underlying commitments that the OPCC has in the long term to pay post-employment (retirement) benefits. In assessing the liabilities for retirement benefits, the actuaries use a set of assumptions including a discount rate set by reference to long term gilt yields. The assumptions used by the actuaries in 2021/22 and the potential effect of changes in these assumptions are set out below.

As a result of this lump sum payment, the rate of employer contributions payable by both the PCC and the CC for LGPS members will remain constant at 15.5% throughout the period.

## 7.2.6 The Local Government Pension Scheme Assets Comprise:

Asset Category	31 March 2021		31 March 2022	
	Fair Value of Scheme Assets £m	% age of Total Assets	Fair Value of Scheme Assets £m	% age of Total Assets
Equity Securities:				
Consumer	11.96530	4%	11.20000	3%
Manufacturing	12.84050	4%	9.14020	3%
Energy and Utilities	3.40250	1%	2.51040	1%
Financial Institutions	10.86020	4%	11.92170	4%
Health and Care	7.73790	3%	12.58880	4%
IT	13.16650	4%	14.47820	4%
Other	0.33320	0%	0.00000	0%
Debt Securities:				
Corporate Bonds (investment grade)	21.25040	7%	19.54330	6%
Corporate Bonds (non-investment grade)	0.00000	0%	0.00000	0%
UK Government	0.00000	0%	0.00000	0%
Other	0.00000	0%	0.00000	0%
Private Equity:				
All	13.33300	4%	16.48360	5%
Real Estate:				
UK Property	23.56860	8%	26.64160	8%
Overseas Property	0.00000	0%	0.00000	0%
Investment Funds and Unit Trusts:				
Equities	147.81970	47%	158.03610	48%
Bonds	20.47850	7%	20.82090	6%
Hedge Funds	1.16460	0%	0.12230	0%
Commodities	0.00000	0%	0.00000	0%
Infrastructure	0.12420	0%	0.88610	0%
Other	14.64120	5%	15.26720	5%
Derivatives:				
Inflation	0.00000	0%	0.00000	0%
Interest Rate	0.00000	0%	0.00000	0%
Foreign Exchange	0.00000	0%	0.00000	0%
Other	0.00000	0%	0.00000	0%
Cash and Cash Equivalents:				
All	5.01570	2%	13.03970	4%
Totals:	<b>307.70200</b>	<b>100%</b>	<b>332.68010</b>	<b>100%</b>

Approximately 1.7% of the value of these Assets relates to the PCC Single Entity and 98.3% relates to the Chief Constable.

The breakdown of assets in monetary terms in the above table have been shown to the nearest £100. The additional precision in the presentation of the figures has been included because the sum of the values rounded to the nearest £1,000 will not equal the total values due to rounding.

Source: Hymans Robertson LLP

### 7.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Police Pension Scheme liabilities have been assessed by the Government Actuary Department (GAD) using their pension model. The Local Government Pension Scheme assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

		LGPS		PPS
	2020/21	2021/22	2020/21	2021/22
<b>Mortality Assumptions</b>				
<u>Longevity at 65 for Current Pensioners</u>				
Men	21.4yrs	21.4yrs	22.0yrs	22.1yrs
Women	24.0yrs	24.3yrs	23.7yrs	23.8yrs
<u>Longevity at 65 for Future Pensioners</u>				
Men	22.5yrs	22.2yrs	23.7yrs	23.8yrs
Women	25.7yrs	25.7yrs	25.3yrs	25.4yrs
Rate of Inflation	2.40%pa	3.00%pa	2.40%pa	3.00%pa
Rate of Increases in Salaries	3.2%pa	3.65%pa	4.15%pa	4.75%pa
CARE Revaluation Rate				4.25%pa
Rate of Increases in Pensions	2.8%pa	3.15%pa	2.4%pa	3.00%pa
Rate for Discounting Scheme Liabilities	2.05%pa	2.75%pa	2.00%pa	2.65%pa
<b>Take Up of Option to Convert Annual Pension into Retirement Grant:</b>				
Pre-April 2014 Service	50%	65%	N/A	N/A
Post-April 2014 Service	75%	65%	N/A	N/A

### 7.2.8 Sensitivity Analysis

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The tables below show the sensitivities regarding the principal assumptions used to measure the schemes liabilities.

	Approximate % Increase in Employer Liability	Approximate monetary amount (000's)
<b>LGPS Change in assumption 31 March 22</b>		
0.1% decrease in Real Discount Rate	2.00%	10,618
1 year increase in member life expectancy	4.00%	18,944
0.1% increase in the salary Increase rate	0.00%	1,694
0.1% increase in the pension Increase Rate	2.00%	8,846
<b>PPS Change in assumption 31 March 22</b>		
0.5% Decrease in Real Discount Rate	9.50%	237,000
1 year increase in member life expectancy	3.50%	86,000
0.5% increase in the salary Increase rate	1.00%	21,000
0.5% increase in the pension Increase Rate	8.50%	217,000

## Section 8

# Glossary of Terms

## 8.1 Abbreviations

<b>OPCC</b>	-	Office of the Police and Crime Commissioner for Staffordshire Group
<b>PCC</b>	-	Police and Crime Commissioner
<b>CIES</b>	-	Comprehensive Income and Expenditure Statement
<b>CFR</b>	-	Capital Financing Requirement
<b>IAS</b>	-	International Accounting Standard
<b>IFRS</b>	-	International Financial Reporting Standards
<b>LGPS</b>	-	Local Government Pension Scheme
<b>GAD</b>	-	Government Actuary Department
<b>NPAS</b>	-	National Police Aviation
<b>MIRS</b>	-	Movement in Reserves Statement
<b>MTFO</b>	-	Medium Term Financial Outlook
<b>MTFP</b>	-	Medium Term Financial Plan
<b>NNDR</b>	-	National Non-Domestic Rates
<b>PPE</b>	-	Property Plant and Equipment
<b>PWLB</b>	-	Public Works Loan Board
<b>REFCUS</b>	-	Revenue Expenditure Financed from Capital under Statute
<b>RSG</b>	-	Revenue Support Grant
<b>ROCU</b>	-	Regional Organised Crime Unit
<b>PCCWM</b>	-	Police and Crime Commissioner West Midlands
<b>CCAOU</b>	-	Central Counties' Air Operations Unit
<b>VFM</b>	-	Value for Money
<b>PCSO</b>	-	Police Community Support Officer
<b>CMPG</b>	-	Central Motorway Patrol Group
<b>HMIC</b>	-	Her Majesty's Inspectorate of Constabulary
<b>CFO</b>	-	Chief Finance Officer
<b>CIPFA</b>	-	Chartered Institute of Public Finance & Accountancy
<b>EFA</b>	-	Expenditure and Funding Analysis
<b>ETAP</b>	-	Ethics, Transparency and Audit Panel

## 8.2 Glossary of Terms

Items in **bold** are described further within the glossary.

### **Accounting Period**

The period of time covered by the OPCC accounts. Normally twelve months, beginning on 1st April. Also known as the Financial Year.

### **Accounting Policies**

The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, measuring and presenting assets, liabilities, gains, losses and changes to reserves.

### **Accrual**

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Accruals are made for revenue and capital expenditure and income (see debtors and creditors).

### **Actuarial gains and losses**

The changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions.

### **Agency Services**

Services that are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.

### **Amortisation**

The writing down of an intangible asset reflecting its diminution in value as its useful life expires over time.

### **Appropriations**

Amounts transferred to or from revenue or capital reserves.

### **Assets**

Items having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year e.g. land, buildings, plant, vehicles and equipment. Current assets can be readily converted into cash.

### **Audit Commission**

Independent body with the responsibility of appointing external auditors to local authorities.

### **Bad (and doubtful) Debts**

Debts which may be uneconomical to collect or unrecoverable.

### **Balance Sheet**

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

### **Budget**

A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC prior to the start of each financial year.

### **Capital Adjustment Account**

This account contains the balances previously held on the Capital Financing Account. The movements in year relate to the amount of capital expenditure financed from revenue, grants and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

### **Capital Expenditure**

Expenditure on an acquisition or enhancement of fixed assets. Enhancement would include increases in value, lengthening the life of the asset or increasing the usage of the asset.

**Capital Financing Requirement**

An amount calculated from the value of Fixed Assets less the balances on Capital Adjustment Account. The sum represents the “underlying” need to borrow of the OPCC. The OPCC is required to make an annual provision of 4% of this amount from revenue resources to meet its debt repayment obligations. This is known as the Minimum Revenue Provision

**Capital Receipt**

Money received from the disposal of land and other assets, and from the repayment of capital grants and loans made by the OPCC.

**Cash and Cash Equivalents**

Cash in hand, cash overdrawn and short-term investments that are readily convertible into known amounts of cash

**Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services. It draws up the Accounting Code of Practices and issues professional guidance that is used to compile these accounts. CIPFA advises central government and other bodies on local government and public sector finance matters.

**Code of Practice on Local Authority Accounting (UK)**

Publication produced by CIPFA that provides detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

**Commuted Lump Sums**

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

**Componentisation**

The objective of component accounting is to follow proper accounting practice by ensuring that the plant property and equipment is accurately and fairly included in the PCC and OPCC Group’s balance sheet, and that the PCC and OPCC Group’s Income and Expenditure Statement properly reflects the cost of their use over their individual useful lives through depreciation charges. Authorities are required to implement this with effect from 1st April 2010 with no retrospective adjustments, although the PCC for Staffordshire started to operate component accounting during the last financial year, obtaining a full valuation of all property split down to their component parts in order to fully comply with IFRS.

**Consolidated**

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration e.g. debtors.

**Contingency**

A sum included in the revenue budget to cover unexpected expenditure during the accounting period. An example of such an event would be an exceptional price increase not anticipated at the time the budget was constructed.

**Contingent Liabilities**

A contingent liability is defined as either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation’s control or a present obligation that arises from past events but is not recognised because either it is not probable that a transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**Corporate and Democratic Core**

Defined elements of support service costs which are not chargeable to services, sub-divided into Democratic Representation and Corporate Management.

**Creditors**

Amounts owed by an authority for works done, goods received or services rendered before the end of an accounting period, but for which actual payments had not been made by the end of that accounting period.

**Current Service Cost**

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

**Current Value**

The current value of an asset is a measurement of the assets service potential and can be measured at:

- Existing Use Value – where an active market exists,
- Depreciated Replacement Cost– for assets where there is no market and / or the assets are specialised.

**Debtors**

Amounts due to an authority for works done, goods supplied or service rendered before the end of an accounting period, but for which actual payments had not been received by the end of that accounting period.

**Deferred Liabilities**

Fees Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

**Defined Benefit Pension Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

**Depreciation**

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, the passage of time or obsolescence through either changes in technology or the demand for the service produced by the asset.

**Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the OPCC and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**External Audit**

The auditor is required to verify that all statutory and regulatory requirements have been met during the production of the OPCC accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

**Fair Value**

The fair value of an asset is the price at which assets or liability could be exchanged in an orderly transaction between market participants at the measurement date under current market conditions.

**Finance Lease**

A lease, which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance. Asset held under Finance Leases are recognised on the Balance Sheet as Assets.

**Financial Instrument**

Any contract giving rise to a financial asset in one entity and a financial liability or equity instrument in another. Examples include the treasury management activity of the OPCC, including the borrowing and lending of money and the making of investments.

**Financial Regulations**

A written code of procedures approved by the PCC and intended to provide a framework for the proper financial management of the Group. The financial regulations are supported by detailed financial instructions.

**Fixed Assets**

Tangible assets which have value to the OPCC for more than one year.

**General Fund**

The common name for the account which accumulates balances for all services except the Collection Fund.

**Going Concern**

The concept that the Group will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

**Group Financial Statements**

Where the OPCC has an interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the OPCC and all organisations in which it has an interest.

**Historical Cost**

This represents the original cost of acquisition, construction or purchase of a fixed asset.

**IAS19**

The objective of International Accounting Standard (IAS) 19, Accounting for Retirement Benefits in Financial Statements of Employers is to prescribe the accounting and Disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

**Impairment**

A reduction in the value of a fixed asset, resulting from financial loss, damage or obsolescence. In order to comply with accounting standards, the OPCC undertakes annual reviews of its assets to identify any that are impaired.

**Intangible Assets**

Assets that do not have physical substance but are identifiable and controlled by the OPCC through custom or legal rights.

**International Financial Reporting Standards (IFRS)**

International Financial Reporting Standards are standards and interpretations adopted by the International Accounting Standards Board (IASB). Many of the standards forming part of the IFRS were previously known as International Accounting Standards.

**Joint Ventures**

An organisation in which the OPCC is involved where decisions require the consent of all participants.

**Liability**

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

**Liquid Resources**

Current asset investments that are readily disposable by the Group without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

**Medium Term Financial Plan (MTFP)**

A plan detailing projected expenditure and available resources over a period of more than one year. The OPCC MTFP currently covers three years.

**Minimum Revenue Provision**

The statutory minimum amount that authorities must set aside each year as provision for debt repayment based on 4% of the Capital Financing Requirement

**National Non-Domestic Rates**

The means by which local businesses contribute to the cost of providing local authority services. All Non-Domestic Rates are paid into a central pool and then divided between all authorities depending on the number of residents each authority has.

**Net Revenue Expenditure**

This represents the OPCC budget requirement and use of reserves.

**Non-Distributed Costs**

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the OPCC and OPC Group's Comprehensive Income and Expenditure Statement.

**Non-Cancellable Lease**

A lease that is cancellable only:

- Upon the occurrence of some remote contingency.
- With the permission on the lessor.
- If the lessee enters into a new lease for the same or an equivalent asset with the same lessor
- Upon payment by the lessee of such an additional amount that, at the inception of the lease, continuation of the lease is reasonably certain.

**Outturn**

Actual income and expenditure in an accounting period.

**Past Service Cost**

The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years.

**Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

**Precepts**

The method by which the OPCC obtains the income it requires from the Council Tax via the appropriate authorities

**Prior Year Adjustments**

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

**Provision**

An amount set aside to cover a liability that will almost certainly occur, but where the amounts or dates on which the cost will arise are uncertain.

**Prudential Code**

The Prudential Code ensures, within a clear framework, that the capital investment plans of the OPCC are affordable, prudent and sustainable.

**Public Works Loans Board (PWLB)**

A Government agency which provides loans, for terms of one year and above, to local authorities. The interest rates applied are only slightly higher than those at which the Government can borrow.

**Remuneration**

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

**Reserves**

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

**Residual Value**

The net realisable value of an asset at the end of its useful life.

**Revaluation Reserve**

This represents the non-distributable increase/decrease in the valuation of fixed assets.

**Revenue Expenditure**

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

**Revenue Expenditure Funded from Capital under Statute (REFCUS)**

This is expenditure that can be deemed capital expenditure under Statute but does not result in an asset for the OPCC. Such expenditure is written off to the Income and Expenditure Account in the year it is incurred.

**Revenue Support Grant (RSG)**

Government financial support to aid local authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

**Service Reporting Code of Practice**

Published by CIPFA the Service Reporting Code of Practice establishes "proper practice" with regard to consistent financial reporting to enhance the comparability of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2011.

**Senior Employee**

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) The designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989; or
- (b) The head of staff for a relevant body which does not have a designated head of paid service

**Single Entity Financial Statements**

The main financial statements for the OPCC.

**Specific Grant**

Government financial support for a specific purpose or service that cannot be spent on anything else.

**Work in Progress**

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

