



# Audited Group Statement of Accounts 2022/23

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.**

## Contents

---

|          |  |    |
|----------|--|----|
| <b>1</b> | <b>Narrative Report</b>  |    |
|          | Introduction   | 1  |
|          | Narrative report by the Director of Finance                              | 3  |
| <b>2</b> | <b>Audit Certificate</b>   |    |
|          | Independent auditors report to the members of Staffordshire Commissioner | 20 |
| <b>3</b> | <b>Statement of responsibilities for the Statement of Accounts</b>       |    |
|          | The Police and Crime Commissioner Responsibilities                       | 24 |
|          | The Director of Finance Responsibilities                                 | 24 |
| <b>4</b> | <b>Accounting Policies</b>   |    |
|          | Accounting Policies  | 25 |
| <b>5</b> | <b>Financial Statements (including PCC single entity)</b>                |    |
|          | Movement in reserves statement (MIRS)                                    | 40 |
|          | Comprehensive income and expenditure statement (CIES)                    | 42 |
|          | Balance sheet  | 43 |
|          | Cash flow statement  | 45 |
| <b>6</b> | <b>Explanatory Notes to the Financial Statements</b>                     |    |
|          | Movement in reserves statement (MIRS) notes                              | 47 |
|          | Comprehensive income and expenditure statement (CIES) notes              | 57 |
|          | Balance sheet notes  | 60 |
|          | Cash flow statement notes  | 72 |
|          | Other notes  | 74 |
| <b>7</b> | <b>Pension Fund Accounts</b>   | 81 |
| <b>8</b> | <b>Glossary of Terms</b>   | 89 |

## Section 1

# Introduction

---



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 60 officers that I have supported in Staffordshire which is above the government's officer uplift programme that has already seen and additional 300 officers recruited, will continue to 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 published Police & Crime Plan.

The Chief Constable last year launched a large-scale restructure of the local policing model, which has seen significant changes to how policing is delivered in local communities and for victims of crime. The force is investing in more officers in our frontline response teams and moved 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 have seen 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.

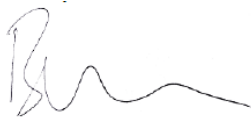
I am committed to working closely with the Chief Constable Chris Noble to ensure that two areas for concern raised by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) can be resolved as quickly as possible. As Commissioner, I understand people's concern that some fundamental 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. HMICFRS in

December 2022 found that Staffordshire Police has made progress against some of the cause of concern recommendations with further improvements still needed. As such, Staffordshire Police will be remained in the engage phase of monitoring and this will remain a priority for the Force and my Office during the next 12 months.

In terms of ongoing collaboration work, Police and Fire & Rescue teams are co-located in stations at Hanley in Stoke-on-Trent, Tamworth and Chase Terrace – a key step in a programme of collaboration which has seen shared services developed in estates, procurement, Human Resources, Finance and Corporate Communications and I will continue to look for further areas of collaboration that will help reduce costs and increase effectiveness and efficiency.

The overall financial position for Staffordshire Police has continued to improve in recent years, resulting in a more robust level of reserves that is more in line with reserve levels held nationally but is not excessive. 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. With this, inflation and wage pressures in mind, I increased the council tax precept by 4.83% in 2023/24, equivalent to £12 per year. I will always aim to keep council tax as low as possible without compromising safety. The Council Tax increase is below the referendum limit which was set at £15 for Policing in 2023/24.

Due to delays in external auditing it is unlikely that this draft Statement of Accounts will be Audited until early 2024. I am responsible for approving the Statement of Accounts for 2022/23 and will do so giving due consideration to the recommendations made by the Ethics Transparency and Audit Panel (ETAP).



**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.

---

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 events during the year and discusses how the Staffordshire Commissioner's Office and Staffordshire Police are doing even more to support the communities served during a very challenging time. 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”

**Heather Lees**

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

1,974  
(2,000 by end of March 2024)

#### Police Staff

1,527

#### PCSOs

194

#### Specials

150

#### Volunteers

105



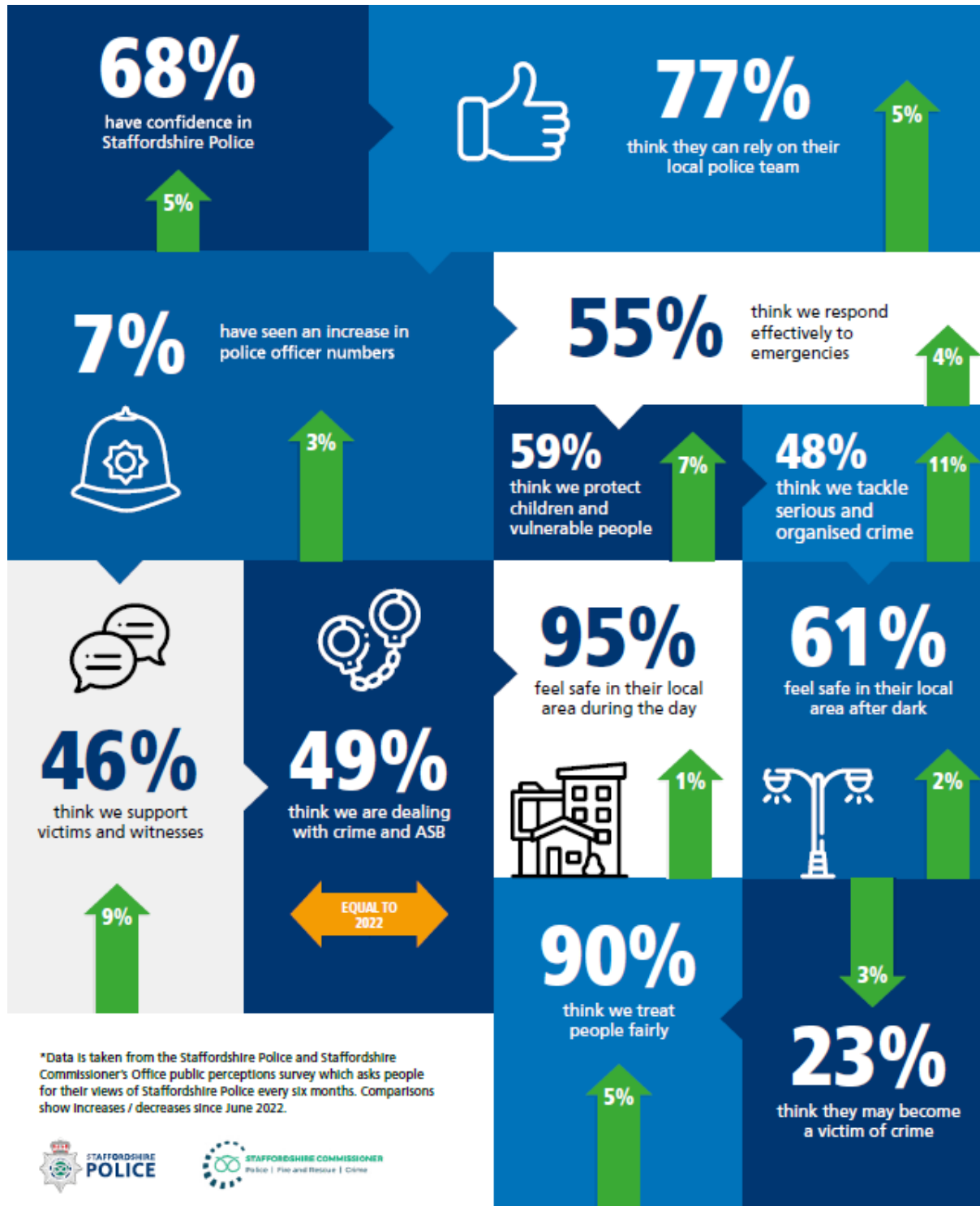


# Performance



# What our communities are saying

Below are the results of a public perception survey, held in January 2023, compared to June 2022.



# 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.

Furthermore, the new local policing model introduced this financial year has seen the on-call fire stations in Chase Terrace and Burntwood become combined police and fire facilities for a small number of police officers and PCSOs to use during their working day.

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’s Office and Staffordshire Police continues to show a positive and encouraging financial position.”

## Heather Lees

Director of Finance  
Staffordshire Commissioner Office

2022/23 saw the final year of central government’s uplift programme which set out to deliver an additional 20,000 Police officers recruited by the end of year.

The first year of this programme resulted in Staffordshire recruiting an additional 90 officers – this is a net growth of 90 once accounting for retirees and leavers meaning actual recruitment was in excess of 200 officers. The uplift programme has seen a further 90 officers again as part of this programme in 2021/22, and finally 120 during the current year 2022/23. Staffordshire has successfully completed the recruitment of 300 additional officers, with further investment of 60 officers above this target provided by the Commissioner as part of the 2023/24 Revenue Budget.

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 (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 £10 in 2022/23, rising to £15 for 2023/24.

After consideration of all of these aspects the Commissioner approved a precept increase of 19 pence per week from April 2022. The precept enables the Commissioner to provide an increase in funding raised from the precept of £5.068m in 2022/23 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.



## Headline figures for the year

Our financial performance in 2022/23 was positive. The Groups core funding grew to £233m and there was an operating surplus of £0.980m (0.42%) 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.

|                          | 2023<br>£'000  | 2022<br>£'000  |
|--------------------------|----------------|----------------|
| Income                   | (20,602)       | (17,757)       |
| Expenditure              | 254,003        | 238,441        |
| <b>Total</b>             | <b>233,401</b> | <b>220,684</b> |
| Core Funding             | (234,381)      | (221,978)      |
| <b>Operating surplus</b> | <b>(980)</b>   | <b>(1,294)</b> |

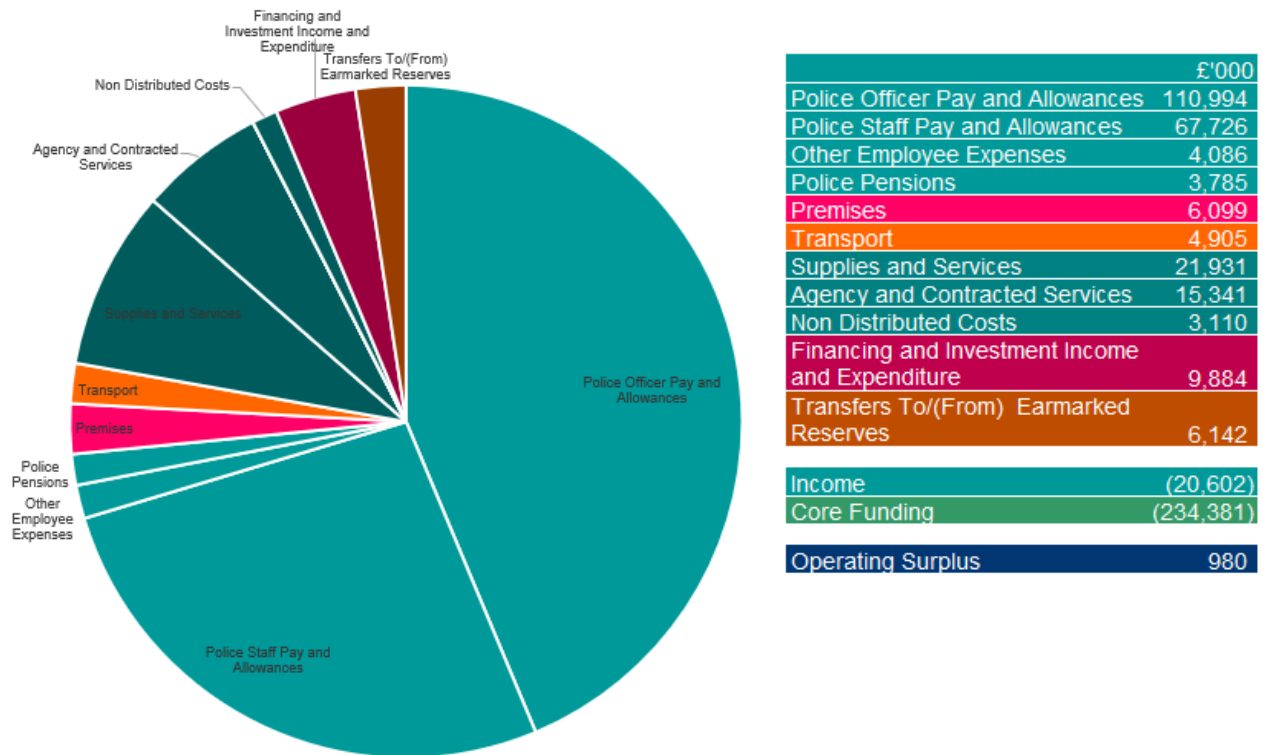
This, the fifth year of underspending, coupled with being one of only a handful of Forces nationally to see a continual reduction in crime over a number of years, underlies an organisation performing strongly delivering Value for Money to the taxpayer of Staffordshire.

For 2022/23 Home Office main police grant funding increased by £6.993m. 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 ring-fenced grant for Officer Uplift for the third year.

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 £880k for the year.
- General reserves as at 31st March grew to £9.49m which equates to 4.07% of the 2022/23 net revenue budget.





### Reserves

| Reserves   | General Fund Actual<br>£000 | Earmarked Reserves Actual<br>£000 |
|--|-----------------------------|-----------------------------------|
| <b>General Reserves</b>                                |                             |                                   |
| General Reserves Balance at 1 <sup>st</sup> April 2022 | 8,509                       | 27,683                            |
| (Over)/Underspend against Budget                       | 980                         | 0                                 |
| Transfers In/(Out)                                     | 0                           | 6,142                             |
| <b>General reserves at 31<sup>st</sup> March 2023</b>  | <b>9,489</b>                | <b>33,825</b>                     |

The general reserve balance at 31<sup>st</sup> March 2023 as shown in the above table is £9.489m 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 reserve is now above the minimum level of 3-4% 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 £0.980m.

There are a number of transfers to earmarked reserves in 2022/23 taking the total value of earmarked reserves to £33.825m as at 31<sup>st</sup> March 2023. The increase in contribution to earmarked reserves is the continued impact the organisation continues to see because of 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, but also purposely delaying large quantity of spend until inflation is controlled.

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 2022/23, £8.098m was invested in capital projects, summarised as follows.

| Capital Expenditure Outturn      | Revised Budget<br>£000 | Actual<br>£000 | Actual<br>% |
|----------------------------------|------------------------|----------------|-------------|
| Land and Buildings               | 2,476                  | 813            | 10%         |
| Information Technology           | 8,924                  | 4,506          | 56%         |
| Vehicles                         | 4,499                  | 2,731          | 34%         |
| Plant and Equipment              | 350                    | 48             | 1%          |
| <b>Total Capital Expenditure</b> | <b>16,249</b>          | <b>8,098</b>   | <b>100%</b> |

The table above shows the net capital position against revised budget for 2022/23. 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. As well as change in operating the model and moving to a local based policing model.

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 various additional revenue contributions to capital in year were made. This has resulted in no requirement to borrow to finance expenditure on short-life assets (IT, Fleet and Equipment) for the 2022/23 programme. The capital financing requirement (net debt) has fallen by c.£1.2m in year.

The capital programme spend of £8.098 million in year has been funded as follows:

| Capital Financing               | 31 <sup>st</sup> March<br>2023<br>£000 |
|---------------------------------|--|
| Capital Grants                  | 183                                    |
| Capital Receipts                | 629                                    |
| Revenue Contribution to Capital | 4,953                                  |
| Internal Borrowing              | 2,333                                  |
| <b>Total Capital Funding</b>    | <b>8,098</b>                           |

(This does exclude revenue contribution to capital which has funded assets under construction which have 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 2022<br>£000 | 31 <sup>st</sup> March 2023<br>£000 |
|-------------------------------|-------------------------------------|-------------------------------------|
| Long Term Assets              | 87,568                              | 88,812                              |
| Current Assets                | 61,222                              | 68,451                              |
| Current Liabilities           | (34,099)                            | 31,732                              |
| Long Term Pension Liabilities | (2,255,143)                         | (1,348,079)                         |
| Other Long Term Liabilities   | (67,592)                            | (67,249)                            |
| <b>Net Liabilities</b>        | <b>(2,208,044)</b>                  | <b>(1,289,797)</b>                  |
| Usable Reserves               | (38,154)                            | (45,921)                            |
| Unusable Reserves             | 2,246,199                           | 1,335,718                           |
| <b>Total Reserves</b>         | <b>2,208,044</b>                    | <b>1,289,797</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 £58.282m including usable reserves of £45.921m.

## 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

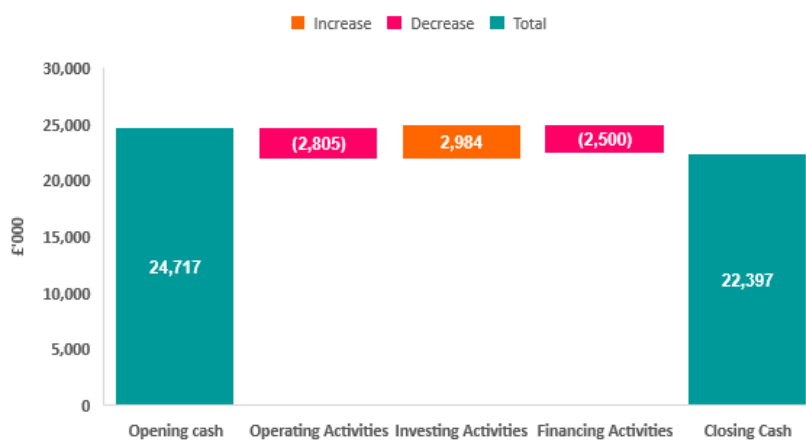
|                           | 31 <sup>st</sup> March 2022<br>£000 | 31 <sup>st</sup> March 2023<br>£000 |
|---------------------------|-------------------------------------|-------------------------------------|
| Cash and Cash Equivalents | 317                                 | 297                                 |
| Short Term Deposits       | 24,400                              | 22,100                              |
| <b>Total</b>              | <b>24,717</b>                       | <b>22,397</b>                       |

Overall, group cash flow has continued to improve during the year with £22.4m of cash held in bank and deposits as at 31 March 2023.

## External Debt

Historically long-term borrowing has been utilised to finance part of the overall capital programme. As at 31st March 2023 the Group had total external borrowing of £64.942m (£67.449m 2021/22). This is still under the Authorised limit for external debt.

## Cash flow statement 2022/23



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.

The organisation cash flow is very positive and has remained very consistent over the year, even reducing its total external debt by £2.5m.

## 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 £1,348m. 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 £58.215m.

### 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 2021/22) 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 31st March 2023 was:

|                                  | 31 March 2023      | 31 March 2022      |
|----------------------------------|--------------------|--------------------|
|                                  | £'000              | £'000              |
| Police Pension Scheme Obligation | (1,353,121)        | (2,114,233)        |
| <b>Total Deficit</b>             | <b>(1,353,121)</b> | <b>(2,114,233)</b> |

The police pension scheme liability has decreased by £761 million in year as incorporated into the Statement of Accounts for 2022/23. Primarily, this is associated with the impact of fund valuation mainly through changes in financial assumptions between 31 March 2022 and 31 March 2023; markets moved in way which produced a significant increase in discount rate (4.65% from 2.65%). The discount rate is the most significant driver behind pension costs and an increase of 2% leads to very significant reductions in pension liability. Additionally, the inflation assumption 2.60% (3% in 2022) and salary increase assumption have fallen between 2022 (4.75%) and 2023 (3.85%) which further reduces the liability.

Changes to the mortality assumptions due to a slowing to expected future mortality improvements also leads to lower pension liabilities.

### 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 un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

The treatment of the deferred choice underpins as members cost for cap purposes, along with the 4-year spreading period, was challenged in a judicial review which was heard in early 2023. The claims made in the Judicial Review were dismissed by the High Court, in a judgement handed down Friday 10<sup>th</sup> March 2023. No allowance has therefore been in our statement of accounts as at 31<sup>st</sup> March 2023.

Now that the remedy window is closed. This had led to a past service cost of £26m added to the 1987 schemes and a past service cost of £2m in the 2006 scheme. As these liabilities are no longer held within the 2015 scheme we have a past service gain of £28m. The past service costs were included in the 2018/19, 2019/20 and 2020/21 accounts.

### 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 2023 | 31 March 2022    |
|----------------------------------|---------------|------------------|
|                                  | £'000         | £'000            |
| LGPS Defined Benefit Obligations | (319,266)     | (473,590)        |
| Fair Value of LGPS Assets        | 324,308       | 332,680          |
| <b>Total</b>                     | <b>5,042</b>  | <b>(140,910)</b> |

The impact of the change in the closing balance sheet position has been largely driven by changes in the other comprehensive income (Re-measurement of the net defined benefit liabilities). The large increase in the discount rate (based on financial market conditions at 31 March 2023) has driven a large reduction in the value placed on the obligations side of balance sheet. The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 2.0% increase in this assumption. This has served to reduce the employer's obligations and led to a gain of around £181,550k on the balance sheet. The salary increase assumption has fallen over the period by 0.10%. This has served to reduce the employer's obligations and led to a gain of around £1,580k on the balance sheet.

Market derived CPI inflation has fallen over the period, which has led to a 0.20% reduction in this assumption. The change in the CPI inflation assumption is a result of underlying changes in market implied RPI (after allowance for the inflation risk premium adjustment), coupled with any changes in the RPI-CPI gap from the previous year and the adjustment to CPI to reflect the high inflationary environment in year 1. This has served to reduce the employer's obligations and led to a gain of around £19,170k.

The total investment achieved by the fund over the accounting period was -1.8%, compared to an expected accounting return of 2.75%, which led to a loss of £15,500k on the balance sheet.

### Environmental Sustainability

The Staffordshire Commissioner and the Force is committed to sustainability and has recruited a to Sustainability Manager to engage with the organisation, develop and implement the strategies and policies and work with local partners to create a sustainable culture. Key achievements delivering a sustainable Police Force;

- SCO committed to make future investment into renewable of energy technology to reduce carbon emissions and save money. In 2022/23 the Group has approved the installation of solar panels on two buildings at headquarters.
- 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 offers its officers and staff a Cycle2Work salary sacrifice scheme.
- Investing in lower emission vehicles and looking to add electric fleet to the vehicle.
- Investing in IT to support employees working more agile and remotely from home or local stations.



## Outlook

Staffordshire Police current and emerging operational challenges, both nationally, regionally and locally, with particular reference to those areas included within the Force's Strategic Assessment and the most recent inspection from His Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS).

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 Commissioner announced further investment of 60 police officers. Whilst this will further strengthen over the medium term the capability of Staffordshire Police, this is building from a position of having the 4th lowest officer headcount in England and Wales, albeit a position that is in line with the relatively low overall funding position. The investment in additional officers will not have an instantaneous impact given the need to recruit and train as well as for these new officers to gain valuable operational experience. This very much is an investment being made now to deliver medium- and long-term benefits.

Pay and inflationary pressures were higher in 2022/23 than forecasted in the MTFs with the average pay award (following a pay freeze the previous year) of 5% being announced. Energy prices remain the largest single driver of inflation, however over the medium term it is anticipated inflation and wage growth will fall back to the Bank of England target inflation rate of 2%. These inflationary increases, against a backdrop of tighter public and personal finances, have made setting the 2023/24 MTFs more challenging than it has been recent years. The current external environment, seen through inflationary pressures, is more volatile than previous increasing the likelihood of budget assumptions being materially challenged in year.

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 2023/24, 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. In addition to this, the recent significant increases in inflation could well have an impact on the council tax base in future years should the rate of inflation not return to the Bank of England target over the medium term.

The Commissioner has considered the adequacy and level of reserves and the impacting of future financial challenges and opportunities in the MTFs. The MTFs assumes a net drawn on reserves of £3.914m to support the MTFs revenue budget over the four years and an additional net drawn on reserve of £2.786m to support PCC commissioned services, uplift and policing the King's Coronation.

2022/23 represented the final year of central government's uplift programme resulting in an additional 20,000 Police officers recruited. This has resulted in 300 additional police officers in Staffordshire,

however the impact of this has yet to be fully realised operationally as these officer's progress through their training.

The draft policing settlement was published on 14th December 2022. The Home Office has provided a one-year local settlement only, making longer term planning challenging. This pattern is in line with the one-year local settlements received by strategic partners in fire and councils.

The Commissioner has approved a precept increase of £1 per month from April 2023. The proposed precept enables the Commissioner to provide an increase in funding raised from the precept of £5.616m in 2023/24 (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.

The Commissioner will continue to support the Chief Constable to deliver on the local plan and national government priorities as well as moving the force out of its 'Engaged' phase of monitoring from the inspectorate (HMICFRS). The proposed increase in the police & crime council tax precept over the four-year period of this MTFS is lower than the forecast cumulative rate of inflation and wage growth.

To balance this MTFS a further £5.5m of additional savings will be required by 2027, however crucially given the need to have a strong focus on operational improvement in the near term for the next 2 years a balanced position has been set without the need for additional savings beyond those identified to date. Utilising reserves has also allowed the Commissioner to keep precept increases lower than would have been the case and has been made possible by the strong financial management we have seen over the last 2 years.

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. High inflation on 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.

As at 31<sup>st</sup> May 2023 the Statutory Accounts for 2021/22 have not been formally concluded and the reader should note that this may impact upon the 2022/23 Statements should any material matters arise from the final areas of outstanding work being undertaken by our external auditor Ernst Young. Due to ongoing delays in external auditing it is unlikely that this draft Statement of Accounts will be audited until early 2024.

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

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLICE AND CRIME COMMISSIONER FOR STAFFORDSHIRE**

#### **Disclaimer of opinion**

We were engaged to audit the financial statements of Police and Crime Commissioner (PCC) for Staffordshire ('the Authority') for the year ended 31 March 2023. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- Authority and Group Expenditure and Funding Analysis and related Section 4 and Section 6, 6.1.1 to 6.5.10 and
- Police 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for disclaimer of opinion**

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

We completed the audit of the 2021/22 financial statements and issued our audit opinion on 9 January 2024.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

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

Notwithstanding our disclaimer of opinion on the financial statements, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above or our knowledge of the Authority.

We report to you if:

- 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)  
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 matters to report by exception:

#### **Report on the Staffordshire Police & Crime 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 Staffordshire Police & Crime Commissioner has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Staffordshire Police & Commissioner's arrangements for the year ended 31 March 2023.

#### **Significant weaknesses in arrangements In relation to governance and improving economy, efficiency and effectiveness**

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

Following the Police effectiveness, efficiency and legitimacy (PEEL) inspection as part of the 2021-22 cycle by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), Staffordshire Police were placed into the 'engage' phase of monitoring by HMICFRS in June 2022 and remained in the Engage phase throughout the 2022/23 financial year.

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

Our view is based upon the following evidence:

- 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.

In May 2024 HMICFRS confirmed that Staffordshire Police have moved out of Engage phase.

##### The impact on the Authority:

HMICFRS raised serious concerns about how the force is responding to the public, investigating crime and managing its offenders and suspects. These are set out in their report dated 22 September 2022.

The action the body needs to take to address the weakness:

The Staffordshire Police & Crime Commissioner have addressed the areas for improvement raised in the PEEL inspection report.

These issues raised in the report are evidence of weaknesses in proper arrangements for the year ended 31 March 2023 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/audit committee; 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 set out on page 23, 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Finance determines 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 Authority'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 Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority 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 responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority 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 Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

***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 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Police and Crime Commissioner for Staffordshire had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Police and Crime Commissioner for Staffordshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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, Police and Crime Commissioner for Staffordshire 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 Authority 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 Authority'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 Police and Crime Commissioner for Staffordshire 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 the members of Police and Crime Commissioner for Staffordshire, as a body, 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 Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Hassan Rohimun (Key Audit Partner)**  
Ernst & Young LLP (Local Auditor)  
Manchester  
10 December 2024

## Section 3

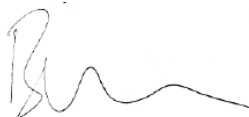
# Statement of Responsibilities

## 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 2022/23.



**Ben Adams**  
**Police, Fire and Crime Commissioner for Staffordshire**  
**Date 9<sup>th</sup> December 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 2023.



**Heather Lees**  
**Director of Finance, Staffordshire Commissioner's Office / S151 Officer**  
**Date 9<sup>th</sup> December 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 2022 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 2022/23 (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 2022/23 (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 been 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 it is 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 2022/23. 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 2022/23 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 2023 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. 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 2022/23 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.

- 33.** The statement of Accounts was authorised for issue by Heather Lees, 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<br>£'000 | Earmarked Reserves<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied Account<br>£'000 | TOTAL USABLE RESERVES<br>£'000 | TOTAL UNUSABLE RESERVES<br>£'000 | TOTAL GROUP RESERVES<br>£'000 |
|--|-------|-------------------------------|-----------------------------|-----------------------------------|---|--------------------------------|----------------------------------|-------------------------------|
| <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>20,800</b>                  | (20,800)                         | <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>9,996</b>                   | <b>60,503</b>                    | <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>1,294</b>                  | <b>7,070</b>                | <b>1,449</b>                      | <b>183</b>                                | <b>9,996</b>                   | <b>60,503</b>                    | <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>(2,208,045)</b>            |
| <b>Balance as at 01 April 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>(2,208,045)</b>            |
| <b><u>Movement in reserves during 2022/23</u></b>                        |       |                               |                             |                                   |   |                                |                                  |                               |
| Total Comprehensive Income and Expenditure                               | 5.2   | 1,426                         | 0                           | 0                                 | 0   | <b>1,426</b>                   | 916,822                          | <b>918,248</b>                |
| Adjustments Between Accounting Basis and Funding Basis Under Regulations | 6.1.1 | 5,696                         | 0                           | 827                               | (183)                                     | <b>6,340</b>                   | (6,340)                          | <b>0</b>                      |
| <b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>    |       | <b>7,122</b>                  | <b>0</b>                    | <b>827</b>                        | <b>(183)</b>                              | <b>7,766</b>                   | <b>910,482</b>                   | <b>918,248</b>                |
| Transfers To/From Earmarked Reserves                                     |       | (6,142)                       | 6,142                       | 0                                 | 0   | <b>0</b>                       | 0                                | <b>0</b>                      |
| <b>Increase or (Decrease) in 2022/23</b>                                 |       | <b>980</b>                    | <b>6,142</b>                | <b>827</b>                        | <b>(183)</b>                              | <b>7,766</b>                   | <b>910,482</b>                   | <b>918,248</b>                |
| <b>Balance as at 31 March 2023</b>                                       |       | <b>9,489</b>                  | <b>33,825</b>               | <b>2,276</b>                      | <b>331</b>                                | <b>45,921</b>                  | (1,335,717)                      | <b>(1,289,797)</b>            |

## 5.1 Movement in Reserves Statement PCC (Continued)

|  | Notes | General Fund Balance<br>£'000 | Earmarked Reserves<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied Account<br>£'000 | TOTAL USABLE RESERVES<br>£'000 | TOTAL UNUSABLE RESERVES<br>£'000 | TOTAL GROUP RESERVES<br>£'000 |
|--|-------|-------------------------------|-----------------------------|-----------------------------------|---|--------------------------------|----------------------------------|-------------------------------|
| <b>Balance as at 01 April 2021</b>                                       |       | 7,215                         | 20,613                      | 0                                 | 331                                       | <b>28,158</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>11,781</b>                 |
| Adjustments Between Accounting Basis and Funding Basis Under Regulations | 6.1.1 | (823)                         | 0                           | 1,449                             | 183                                       | <b>808</b>                     | (808)                            | <b>0</b>                      |
| <b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>    |       | <b>8,364</b>                  | <b>0</b>                    | <b>1,449</b>                      | <b>183</b>                                | <b>9,997</b>                   | <b>1,786</b>                     | <b>11,781</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>1,294</b>                  | <b>7,070</b>                | <b>1,449</b>                      | <b>183</b>                                | <b>9,997</b>                   | <b>1,786</b>                     | <b>11,781</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>                  | <b>15,710</b>                    | <b>53,865</b>                 |
| <b>Balance as at 01 April 2022</b>                                       |       | 8,509                         | 27,683                      | 1,449                             | 514                                       | <b>38,155</b>                  | 15,710                           | <b>53,865</b>                 |
| <b><u>Movement in reserves during 2022/23</u></b>                        |       |                               |                             |                                   |   |                                |                                  |                               |
| Total Comprehensive Income and Expenditure                               | 5.2   | 7,654                         | 0                           | 0                                 | 0   | <b>7,654</b>                   | 3,934                            | <b>11,588</b>                 |
| Adjustments Between Accounting Basis and Funding Basis Under Regulations | 6.1.1 | (532)                         | 0                           | 827                               | (183)                                     | <b>112</b>                     | (112)                            | <b>0</b>                      |
| <b>Net increase/(decrease) before Transfers to Earmarked Reserves</b>    |       | <b>7,122</b>                  | <b>0</b>                    | <b>827</b>                        | <b>(183)</b>                              | <b>7,766</b>                   | <b>3,822</b>                     | <b>11,588</b>                 |
| Transfers To/From Earmarked Reserves                                     |       | (6,142)                       | 6,142                       | 0                                 | 0   | <b>0</b>                       | 0                                | <b>0</b>                      |
| <b>Increase or (Decrease) in 2022/23</b>                                 |       | <b>980</b>                    | <b>6,142</b>                | <b>827</b>                        | <b>(183)</b>                              | <b>7,766</b>                   | <b>3,822</b>                     | <b>11,588</b>                 |
| <b>Balance as at 31 March 2023</b>                                       |       | <b>9,489</b>                  | <b>33,825</b>               | <b>2,276</b>                      | <b>331</b>                                | <b>45,921</b>                  | <b>19,532</b>                    | <b>65,453</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.

| 2021/22         |                 |  | 2022/23          |                 |
|-----------------|-----------------|--|------------------|-----------------|
| PCC             | Group           |  | Group            | PCC             |
| Net             | Net             |  | Net              | Net             |
| Expenditure     | Expenditure     |  | Expenditure      | Expenditure     |
| £'000           | £'000           | Notes  | £'000            | £'000           |
| (5,037)         | (9,229)         | Grants and Contributions   | (11,311)         | (6,300)         |
| (294)           | (7,176)         | Reimbursements   | (7,622)          | (195)           |
| 0               | (1,072)         | Sales, Fees and Charges  | (1,110)          | 0               |
| 0               | (279)           | Other Income   | (559)            | 0               |
| <b>(5,331)</b>  | <b>(17,757)</b> | <b>Total Income</b>  | <b>(20,602)</b>  | <b>(6,495)</b>  |
| 0               | 91,613          | Police Officer Pay and Allowances                                      | 78,130           | 0               |
| 1,990           | 79,899          | Police Staff Pay and Allowances  | 83,320           | 1,879           |
| 187             | 4,130           | Other Employee Expenses  | 4,086            | 83              |
| 0               | 3,569           | Police Pensions  | 3,785            | 0               |
| 0               | 4,628           | Premises   | 6,099            | 0               |
| 5               | 4,308           | Transport  | 4,904            | 18              |
| 1,484           | 20,782          | Supplies and Services  | 21,931           | 1,465           |
| 9,222           | 14,024          | Agency and Contracted Services   | 15,341           | 9,786           |
| 0               | 9,716           | Depreciation, Amortisation and Impairment                              | 7,672            | 0               |
| 5               | 1,019           | Non Distributed Costs  | 1,734            | 1               |
| <b>12,893</b>   | <b>233,688</b>  | <b>Total Expenditure</b>   | <b>227,002</b>   | <b>13,232</b>   |
| 7,564           | 215,923         | <b>Cost of Services before Intra-group Funding</b>                     | 206,400          | 6,737           |
| 205,204         | 0               | Intra-group Funding  | 0                | 218,561         |
| <b>212,768</b>  | <b>215,923</b>  | <b>Cost of Services</b>  | <b>206,400</b>   | <b>225,298</b>  |
| (36)            | (36)            | (Surplus) or loss on disposals   | 82               | 82              |
| 2,351           | 56,395          | Financing and Investment Income and Expenditure                        | 72,242           | 1,414           |
| (224,270)       | (224,270)       | Taxation and Non-Specific Grant Income                                 | (234,448)        | (234,448)       |
| 0               | (37,207)        | Grant Received From Home Office in respect of the pension fund account | (45,702)         | 0               |
| <b>(9,187)</b>  | <b>10,805</b>   | <b>(Surplus) or deficit on Provision of Services</b>                   | <b>(1,426)</b>   | <b>(7,654)</b>  |
| (1,482)         | (1,482)         | (Surplus) or Deficit on revaluation of non-current assets              | (1,163)          | (1,163)         |
| (1,112)         | (79,821)        | Re-measurement of the net defined benefit liabilities                  | (915,659)        | (2,771)         |
| <b>(2,594)</b>  | <b>(81,303)</b> | <b>Other Comprehensive (Income) and Expenditure</b>                    | <b>(916,822)</b> | <b>(3,934)</b>  |
| <b>(11,781)</b> | <b>(70,499)</b> | <b>Total Comprehensive (Income) and Expenditure</b>                    | <b>(918,248)</b> | <b>(11,588)</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<br>31 March<br>2022<br>£'000 | Group<br>31 March<br>2022<br>£'000 |   | Notes         | Group<br>31 March<br>2023<br>£'000 | PCC<br>31 March<br>2023<br>£'000 |
|----------------------------------|------------------------------------|---|---------------|------------------------------------|----------------------------------|
| 45,516                           | 45,516                             | Land and Buildings                                  | 6.3.1         | 47,087                             | 47,087                           |
| 275                              | 275                                | Surplus Assets                                      | 6.3.1         | 275                                | 275                              |
| 19,922                           | 19,922                             | Vehicles, Plant and Equipment                       | 6.3.1         | 21,289                             | 21,289                           |
| 19,952                           | 19,952                             | Intangible Assets                                   | 6.3.2         | 17,654                             | 17,654                           |
| 1,687                            | 1,687                              | Assets under construction                           | 6.3.1 & 6.3.3 | 2,507                              | 2,507                            |
| 216                              | 216                                | Long-Term Debtors                                   | 6.3.4         | 0                                  | 0                                |
| 0                                | 0                                  | Intra-group Long Term Debtors                       |               | 0                                  | 0                                |
| <b>87,568</b>                    | <b>87,568</b>                      | <b>Long Term Assets</b>                             |               | <b>88,812</b>                      | <b>88,812</b>                    |
| 1,680                            | 1,680                              | Assets Held for Sale                                | 6.3.5         | 430                                | 430                              |
| 568                              | 568                                | Inventories   | 6.3.6         | 749                                | 748                              |
| 11,000                           | 11,000                             | Short Term Investments                              | 6.3.7         | 0                                  | 0                                |
| 23,257                           | 23,257                             | Short Term Debtors                                  | 6.3.8         | 44,875                             | 44,875                           |
| 1,849                            | 0                                  | Intra-group Short Term Debtors                      | 6.3.8         | 0                                  | 0                                |
| 24,717                           | 24,717                             | Cash and Cash Equivalents                           | 6.3.9         | 22,397                             | 22,397                           |
| <b>63,071</b>                    | <b>61,222</b>                      | <b>Current Assets</b>                               |               | <b>68,451</b>                      | <b>68,450</b>                    |
| (2,749)                          | (2,749)                            | Short Term Borrowing                                | 6.3.7         | (1,842)                            | (1,842)                          |
| (20,598)                         | (31,351)                           | Short Term Creditors                                | 6.3.10        | (29,890)                           | (18,549)                         |
| (6,208)                          | 0                                  | Intra-group Short Term Creditors                    | 6.3.10        | 0                                  | (8,275)                          |
| <b>(29,555)</b>                  | <b>(34,100)</b>                    | <b>Current Liabilities</b>                          |               | <b>(31,732)</b>                    | <b>(28,666)</b>                  |
| (3)                              | (3)                                | Long Term Creditors                                 |               | 0                                  | 0                                |
| 0                                | (2,769)                            | Provisions  | 6.3.11        | (4,030)                            | 0                                |
| (64,700)                         | (64,700)                           | Long-Term Borrowing                                 | 6.3.7         | (63,100)                           | (63,100)                         |
| (119)                            | (119)                              | Revenue Grants Received in Advance                  | 6.3.12        | (119)                              | (119)                            |
| (2,396)                          | (2,255,143)                        | Liability Related to Defined Benefit Pension Scheme | 7.2.3         | (1,348,079)                        | 76                               |
| <b>(67,218)</b>                  | <b>(2,322,735)</b>                 | <b>Long Term Liabilities</b>                        |               | <b>(1,415,328)</b>                 | <b>(63,143)</b>                  |
| <b>53,865</b>                    | <b>(2,208,044)</b>                 | <b>Net Liabilities</b>                              |               | <b>(1,289,797)</b>                 | <b>65,453</b>                    |
|                                  |                                    | <b>Financed by:</b>                                 |               |                                    |                                  |
|                                  |                                    | Usable Reserves                                     |               |                                    |                                  |
| (8,509)                          | (8,509)                            | General Fund  | 6.3.13        | (9,489)                            | (9,489)                          |
| (27,683)                         | (27,683)                           | Earmarked Reserves                                  | 6.3.13        | (33,825)                           | (33,825)                         |
| (514)                            | (514)                              | Capital Grant Unapplied                             | 6.3.13        | (331)                              | (331)                            |
| (1,449)                          | (1,449)                            | Capital Receipt Reserve                             | 6.3.13        | (2,276)                            | (2,276)                          |
| (15,711)                         | 2,246,199                          | Unusable Reserves                                   | 6.3.14        | 1,335,718                          | (19,532)                         |
| <b>(53,865)</b>                  | <b>2,208,044</b>                   | <b>Total Reserve</b>                                |               | <b>1,289,797</b>                   | <b>(65,453)</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 2023.

A handwritten signature in black ink, appearing to read 'Heather Lees', with a small dot at the end.

**Heather Lees, Director of Finance (Section 151 Officer)  
for the Police and Crime Commissioner for Staffordshire  
Date 9<sup>th</sup> December**

## 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<br>2021/22<br>£'000 | Group<br>2021/22<br>£'000 |   | Notes | Group<br>2022/23<br>£'000 | PCC<br>2022/23<br>£'000 |
|-------------------------|---------------------------|---|-------|---------------------------|-------------------------|
| 9,187                   | (10,804)                  | <b>Net Surplus or (Deficit) on the provision of services</b>  | 5.2   | 1,426                     | 7,654                   |
| 13,603                  | 33,595                    | Adjustments to net Surplus or (Deficit) on the provision of services for non-cash movements   | 6.4.1 | (4,148)                   | (10,376)                |
| (147)                   | (147)                     | Adjustment for items included in the net Surplus or (Deficit) on the provision of services that are investing and financing activities. | 6.4.2 | (82)                      | (82)                    |
| <b>22,643</b>           | <b>22,644</b>             | <b>Net cash flow Operating Activities</b>   |       | <b>(2,804)</b>            | <b>(2,804)</b>          |
| (15,761)                | (15,761)                  | Net cash flows from Investing Activities  | 6.4.3 | 2,984                     | 2,984                   |
| (3,417)                 | (3,417)                   | Net cash flows from Financing Activities  | 6.4.4 | (2,500)                   | (2,500)                 |
| <b>3,465</b>            | <b>3,465</b>              | <b>Net Increase or (decrease) in cash and cash equivalents</b>  |       | <b>(2,320)</b>            | <b>(2,320)</b>          |
| 21,252                  | 21,252                    | Cash and cash equivalents at the beginning of the reporting period  |       | 24,717                    | 24,717                  |
| 24,717                  | 24,717                    | Cash and cash equivalent at the end of the reporting period   | 6.3.9 | 22,397                    | 22,397                  |

## 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 2022/23   | General<br>Fund<br>Balance<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Capital<br>Grants<br>Unapplied<br>Account<br>£'000 | Movement<br>in<br>Unusable<br>Reserves<br>£'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)  | 6,746                               | 0                                       | 0  | (6,746)   |
| Council tax (transfer to or from collection fund)   | (67)                                | 0                                       | 0  | 67  |
| Holiday Pay (transfer to the Accumulated Absences Account)  | (207)                               | 0                                       | 0  | 207   |
| 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)           | 9,050                               | 0                                       | 0  | (9,050)   |
| <b>Total Adjustment to Revenue Resources</b>  | <b>15,522</b>                       | <b>0</b>                                | <b>0</b>   | <b>(15,522)</b>                                 |
| <b>Adjustments between Revenue and Capital Resources</b>  |                                     |   |  |   |
| Transfer of non-current assets sale proceeds from revenue to the Capital receipt reserve  | (1,455)                             | 1,455                                   | 0  | 0   |
| Statutory provision for the repayment of debt MRP (transfer from the CAA)   | (3,562)                             | 0                                       | 0  | 3,562   |
| Capital expenditure financed from revenue balances (transfer to the CAA)  | (4,953)                             | 0                                       | 0  | 4,953   |
| Transfer of capital grants and contributions to capital grants unapplied  | 183                                 | 0                                       | (183)  | 0   |
| <b>Total Adjustment between Revenue and Capital Resources</b>   | <b>(9,787)</b>                      | <b>1,455</b>                            | <b>(183)</b>                                       | <b>(8,515)</b>                                  |
| <b>Adjustment to Capital Resources</b>  |                                     |   |  |   |
| Application of capital receipt to finance capital expenditure   | 0                                   | (628)                                   | 0  | 628   |
| Application of capital grants to finance capital expenditure  | (183)                               | 0                                       | 0  | 183   |
| Cash Payment to deferred capital receipt  | 144                                 | 0                                       | 0  | (144)   |
| <b>Total Adjustment to Capital Resources</b>  | <b>(39)</b>                         | <b>(628)</b>                            | <b>0</b>   | <b>667</b>                                      |
| <b>Total Group Adjustment</b>   | <b>5,696</b>                        | <b>827</b>                              | <b>(183)</b>                                       | <b>(6,340)</b>                                  |
| <i>Less: Chief Constable only adjustments</i>   |                                     |   |  |   |
| Pension Costs (transferred to or from pension reserve)  | (6,447)                             | 0                                       | 0  | 6,447   |
| Holiday Pay (transfer to the Accumulated Absences Account)  | 219                                 | 0                                       | 0  | (219)   |
| <b>Total PCC Adjustments</b>  | <b>(532)</b>                        | <b>827</b>                              | <b>(183)</b>                                       | <b>(112)</b>                                    |

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

| GROUP 2021/22   | General Fund Balance<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied Account<br>£'000 | Movement in Unusable Reserves<br>£'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>                           |

### 6.1.2 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.

|  | 2022/23                                    |  |                      |
|--|--|--|----------------------|
|  | Net Expenditure Chargeable to General Fund | Adjustments between funding and IFRS Basis | CIES Net Expenditure |
|  | £'000                                      | £'000                                      | £'000                |
| Police Officer Pay and Allowances                                      | 110,995                                    | 32,865                                     | 78,130               |
| Police Staff Pay and Allowances  | 67,726                                     | (15,594)                                   | 83,320               |
| Other Employee Expenses  | 4,086                                      | 0  | 4,086                |
| Police Pensions  | 3,785                                      | 0  | 3,785                |
| Premises   | 6,099                                      | 0  | 6,099                |
| Transport  | 4,905                                      | 0  | 4,904                |
| Supplies and Services  | 21,931                                     | 0  | 21,931               |
| Agency and Contracted Services   | 15,341                                     | 0  | 15,341               |
| Depreciation, Amortisation and Impairment                              | 0  | (7,672)                                    | 7,672                |
| Non Distributed Costs  | 3,110                                      | 1,376                                      | 1,734                |
| <b>Total Expenditure</b>   | <b>237,977</b>                             | <b>10,975</b>                              | <b>227,002</b>       |
| Grants and Contributions   | (11,311)                                   | 0  | (11,311)             |
| Reimbursements   | (7,622)                                    | 0  | (7,622)              |
| Sales, Fees and Charges  | (1,110)                                    | 0  | (1,110)              |
| Other Income   | (558)                                      | 0  | (559)                |
| <b>Income</b>  | <b>(20,602)</b>                            | <b>0</b>                                   | <b>(20,602)</b>      |
| <b>Net Cost of Services</b>  | <b>217,375</b>                             | <b>10,975</b>                              | <b>206,400</b>       |
| (Surplus) or loss on disposals   | 0  | (82)                                       | 82                   |
| Financing and Investment Income and Expenditure                        | 9,884                                      | (62,358)                                   | 72,242               |
| Taxation and Non-Specific Grant Income                                 | (234,381)                                  | 67   | (234,448)            |
| Grant Received From Home Office in respect of the pension fund account | 0  | 45,702                                     | (45,702)             |
| <b>(Surplus) or deficit on Provision of Services</b>                   | <b>(7,122)</b>                             | <b>(5,696)</b>                             | <b>(1,426)</b>       |
| (Surplus) or Deficit on revaluation of non current assets              | 0  | 1,163                                      | (1,163)              |
| Re-measurement of the net defined benefit liabilities                  | 0  | 915,659                                    | (915,659)            |
| Transfers To/(From) Earmarked Reserves                                 | 6,142                                      | 6,142                                      | 0                    |
| <b>Net (Surplus) / Deficit funded from General Fund</b>                | <b>(980)</b>                               | <b>917,268</b>                             | <b>(918,248)</b>     |
| <b>Opening General Fund</b>  | 8,509                                      |  |                      |
| Budgeted Transfer to General Fund                                      | 0  |  |                      |
| Underspend during the year against Budget                              | 980  |  |                      |
| <b>Closing General Fund</b>  | <b>9,489</b>                               |  |                      |

## Section 6 Notes to the Financial Statements

|  | 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>                               |  |                      |

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

|  | 2022/23   |   |                               |
|--|---|---|-------------------------------|
|  | Net Expenditure Chargeable to General Fund<br>£'000 | Adjustments between funding and IFRS Basis<br>£'000 | CIES Net Expenditure<br>£'000 |
| Police Officer Pay and Allowances                                      | 0   | 0   | 0                             |
| Police Staff Pay and Allowances  | 1,628   | (251)   | 1,879                         |
| Other Employee Expenses  | 83  | 0   | 83                            |
| Police Pensions  | 0   | 0   | 0                             |
| Premises   | 0   | 0   | 0                             |
| Transport  | 18  | 0   | 18                            |
| Supplies and Services  | 1,465   | 0   | 1,465                         |
| Agency and Contracted Services   | 9,786   | 0   | 9,786                         |
| Depreciation, Amortisation and Impairment                              | 0   | 0   | 0                             |
| Non Distributed Costs  | 0   | (1)   | 1                             |
| <b>Total Expenditure</b>   | <b>12,980</b>                                       | <b>(252)</b>  | <b>13,232</b>                 |
| Grants and Contributions   | (6,300)   | 0   | (6,300)                       |
| Reimbursements   | (195)   | 0   | (195)                         |
| Sales, Fees and Charges  | 0   | 0   | 0                             |
| Other Income   | 0   | 0   | 0                             |
| <b>Income</b>  | <b>(6,495)</b>                                      | <b>0</b>  | <b>(6,495)</b>                |
| Intra-group Funding  | 210,890   | (7,671)   | 218,561                       |
| <b>Net Cost of Services</b>  | <b>217,375</b>                                      | <b>(7,923)</b>                                      | <b>225,298</b>                |
| (Surplus) or loss on disposals   | 0   | (82)  | 82                            |
| Financing and Investment Income and Expenditure                        | 9,884   | 8,470   | 1,414                         |
| Taxation and Non-Specific Grant Income                                 | (234,381)   | 67  | (234,448)                     |
| 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>(7,122)</b>                                      | <b>532</b>  | <b>(7,654)</b>                |
| (Surplus) or Deficit on revaluation of non current assets              | 0   | 1,163   | (1,163)                       |
| Re-measurement of the net defined benefit liabilities                  | 0   | 2,771   | (2,771)                       |
| Transfers To/(From) Earmarked Reserves                                 | 6,142   | 6,142   | 0                             |
| <b>Net (Surplus) / Deficit funded from General Fund</b>                | <b>(980)</b>  | <b>10,608</b>                                       | <b>(11,588)</b>               |
| <b>Opening General Fund</b>  | 8,509   |   |                               |
| Budgeted Transfer to General Reserve                                   | 0   |   |                               |
| Underspend during the year against budget                              | 980   |   |                               |
| <b>Closing General Fund</b>  | <b>9,489</b>  |   |                               |

## Section 6 Notes to the Financial Statements

|  | 2021/22   |   |                               |
|--|---|---|-------------------------------|
|  | Net Expenditure Chargeable to General Fund<br>£'000 | Adjustments between funding and IFRS Basis<br>£'000 | CIES Net Expenditure<br>£'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>  |   |                               |

## 6.1.3 Notes to Expenditure and Funding Analysis

|   | Adjustments<br>for Capital<br>Purpose<br>£'000 | 2022/23<br>Net<br>Changes<br>for<br>Pensions<br>IAS19<br>£'000 | Other<br>Differences<br>£'000 | Total<br>£'000 |
|---|--|--|-------------------------------|----------------|
| Police Officer Pay and Allowances   | 0  | 32,870   | (5)                           | 32,865         |
| Police Staff Pay and Allowances   | 0  | (15,806)   | 212                           | (15,594)       |
| Other Employee Expenses   | 0  | 0  | 0                             | 0              |
| Depreciation, Amortisation and Impairment   | (7,672)  | 0  | 0                             | (7,672)        |
| Non Distributed Costs   | 0  | 1,376  | 0                             | 1,376          |
| <b>Net Cost of Services</b>   | <b>(7,672)</b>                                 | <b>18,440</b>  | <b>207</b>                    | <b>10,975</b>  |
| (Surplus) or loss on disposals  | (82)   | 0  | 0                             | (82)           |
| Financing and Investment Income and Expenditure <sup>Note(iii)</sup>                            | 8,531  | (70,889)   | 0                             | (62,358)       |
| Taxation and Non-Specific Grant Income  | 0  | 0  | 67                            | 67             |
| Grant Received from Home Office in respect of the pension fund account                          | 0  | 45,702   | 0                             | 45,702         |
| <b>Surplus or (deficit) on Provision of Services</b>  | <b>777</b>                                     | <b>(6,747)</b>   | <b>274</b>                    | <b>(5,696)</b> |
| (Surplus) or Deficit on revaluation of non current assets                                       | 1,163  | 0  | 0                             | 1,163          |
| Re-measurement of the net defined benefit liabilities   | 0  | 915,659  | 0                             | 915,659        |
| Transfers To/(From) Earmarked Reserves  | 0  | 0  | 6,142                         | 6,142          |
| <b>Difference between General Fund and CIES Surplus or Deficit on the Provision of Services</b> | <b>1,940</b>                                   | <b>908,912</b>   | <b>6,416</b>                  | <b>917,268</b> |

|   | Adjustments<br>for Capital<br>Purpose<br>£'000 | 2021/22<br>Net<br>Changes<br>for<br>Pensions<br>IAS19<br>£'000 | Other<br>Differences<br>£'000 | Total<br>£'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>   |

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

|   | 2022/23  |  |                               |                |
|---|--|--|-------------------------------|----------------|
|   | Adjustments<br>for Capital<br>Purpose<br>£'000 | Net<br>Changes for<br>Pensions<br>IAS19<br>£'000 | Other<br>Differences<br>£'000 | Total<br>£'000 |
| Police Staff Pay and Allowances   | 0  | (238)  | (13)                          | (251)          |
| Non Distributed Costs   | 0  | (1)  | 0                             | (1)            |
| <b>Net Cost of Services</b>   | <b>0</b>                                       | <b>(239)</b>                                     | <b>(13)</b>                   | <b>(252)</b>   |
| Intra-group Funding   | (7,671)  | 0  | 0                             | (7,671)        |
| (Surplus) or loss on disposals  | (82)   | 0  | 0                             | (82)           |
| Financing and Investment Income and Expenditure <sup>Note(iii)</sup>                            | 8,531  | (61)   | 0                             | 8,470          |
| Taxation and Non-Specific Grant Income  | 0  | 0  | 67                            | 67             |
| <b>Surplus or (deficit) on Provision of Services</b>  | <b>778</b>                                     | <b>(300)</b>                                     | <b>54</b>                     | <b>532</b>     |
| Surplus or Deficit on revaluation of non current assets   | 1,163  | 0  | 0                             | 1,163          |
| Re-measurement of the net defined benefit liabilities   | 0  | 2,771  | 0                             | 2,771          |
| Transfers To/(From) Earmarked Reserves  | 0  | 0  | 6,142                         | 6,142          |
| <b>Difference between General Fund and CIES Surplus or Deficit on the Provision Of Services</b> | <b>1,941</b>                                   | <b>2,471</b>                                     | <b>6,196</b>                  | <b>10,608</b>  |

|   | 2021/22  |  |                               |                |
|---|--|--|-------------------------------|----------------|
|   | Adjustments<br>for Capital<br>Purpose<br>£'000 | Net<br>Changes for<br>Pensions<br>IAS19<br>£'000 | Other<br>Differences<br>£'000 | Total<br>£'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>  |



**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 2021 | Transfer Out   | Transfer In   | Balance at 31 March 2022 | Transfer Out   | Transfer In   | Balance at 31 March 2023 |
|---------------------------------|--------------------------|----------------|---------------|--------------------------|----------------|---------------|--------------------------|
|                                 | £'000                    |                |               | £'000                    |                |               | £'000                    |
| Reshaping the Future            | 2,264                    | (989)          | 1,057         | 2,332                    | (542)          | 539           | 2,329                    |
| IT Transformation               | 2,618                    | (378)          | 340           | 2,580                    | (196)          | 0             | 2,384                    |
| Insurance Reserve               | 1,201                    | (1,742)        | 1,522         | 981                      | (2,426)        | 2,144         | 699                      |
| Pension Reserve                 | 2,562                    | (68)           | 2,005         | 4,499                    | (58)           | 1,580         | 6,021                    |
| Collaboration Reserve           | 705                      | (491)          | 78            | 292                      | (153)          | 74            | 213                      |
| Capital Reserve                 | 1,574                    | (466)          | 1,108         | 2,216                    | (809)          | 1,070         | 2,477                    |
| ESN Reserve                     | 780                      | 0              | 1,004         | 1,784                    | 0              | 0             | 1,784                    |
| Major Policing Events           | 2,197                    | (1,991)        | 716           | 923                      | (249)          | 0             | 673                      |
| Operational Reserves            | 6,712                    | (3,082)        | 8,446         | 12,076                   | (2,602)        | 7,771         | 17,245                   |
| <b>Total Earmarked Reserves</b> | <b>20,613</b>            | <b>(9,206)</b> | <b>16,276</b> | <b>27,683</b>            | <b>(7,035)</b> | <b>13,178</b> | <b>33,825</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 2022/23 amounts to £218.561m (£205.204m in 2021/22). 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.

| 2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------|---|------------------|
| 208,359          | Chief Constable's cost of service   | 199,664          |
| 54,044           | Interest on the net defined benefit liability   | 70,828           |
| (37,207)         | Home Office grant towards cost of retirement  | (45,702)         |
| (78,709)         | Re-measurement of the net defined benefit liability                                       | (912,888)        |
| <b>146,487</b>   | <b>Resources consumed</b>   | <b>(688,098)</b> |
|                  | <b>Items removed through the MIRS</b>   |                  |
| 59,294           | Movement in pension liability   | 906,441          |
| (577)            | Movement in accumulated absences liability  | 218              |
| <b>205,204</b>   | <b>Total resources consumed for the year by the Chief Constable and funded by the PCC</b> | <b>218,561</b>   |

### 6.2.2 Other operating expenditure

During 2022/23 the Group has disposed of Hanley station, which created opportunities to jointly collaborate into Hanley Fire station to deliver value for money for the local tax payer. It also auctioned 4 police vehicles, where disposals fees received in excess of £10,000 are categorised as capital receipts, in accordance with the CIPFA Code.

|               | Receipts<br>for Sale<br>of Assets<br>£'000 | Carrying<br>Amount<br>£'000 | Less<br>Depreciation<br>£'000 | Less Cost<br>of Sale<br>£'000 | Surplus/<br>(Loss) on<br>Disposals<br>£'000 |
|---------------|--|-----------------------------|-------------------------------|-------------------------------|---|
| 31 March 2023 | 1,296                                      | (2,050)                     | 702                           | (30)                          | (82)  |
| 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                                       |

### 6.2.3 Financing and Investment net expenditure

Financing and Investment includes the following items, Interest payable during 2022/23 was made to the PWLB.

| 2021/22<br>Group<br>£'000 | 2021/22<br>PCC<br>£'000 |  | 2022/23<br>Group<br>£'000 | 2022/23<br>PCC<br>£'000 |
|---------------------------|-------------------------|--|---------------------------|-------------------------|
| 2,332                     | 2,332                   | Interest Payable and Similar Charges   | 2,253                     | 2,253                   |
| 54,111                    | 67                      | Pension Net Interest Costs             | 70,889                    | 61                      |
| (48)                      | (48)                    | Interest Receivable and Similar Income | (900)                     | (900)                   |
| <b>56,395</b>             | <b>2,351</b>            | <b>Total</b>                           | <b>72,242</b>             | <b>1,414</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:

| 2021/22<br>Group<br>£'000 | 2021/22<br>PCC<br>£'000 |                                       | Body                         | 2022/23<br>Group<br>£'000 | 2022/23<br>PCC<br>£'000 |
|---------------------------|-------------------------|---------------------------------------|------------------------------|---------------------------|-------------------------|
| 1,853                     | 1,853                   | Victim Service Grant                  | Ministry of Justice          | 1,299                     | 1,299                   |
| 1,387                     | 0                       | Safer Roads Partnership               | Staffordshire County Council | 1,451                     | 0                       |
| 0                         | 0                       | Pay Award Grant                       | Home Office                  | 1,055                     | 1,055                   |
| 952                       | 952                     | Safer Streets Grant                   | Home Office                  | 500                       | 500                     |
| 245                       | 0                       | Counter Terrorism                     | Home Office                  | 218                       | 0                       |
| 244                       | 244                     | The Safety of Women at night          | Home Office                  | 0                         | 0                       |
| 317                       | 0                       | Tax Income Compensation Scheme        | Home Office                  | 0                         | 0                       |
| 1,457                     | 110                     | Other Grants                          | Home Office                  | 1,117                     | 52                      |
| <b>6,455</b>              | <b>3,159</b>            | <b>Total Specific Grants</b>          |                              | <b>5,640</b>              | <b>2,906</b>            |
| 2,774                     | 1,879                   | Contributions                         |                              | 5,671                     | 3,394                   |
| <b>9,229</b>              | <b>5,037</b>            | <b>Total Grants and Contributions</b> |                              | <b>11,311</b>             | <b>6,300</b>            |

### 6.2.5 Taxation and Non-Specific Grant Income

Included within the core funding we saw an increase in the Policing Precept by 4.19%, equivalent to 19p per week. In which brought in additional £4.138m in core funding in 2022/23 (excluding collection fund position and council tax base changes). The Home Office also confirmed an increase by £6.9m 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 ring-fenced grant for Officer Uplift for the third year.

| 2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------|---|------------------|
| (85,009)         | Precepts  | (89,214)         |
| (77,189)         | Police Revenue Grant                                | (81,500)         |
| (45,227)         | Non-Domestic Rates Redistribution                   | (47,909)         |
| (8,423)          | Localisation of Council Tax                         | (8,423)          |
| (3,541)          | Council Tax Freeze Grant                            | (3,541)          |
| (1,507)          | Police Uplift Programme                             | (2,036)          |
| (1,825)          | Police Pension Grant                                | (1,825)          |
| (1,365)          | Council Tax Support Grant                           | 0                |
| (183)            | Capital Grants and Contribution                     | 0                |
| <b>(224,270)</b> | <b>Taxation and Non-Specific Grant Income PCC</b>   | <b>(234,448)</b> |
| (37,207)         | Home Office Pension Top Up Grant                    | (45,702)         |
| <b>(261,478)</b> | <b>Taxation and Non-Specific Grant Income Group</b> | <b>(280,150)</b> |

### 6.2.6 External Audit Fees

The audit fees payable in 2022/23 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 2020/21 and 2021/22 audit the Group and PCC accrued for additional costs for additional work to address increase in regulatory standards and additional procedures undertaken by the auditor. These additional fees proposed by the auditor but has not yet been approved by the PSAA Ltd.

| 2021/22<br>Group<br>£'000 | 2021/22<br>PCC<br>£'000 |  | 2022/23<br>Group<br>£'000 | 2022/23<br>PCC<br>£'000 |
|---------------------------|-------------------------|--|---------------------------|-------------------------|
| 36                        | 24                      | External Audit Fees                    | 47                        | 30                      |
| <b>36</b>                 | <b>24</b>               | <b>Sub-Total</b>                       | <b>47</b>                 | <b>30</b>               |
| (49)                      | (36)                    | Additional External Audit Fees 2019/20 | 0                         | 0                       |
| 29                        | 18                      | Additional External Audit Fees 2020/21 | 30                        | 26                      |
| 0                         | 0                       | Additional External Audit Fees 2021/22 | 56                        | 40                      |
| (7)                       | (5)                     | PSAA Scale Variation Fees              | 0                         | 0                       |
| <b>9</b>                  | <b>2</b>                | <b>Total</b>                           | <b>133</b>                | <b>96</b>               |

### 6.2.7 Operating Leases

The OPCC Group leases various land and buildings. The amount paid under these arrangements in 2022/23 was £780k (£617k in 2021/22).

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:

| 2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------|---|------------------|
| 623              | No Later Than One Year                            | 738              |
| 1,839            | Later Than One Year and Not Later Than Five Years | 2,164            |
| 3,350            | Later Than Five Years                             | 3,555            |
| <b>5,812</b>     | <b>Total</b>                                      | <b>6,457</b>     |

### 6.2.8 Material items and income and expenditure

There are no material items of Income or Expenditure in 2022/23 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 29 police sites in 2022/23 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<br>2022/23       | 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 2022</b>            | 45,516            | 275            | 1,687                     | 61,713                        | 109,191                             |
| Additions                                | 528               | 0              | 1,563                     | 4,537                         | 6,628                               |
| Disposals                                | 0                 | 0              | 0                         | (800)                         | (800)                               |
| Derecognition other                      | 0                 | 0              | (74)                      | (149)                         | (223)                               |
| Revaluations                             | 258               | 0              | 0                         | 0                             | 258                                 |
| Impairment                               | (11)              | 0              | 0                         | 0                             | (11)                                |
| Transfers                                | 796               | 0              | (1,665)                   | 854                           | (15)                                |
| Other movements in cost or valuation     | 0                 | 0              | 0                         | 0                             | 0                                   |
| <b>Gross Book Value at 31 March 2023</b> | <b>47,087</b>     | <b>275</b>     | <b>1,511</b>              | <b>66,155</b>                 | <b>115,028</b>                      |
| <u>Depreciation and Impairment:</u>      |                   |                |                           |                               |                                     |
| Cumulative net to 01 April 2022          | 0                 | 0              | 0                         | (41,791)                      | (41,791)                            |
| Depreciation Charge                      | (1,245)           | 0              | 0                         | (3,849)                       | (5,094)                             |
| Assets reclassified (to)/from            | 0                 | 0              | 0                         | 0                             | 0                                   |
| Derecognition other                      | 0                 | 0              | 0                         | 72                            | 72                                  |
| Disposals                                | 0                 | 0              | 0                         | 702                           | 702                                 |
| On revaluations                          | 1,245             | 0              | 0                         | 0                             | 1,245                               |
| Other Movements                          | 0                 | 0              | 0                         | 0                             | 0                                   |
| <b>Depreciation at 31 March 2023</b>     | <b>0</b>          | <b>0</b>       | <b>0</b>                  | <b>(44,866)</b>               | <b>(44,866)</b>                     |
| <b>Net Book Value 2023</b>               | <b>47,087</b>     | <b>275</b>     | <b>1,511</b>              | <b>21,289</b>                 | <b>70,162</b>                       |
| <b>Net Book Value 2022</b>               | <b>45,516</b>     | <b>275</b>     | <b>1,687</b>              | <b>19,922</b>                 | <b>67,400</b>                       |

| GROUP AND PCC MOVEMENTS<br>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> | 45,516            | 275            | 1,687                     | 61,713                        | 109,190                             |
| <b>Depreciation and Impairment:</b>      |                   |                |                           |                               |                                     |
| 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>     | 0                 | 0              | 0                         | (41,791)                      | (41,791)                            |
| <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>               | 45,764            | 275            | 1,298                     | 20,024                        | 67,361                              |

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation in 2022/23.

- 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 2022/23 a number of contracted schemes which were not completed before 31<sup>st</sup> March 2023. The potential budgeted capital commitment arising from those schemes is estimated to be £4.131m (£4.813m in 2021/22).

### 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 2023 we had 56 vehicles classed as Assets Under Construction as these had not been commissioned for operational purposes and the implementation of the new ERP system which is to be completed in 2023/24.

## Section 6 Notes to the Financial Statements

|                                      | Land and<br>Building<br>£'000 | Surplus<br>Assets<br>£'000 | Assets<br>Under<br>Construction<br>£'000 | Asset Held<br>for Sale<br>£'000 | Vehicles,<br>Plant and<br>Equipment<br>£'000 | Total<br>Property,<br>Plant and<br>Equipment<br>£'000 |
|--------------------------------------|-------------------------------|----------------------------|--|---------------------------------|--|---|
| Carried at Historical Cost:          | 0                             | 0                          | 2,507                                    | 0                               | 66,155                                       | 68,662  |
| Valued at Fair Value as at:          |                               |                            |  |                                 |  |   |
| 31 March 2023                        | 1,571                         | 0                          | 0  | (1,250)                         | 0  | 321   |
| 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>47,086</b>                 | <b>275</b>                 | <b>2,507</b>                             | <b>430</b>                      | <b>66,155</b>                                | <b>116,454</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 £2.716m was charged to revenue in 2022/23, (£2.630m in 2021/22).

| 2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------|---|------------------|
|                  | <b>Group and PCC Balance as at 1 April</b>  |                  |
| 32,958           | Gross Carrying Amount                       | 33,248           |
| (10,709)         | Accumulated Amortisation                    | (13,296)         |
| <b>22,248</b>    | <b>Net Carrying Amount at Start of Year</b> | <b>19,952</b>    |
| 291              | Additions                                   | 439              |
| (124)            | De recognition- other                       | (21)             |
| 123              | Transfer                                    | 0                |
| (2,630)          | Amortisation for the period                 | (2,716)          |
| 44               | Write Out Amortisation on Disposal          | 0                |
| <b>(2,296)</b>   | <b>Net Carrying Amount at End of Year</b>   | <b>(2,298)</b>   |
|                  | Comprising:                                 |                  |
| 33,248           | Gross Carrying Amounts                      | 33,666           |
| (13,296)         | Accumulated Amortisation                    | (16,012)         |
| <b>19,952</b>    | <b>Group and PCC Balance as at 31 March</b> | <b>17,654</b>    |

### 6.3.3 Intangible asset under construction

| 2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------|---|------------------|
| 1,246            | <b>Group and PCC Balance as at 1 April</b>  | 0                |
| 0                | Additions                                   | 996              |
| (330)            | Transfer                                    | 0                |
| (916)            | De recognition- other                       | 0                |
| 0                | Other movements                             | 0                |
| <b>0</b>         | <b>Group and PCC Balance as at 31 March</b> | <b>996</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 £0m here as a debtor due in more than 12 months with the remaining payment expected being shown as a short-term debtor of £0.014m included in the figures in Note 6.3.8.

### 6.3.5 Asset Held for Sale

In 2022/23 we saw the disposal of Hanley Police station. We also are expected to sell Blythe Bridge police station in the next 12 months.

| 2021/22      |   | 2022/23    |
|--------------|---|------------|
| £'000        |   | £'000      |
| 3,100        | <b>Group and PCC Balance as at 1 April</b>      | 1,680      |
|              | <i>Assets newly classified as held for sale</i> |            |
| 29           | Additions                                       | 15         |
| 94           | Transfers                                       | 15         |
| (139)        | Impairments                                     | 0          |
| (179)        | Revaluations                                    | 0          |
| (1,225)      | Disposals                                       | (1,280)    |
| 0            | Other Movements                                 | 0          |
| <b>1,680</b> | <b>Group and PCC Balance as at 31 March</b>     | <b>430</b> |

### 6.3.6 Inventories

During 2022/23 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 £0.748m does however reflect the value of a number of different stock types including ammunition, protective clothing and uniform as at 31st March 2023 (£0.568m 2021/22).

### 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 2023 for all Public Works Loan Board (PWLB) loans and the market rate applicable at the 31<sup>st</sup> March 2023 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 2022/23 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 2023. As the price that would be received to sell an asset or paid to transfer its liability.

| 31 March 2022   |               |   | 31 March 2023   |               |
|-----------------|---------------|---|-----------------|---------------|
| Carrying Amount | Fair Value    |   | Carrying Amount | Fair Value    |
| £'000           | £'000         |   | £'000           | £'000         |
|                 |               | <u>Financial Liabilities</u>              |                 |               |
| 64,700          | 64,700        | PWLB Long Term Borrowing                  | 63,100          | 55,619        |
| <b>64,700</b>   | <b>64,700</b> |   | <b>63,100</b>   | <b>55,619</b> |
| 2,500           | 2,500         | PWLB Short Term Borrowing                 | 1,600           | 1,580         |
| 0               | 0             | Short Term OLAS                           | 0               | 0             |
| 249             | 249           | Interest due within one year              | 242             | 242           |
| <b>2,749</b>    | <b>2,749</b>  |   | <b>1,842</b>    | <b>1,822</b>  |
| 12,284          | 12,284        | Creditors which are financial instruments | 10,147          | 10,147        |
| <b>79,733</b>   | <b>79,733</b> | <b>Group and PCC Total Liability</b>      | <b>75,089</b>   | <b>67,588</b> |

| 31 March 2022   |               |   | 31 March 2023   |               |
|-----------------|---------------|---|-----------------|---------------|
| Carrying Amount | Fair Value    |   | Carrying Amount | Fair Value    |
| £'000           | £'000         |   | £'000           | £'000         |
|                 |               | <u>Financial Assets</u>                 |                 |               |
| 11,000          | 11,000        | Short Term Deposits                     | 0               | 0             |
| <b>11,000</b>   | <b>11,000</b> | <b>Total Short-Term Investments</b>     | <b>0</b>        | <b>0</b>      |
|                 |               | <u>Cash</u>                             |                 |               |
| 316             | 316           | Cash                                    | 297             | 297           |
| 24,400          | 24,400        | Short Term Deposits                     | 22,100          | 22,100        |
| <b>24,716</b>   | <b>24,716</b> | <b>Total Cash and Cash Equivalents</b>  | <b>22,397</b>   | <b>22,397</b> |
| 6,205           | 6,205         | Debtors which are financial instruments | 8,353           | 8,353         |
| <b>41,921</b>   | <b>41,921</b> | <b>Group and PCC Total Assets</b>       | <b>30,750</b>   | <b>30,750</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 Customers | 22,100                       | N/A                              | N/A  | N/A  |
|  | 2,644                        | 2.3%                             | 2.3%   | 62   |

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 £204k of the £2.614m balance (£62k of £2.532m in 2021/22) 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 2022 | 31st March 2023 |
|------------------------|-----------------|-----------------|
|                        | £'000           | £'000           |
| Less than three months | (112)           | 156             |
| Three to six months    | 47              | (28)            |
| Six months to one year | 1               | 72              |
| More than one year     | 2               | 4               |
| <b>Total</b>           | <b>(62)</b>     | <b>204</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 2022 | 31st March 2023 |
|-------------------------------|-----------------|-----------------|
|                               | £'000           | £'000           |
| Analysis by lender            |                 |                 |
| Public Work Loan Board (PWLB) | 67,200          | 64,700          |
| Other Local Authorities       | 0               | 0               |
|                               | <b>67,200</b>   | <b>64,700</b>   |
| Analysis by Maturity          |                 |                 |
| Less than one year            | 2,500           | 1,600           |
| Between one to two years      | 1,600           | 1,600           |
| Between two to five years     | 5,050           | 7,750           |
| More than five years          | 58,050          | 53,750          |
| <b>Total</b>                  | <b>67,200</b>   | <b>64,700</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 2023, 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 | 313   |
| Impact on CIES   | 313   |
| Decrease in fair value of fixed rate borrowing liabilities   | 0     |
| (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 2021/22 and 2022/23.

| 31 March<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |                                 | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|---------------------------------|------------------------------------|----------------------------------|
| 6,200                              | 6,200                            | Central government bodies       | 22,114                             | 22,114                           |
| 9,987                              | 9,987                            | Other Local authorities         | 10,994                             | 10,994                           |
| 65                                 | 65                               | NHS Bodies                      | 0                                  | 0                                |
| 0                                  | 0                                | Public corporations             | 2                                  | 2                                |
| 7,004                              | 7,004                            | Other entities and individuals  | 11,765                             | 11,765                           |
| 23,257                             | 23,257                           | <b>Sub-Total</b>                | 44,875                             | 44,875                           |
| 0                                  | 1,849                            | Intra Group Funding             | 0                                  | 0                                |
| <b>23,257</b>                      | <b>25,106</b>                    | <b>Total short-term debtors</b> | <b>44,875</b>                      | <b>44,875</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 2021/22 and 2022/23.

| 31 March<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |   | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|---|------------------------------------|----------------------------------|
|                                    |                                  | <b>Current assets:</b>                                  |                                    |                                  |
| 317                                | 317                              | Cash in hand and Bank current account                   | 297                                | 297                              |
| 24,400                             | 24,400                           | Short term deposits                                     | 22,100                             | 22,100                           |
| <b>24,717</b>                      | <b>24,717</b>                    | <b>Total current cash and equivalents Group and PCC</b> | <b>22,397</b>                      | <b>22,397</b>                    |

### 6.3.10 Short term creditors

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

| 31 March<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |                                   | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|-----------------------------------|------------------------------------|----------------------------------|
| 3,857                              | 418                              | Central government bodies         | 5,491                              | 1,246                            |
| 10,603                             | 10,603                           | Other Local authorities           | 7,518                              | 7,518                            |
| 306                                | 306                              | NHS Bodies                        | 50                                 | 50                               |
| 0                                  | 0                                | Public corporations               | 2                                  | 2                                |
| 16,585                             | 9,272                            | Other entities and individuals    | 16,829                             | 9,733                            |
| 31,351                             | 20,599                           | <b>Sub Total</b>                  | 29,890                             | 18,549                           |
| 0                                  | 6,208                            | Intra Group Funding               | 0                                  | 8,275                            |
| <b>31,351</b>                      | <b>26,807</b>                    | <b>Total short term creditors</b> | <b>29,890</b>                      | <b>26,824</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<br>2022<br>£'000 |  | 31 March<br>2023<br>£'000 |
|---------------------------|--|---------------------------|
| 2,592                     | <b>Group and CC Balance as at 1 April</b>  | 2,769                     |
| 1,381                     | Contributions to provision in year         | 2,427                     |
| (1,203)                   | Net expenditure in year                    | (1,166)                   |
| <b>2,769</b>              | <b>Group and CC Balance as at 31 March</b> | <b>4,030</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 required the money to be distributed in accordance with the funding formula applying a lead force model (Staffordshire Police). 80% of the funds (£4m) were distributed immediately. The remaining 20% (£1m) were to 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 2022/23 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 2022/23. All Usable Reserves are held by the PCC.

| 31 March<br>2022<br>£'000 |                                 | 31 March<br>2023<br>£'000 |
|---------------------------|---------------------------------|---------------------------|
| <b>8,509</b>              | <b>General Fund</b>             | <b>9,489</b>              |
| 1,449                     | Capital receipt reserve         | 2,276                     |
| 514                       | Capital grants unapplied        | 331                       |
| 2,332                     | Reshaping the Future            | 2,329                     |
| 2,580                     | IT Transformation Reserve       | 2,384                     |
| 981                       | Insurance Reserve               | 699                       |
| 4,499                     | Pension Reserve                 | 6,021                     |
| 292                       | Collaboration Reserve           | 213                       |
| 2,216                     | Capital Reserve                 | 2,477                     |
| 1,784                     | ESN Reserve                     | 1,784                     |
| 923                       | Major Policing Events Reserve   | 674                       |
| 12,076                    | Operational Reserves            | 17,244                    |
| <b>27,683</b>             | <b>Total Earmarked Reserves</b> | <b>33,825</b>             |
| <b>38,155</b>             | <b>Total Usable Reserves</b>    | <b>45,921</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 is held to support transformation across the organisation.
- **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** – provides provision around future unknown costs relating to the public sector pensions age discrimination case (McCloud) as well as for flexibility in the payment of ill health pension payments to the pension fund.
- **Capital Reserve and ESN Reserve**- Revenue funding which has been set aside for future capital projects.
- **Major Events Reserve** - this reserve holds funds to contribute towards the costs of policing major events should the need arise. This has been repurposed and was previously the Covid-19 reserve.
- **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<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |                                    | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|------------------------------------|------------------------------------|----------------------------------|
| (11,471)                           | (11,471)                         | Revaluation Reserve                | (12,337)                           | (12,337)                         |
| (4,916)                            | (4,916)                          | Capital Adjustment Account         | (5,488)                            | (5,488)                          |
| (158)                              | (158)                            | Deferred Capital Receipt Reserve   | (14)                               | (14)                             |
| (1,598)                            | (1,598)                          | Collection Fund Adjustment Account | (1,665)                            | (1,665)                          |
| 2,256,992                          | 2,396                            | Pension Reserve                    | 1,348,079                          | (76)                             |
| 7,349                              | 35                               | Accumulated Absences Account       | 7,143                              | 48                               |
| <b>2,246,199</b>                   | <b>(15,711)</b>                  | <b>Total Unusable Reserves</b>     | <b>1,335,718</b>                   | <b>(19,532)</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.

| 2021/22<br>£'000 |  | 2022/23<br>£'000 |
|------------------|--|------------------|
| 10,481           | <b>Group and PCC Balance as at 1 April</b>   | 11,471           |
| 1,510            | Upwards revaluation of assets  | 1,824            |
| (28)             | Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services             | (661)            |
| 1,482            | <b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b> | 1,163            |
| 0                | Reversal of Previous Impairments Written Out to the Capital Adjustment Account   | 0                |
| (268)            | Different between fair value depreciation and historical cost depreciation   | (297)            |
| (223)            | Accumulated gains on assets sold or scrapped   | 0                |
| (491)            | <b>Amount written off the Capital Adjustment Account</b>   | (297)            |
| <b>11,472</b>    | <b>Group and PCC Balance as at 31 March</b>  | <b>12,337</b>    |

### Capital Adjustment Account

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.

| 2021/22<br>£'000 |   | 2022/23<br>£'000 |
|------------------|---|------------------|
| 7,012            | <b>Group and PCC Balance as at 1 April</b>  | 4,916            |
|                  | <i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>           |                  |
| (6,429)          | Charges for depreciation and impairments of non-current assets                                      | (5,278)          |
| 0                | Reversal of Previous Impairments Written Out to the Capital Adjustment Account                      | 0                |
| (656)            | Revaluation losses on PPE   | 340              |
| (2,630)          | Amortisation of intangible assets   | (2,716)          |
| (1,414)          | Amounts of non-current assets written off on disposal as part of gain/loss on disposals to the CIES | (1,378)          |
| 0                | Revenue expenditure funded from capital under statute (REFCUS)                                      | (18)             |
| (11,131)         |   | (9,050)          |
| 491              | Adjusting amounts written out of the revaluation reserve  | 296              |
| <b>(10,640)</b>  | <b>Net written out amount of the cost of non-current assets consumed in the year</b>                | <b>9,346</b>     |
|                  | <u>Capital financing in year:</u>   |                  |
| 0                | Use of Capital Receipt Reserve to finance new capital expenditure                                   | 628              |
| 0                | 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                | 183              |
| 4,992            | Capital Expenditure charged to General Fund   | 4,953            |
| 3,552            | Statutory provision for the financing of capital investment charged against the General Fund        | 3,562            |
| <b>4,916</b>     | <b>Group and PCC Balance as at 31 March</b>   | <b>5,488</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.



| 2021/22    |  | 2022/23   |  |
|------------|--|-----------|--|
| £'000      |  | £'000     |  |
| 133        | <b>Group and PCC Balance as at 1 April</b>   | 158       |  |
| 100        | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 0         |  |
| (75)       | Transfer to the Capital Receipt Reserve upon receipt of cash   | (144)     |  |
| <b>158</b> | <b>Group and PCC Balance as at 31 March</b>  | <b>14</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.

| 2021/22      |  | 2022/23      |  |
|--------------|--|--------------|--|
| £'000        |  | £'000        |  |
| (512)        | <b>Group and PCC Balance as at 1 April</b>   | 1,598        |  |
| 2,110        | 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 | 67           |  |
| <b>1,598</b> | <b>Group and PCC Balance as at 31 March</b>  | <b>1,665</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 2022      | 31 March 2022  |  | 31 March 2023      | 31 March 2023 |
|--------------------|----------------|--|--------------------|---------------|
| Group              | PCC            |  | Group              | PCC           |
| £'000              | £'000          |  | £'000              | £'000         |
| (2,317,027)        | (3,136)        | <b>Balance as at 1 April</b>   | (2,256,993)        | (2,396)       |
| 79,821             | 1,112          | Re-measurement of the net defined benefit liability  | 915,659            | 2,771         |
| (137,622)          | (503)          | Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES | (142,802)          | (422)         |
| 78,704             | 132            | Employer's pensions contribution and direct payments to pensioners payable in year   | 88,506             | 123           |
| 1,924              | 0              | LGPS deficit contribution prepayment   | 1,849              | 0             |
| 37,207             | 0              | Additional contribution to the pension fund balances the deficit on the fund account   | 45,702             | 0             |
| <b>(2,256,993)</b> | <b>(2,396)</b> | <b>Total Balance as at 31 March</b>  | <b>(1,348,079)</b> | <b>76</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 2022 and 31<sup>st</sup> March 2023.

| 31 March<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |  | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|--|------------------------------------|----------------------------------|
| (6,787)                            | (51)                             | <b>Balance as at 1 April</b>   | (7,349)                            | (35)                             |
| 6,787                              | 51                               | Settlement of cancellation of accrual made at the end of the preceding year  | 7,349                              | 35                               |
| (7,349)                            | (35)                             | Amount accrued at the end of the current year  | (7,143)                            | (48)                             |
| <b>(562)</b>                       | <b>16</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>206</b>                         | <b>(13)</b>                      |
| <b>(7,349)</b>                     | <b>(35)</b>                      | <b>Total Balance as at 31 March</b>  | <b>(7,143)</b>                     | <b>(48)</b>                      |

## 6.4 Cash Flow Statement Notes

### 6.4.1 Operating Activities

| 31 March<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |   | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|---|------------------------------------|----------------------------------|
| 6,429                              | 6,429                            | Depreciation and Impairment   | 5,277                              | 5,277                            |
| 658                                | 658                              | (Upward)/downward valuation   | (340)                              | (340)                            |
| 2,630                              | 2,630                            | Amortisation of intangible assets   | 2,716                              | 2,716                            |
| 2,323                              | 1,923                            | Increase/(decrease) in revenue creditors  | (1,464)                            | 15                               |
| (1,907)                            | 17                               | (Increase)/decrease in revenue debtors  | (21,402)                           | (19,552)                         |
| 48                                 | 48                               | (Increase)/decrease in inventories  | (180)                              | (180)                            |
| 19,787                             | 372                              | Movement in pension liability   | 6,746                              | 299                              |
| 1,924                              | 0                                | Prepayment of Pension Contribution  | 1,849                              | 0                                |
| 178                                | 0                                | Movement in provisions  | 1,261                              | 0                                |
| 1,414                              | 1,414                            | Carrying amount of non-current assets sold  | 1,378                              | 1,378                            |
| 111                                | 111                              | Other non-cash items charged to the net surplus or deficit on the provision of services           | 11                                 | 11                               |
| <b>33,595</b>                      | <b>13,603</b>                    | <b>Adjustment to net surplus or (deficit) on the provision of services for non-cash movements</b> | <b>(4,148)</b>                     | <b>(10,376)</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<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |   | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|---|------------------------------------|----------------------------------|
| 36                                 | 36                               | Proceeds from the sale of PPE   | (82)                               | (82)                             |
| (183)                              | (183)                            | Capital Grants  | 0                                  | 0                                |
|                                    |                                  | <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>                     |   | <b>(82)</b>                        | <b>(82)</b>                      |

#### 6.4.3 Investing Activities

| 31 March<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |  | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|--|------------------------------------|----------------------------------|
| (4,725)                            | (4,725)                          | Purchase of PPE and Intangible Assets              | (8,098)                            | (8,098)                          |
| (36)                               | (36)                             | Proceeds from the sale of PPE                      | 82                                 | 82                               |
| 0                                  | 0                                | Purchase of short term and long term investments   | 0                                  | 0                                |
| (11,000)                           | (11,000)                         | Proceeds from short term and long term investments | 11,000                             | 11,000                           |
| <b>(15,761)</b>                    | <b>(15,761)</b>                  | <b>Total Investing Activities</b>                  | <b>2,984</b>                       | <b>2,948</b>                     |

#### 6.4.4 Financing Activities

| 31 March<br>2022<br>Group<br>£'000 | 31 March<br>2022<br>PCC<br>£'000 |   | 31 March<br>2023<br>Group<br>£'000 | 31 March<br>2023<br>PCC<br>£'000 |
|------------------------------------|----------------------------------|---|------------------------------------|----------------------------------|
| (3,600)                            | (3,600)                          | Repayments of short term and long term borrowing  | (2,500)                            | (2,500)                          |
| 0                                  | 0                                | Cash receipts of short and long term borrowing  | 0                                  | 0                                |
| 183                                | 183                              | Capital grants  | 0                                  | 0                                |
|                                    |                                  | <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>                   |   | <b>(2,500)</b>                     | <b>(2,500)</b>                   |

## 6.5. Other Notes

### 6.5.1 Termination Benefits and Exit Packages

During 2022/23 the Group approved 0 voluntary redundancies and early retirements (5 in 2021/22) at a total cost of £0m (£0.154m). In 2021/22 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 |          |
|------------------------|-------------------------|----------|--------------------------------|----------|
|                        | 2021/22                 | 2022/23  | 2021/22                        | 2022/23  |
|                        |                         |          | £                              | £        |
| £0- £20,000            | 2                       | 0        | 15,876                         | 0        |
| £20,001 - £40,000      | 1                       | 0        | 30,000                         | 0        |
| £40,001 - £60,000      | 1                       | 0        | 40,533                         | 0        |
| £60,001 - £80,000      | 1                       | 0        | 67,515                         | 0        |
| £80,001 - £100,000     | 0                       | 0        | 0                              | 0        |
| £100,001 - £150,000    | 0                       | 0        | 0                              | 0        |
| £150,001 - £200,000    | 0                       | 0        | 0                              | 0        |
| <b>Total</b>           | <b>5</b>                | <b>0</b> | <b>153,924</b>                 | <b>0</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<br>2021/22<br>Number of<br>employees | Remuneration Band   | Group<br>2022/23<br>Number of<br>employees |
|--|---------------------|--|
| 0  | £50,000 - £54,999   | 0  |
| 0  | £55,000 - £59,999   | 0  |
| 0  | £60,000 - £64,999   | 0  |
| 0  | £65,000 - £69,999   | 0  |
| 0  | £70,000 - £74,999   | 0  |
| 0  | £75,000 - £79,999   | 1  |
| 0  | £80,000 - £84,999   | 0  |
| 4  | £85,000 - £89,999   | 1  |
| 2  | £90,000 - £94,999   | 3  |
| 1  | £95,000 - £99,999   | 1  |
| 1  | £100,000 - £104,999 | 0  |
| 1  | £105,000 - £109,999 | 0  |
| 0  | £110,000 - £114,999 | 1  |
| 0  | £115,000 - £119,999 | 1  |
| 0  | £120,000 - £124,999 | 0  |
| 0  | £125,000 - £129,999 | 0  |
| 1  | £130,000 - £134,999 | 0  |
| 0  | £135,000 - £139,999 | 0  |
| 0  | £140,000 - £144,999 | 1  |
| 0  | £145,000 - £149,999 | 0  |
| 1  | £150,000 - £154,999 | 0  |
| 0  | £155,000 - £159,999 | 0  |
| 0  | £160,000 - £164,999 | 0  |
| 0  | £165,000 - £169,999 | 1  |
| <b>11</b>                                  | <b>Total</b>        | <b>10</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 2022/23

| Notes   | Salary         | Bonuses, Fees and Allowances | Expenses allowances | Pension Contribution | Total Remuneration |         |
|---|----------------|------------------------------|---------------------|----------------------|--------------------|---------|
| Post Holder Information                                       | £              | £                            | £                   | £                    | £                  |         |
| <b>Senior Executives of the Chief Constable</b>               |                |                              |                     |                      |                    |         |
| Chief Constable- Chris Noble                                  | 157,803        | 8,239                        | 0                   | 48,919               | 214,961            |         |
| Deputy Chief Constable  | 130,374        | 9,635                        | 0                   | 40,416               | 180,425            |         |
| Assistant Chief Constable (A)                                 | 1              | 82,566                       | 7,446               | 0                    | 25,595             | 115,607 |
| Assistant Chief Constable (B)                                 | 2              | 16,317                       | 533                 | 0                    | 5,058              | 21,908  |
| Assistant Chief Constable (C)                                 | 3              | 93,124                       | 6,970               | 0                    | 23,472             | 123,566 |
| Assistant Chief Constable (D)                                 | 4              | 23,967                       | 2,204               | 0                    | 7,430              | 33,601  |
| Director of Enabling Services                                 | 5              | 47,451                       | 1,750               | 0                    | 4,424              | 53,625  |
| Assistant Chief Officer- Director of Resources (S151 Officer) | 6              | 57,190                       | 3,500               | 0                    | 8,865              | 69,555  |
| Temporary Director of Enabling Services (S51 Officer)         | 6              | 52,283                       | 3,500               | 0                    | 8,104              | 63,887  |
| <b>Sub Total Chief Constable</b>                              | <b>661,075</b> | <b>43,777</b>                | <b>0</b>            | <b>172,283</b>       | <b>877,135</b>     |         |
| <b>Senior Executives of the OPCC</b>                          |                |                              |                     |                      |                    |         |
| Police and Crime Commissioner                                 | 81,242         | 0                            | 0                   | 12,593               | 93,835             |         |
| Deputy Police and Crime Commissioner                          | 31,800         | 0                            | 0                   | 4,929                | 36,729             |         |
| Chief Executive (A)   | 7              | 78,645                       | 919                 | 0                    | 12,190             | 91,754  |
| Temporary Chief Executive (B)                                 | 8              | 39,589                       | 0                   | 0                    | 6,136              | 45,725  |
| Temporary Chief Executive (C)                                 | 8              | 42,297                       | 0                   | 0                    | 6,254              | 48,551  |
| Director of Finance (S151 Officer)                            | 9              | 0                            | 0                   | 0                    | 0                  | 0       |
| <b>Sub Total OPCC</b>   | <b>273,573</b> | <b>919</b>                   | <b>0</b>            | <b>42,102</b>        | <b>316,594</b>     |         |
| <b>Total- Group</b>   | <b>934,648</b> | <b>44,696</b>                | <b>0</b>            | <b>214,385</b>       | <b>1,193,729</b>   |         |

1. Assistant Chief Constable (A) retired from the organisation as at 11th December 2022.
2. Assistant Chief Constable (B) was appointed to the Force on 6th February 2023.
3. Temporary Assistant Chief Constable (C) reverted back to the role of Chief Superintendent on the 5th February 2023.
4. Assistant Chief Constable (D) was appointed to the Force on 16th January 2023.
5. Director of Enabling Services had left the organisation as at 29th June 2022.
6. Temporary Director of Enabling Services (Section 151 Officer) was appointed to the role of Assistant Chief Officer – Director of Resources on 19th September 2022
7. Chief Executive was appointed to the Staffordshire Commissioner's Office on 4th July 2022.
8. Temporary Chief Executive (B) and (C) reverted back to their roles on the 31st August 2022.
9. Director of Finance (S151 Officer) as a shared duty of responsibilities between OPCC and Staffordshire Fire and Rescue and his payments totaling were £60,625

## 6.5.3 Disclosure of Remuneration for Senior Executives 2021/22 (Continued)

| Notes   | Salary | Bonuses, Fees and Allowances | Expenses allowances | Pension Contribution | Total Remuneration |                  |
|---|--------|------------------------------|---------------------|----------------------|--------------------|------------------|
|   |        |                              |                     |                      |                    | £                |
| Post Holder Information                         |        |                              |                     |                      |                    |                  |
| <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                       | 3      | 80,780                       | 1,317               | 0                    | 23,957             | 106,054          |
| Deputy Chief Constable                          | 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 Enabling Services                   |        | 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

#### 6.5.4 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 2022/23 the PCC made a grant of £40,000 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):

| 2021/22       |   | 2022/23       |
|---------------|---|---------------|
| £'000         |   | £'000         |
| 15,844        | Stoke-on-Trent City Council                   | 16,179        |
| 11,679        | Stafford Borough Council                      | 12,184        |
| 9,371         | South Staffordshire District Council          | 9,906         |
| 9,370         | Lichfield District Council                    | 9,964         |
| 8,941         | Newcastle-under-Lyme Borough Council          | 9,426         |
| 9,305         | East Staffordshire Moorlands District Council | 9,891         |
| 7,998         | Staffordshire Moorlands District Council      | 8,355         |
| 7,022         | Cannock Chase District Council                | 7,544         |
| 5,479         | Tamworth Borough Council                      | 5,763         |
| <b>85,009</b> |   | <b>89,212</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 2022/23 amounted to £581k (2021/22 £543k).

### 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 2022/23 are as follows:

| 2021/22<br>£'000 |  | 2022/23<br>£'000 |
|------------------|--|------------------|
|                  | <b>Contributions to the Pooled Budget</b>              |                  |
| (5,083)          | West Midlands PCC                                      | (5,121)          |
| (2,379)          | Staffordshire PCC                                      | (2,468)          |
| 0                | Other Income   | 0                |
| <b>(7,462)</b>   | <b>Total Income</b>                                    | <b>(7,589)</b>   |
|                  | Expenditure met from Pooled Budget                     |                  |
| 6,688            | Pay and Allowances                                     | 6,882            |
| 441              | Transport Costs  | 461              |
| 333              | Supplies and Services and Communications and Computing | 246              |
| <b>7,462</b>     | <b>Total Expenditure</b>                               | <b>7,589</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>140</b>       | <b>Reimbursement to Staffordshire PCC</b>              | <b>191</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 2022/23 £3,573,219 (2021/22 £3,083,519).

### 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 2022/23 where £1,350,855 (2021/22 £1,291,392).

### 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 2022/23 a contribution of £0.204m (£0.234m in 2021/22) 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:

| 2021/22<br>£'000 |  | 2022/23<br>£'000 |
|------------------|--|------------------|
|                  | <b>Funding provided to West Midlands ROCU</b>          |                  |
| (14,500)         | Contribution from West Midlands Police                 | (16,284)         |
| (3,970)          | Contribution from West Mercia Police                   | (4,683)          |
| (3,857)          | Contribution from Staffordshire Police                 | (4,549)          |
| (1,928)          | Contribution from Warwickshire Police                  | (2,274)          |
| (2,399)          | WMROCU Grant   | (2,399)          |
| (365)            | National Cyber Security Programme funding              | (280)            |
| (224)            | Asset Confiscation Enforcement grant (ACE)             | (238)            |
| (1,156)          | ROCU Reserves  | (26)             |
| (1,096)          | UCOL funding   | (1,096)          |
| (122)            | ROCTA funding  | (122)            |
| (155)            | Disruption Team Funding                                | (72)             |
| (250)            | Dark Web Funding                                       | (250)            |
| (67)             | OPSY income  | (129)            |
| 0                | Fraud Investigation                                    | (164)            |
| 0                | Illicit Crash Team                                     | (442)            |
| <b>(30,089)</b>  | <b>Total Income</b>                                    | <b>(33,008)</b>  |
|                  | <b>WM ROCU Expenditure</b>                             |                  |
| 1,172            | Regional Asset Recovery Team (RART)                    | 1,415            |
| 237              | RART- ACE team   | 244              |
| 827              | Regional Cyber Crime Unit                              | 696              |
| 389              | Regional Fraud Team                                    | 292              |
| 1,211            | Regional Prisons Intelligence Unit                     | 1,301            |
| 71               | Operational Security (OPSY)                            | 91               |
| 62               | Regional Government Agency Intelligence Network (GAIN) | 45               |
| 1,400            | Command Team   | 1,417            |
| 5,660            | Regional Confidential Unit                             | 6,596            |
| 93               | Posts created from underspend                          | 275              |
| 841              | TIDU- Technical Intelligence                           | 781              |
| 312              | Enabling Services                                      | 417              |
| 4,780            | SOCU   | 5,791            |
| 7,710            | Regional Surveillance Unit (FSU)                       | 8,421            |
| 3,808            | Other Regional Operations                              | 4,167            |
| 902              | Additional Contribution to Reserves                    | 0                |
| 194              | Threat Assessment Team (ROCTA)                         | 283              |
| 160              | Disruption Team  | 72               |
| 259              | Dark Web   | 262              |
| 0                | Illicit Crash Team                                     | 442              |
| <b>30,089</b>    | <b>Total Expenditure</b>                               | <b>33,008</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 £0.247m has been made by West Midlands Police towards the cost of the service during 2022/23 (£0.190m in 2021/22). 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 2022/23 amounted to £23,620 (£23,757 in 2021/22).

### 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 2023 the balance on this account was £1,666,871 (£557,701 at 31<sup>st</sup> March 2022). This sum does not appear on the Balance Sheet of the OPCC Group accounts.

### 6.5.8 Contingent Liabilities

During the year 2022/23 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.

| 2021/22<br>£'000 |  | 2022/23<br>£'000 |
|------------------|--|------------------|
| 76,464           | <b>Opening Capital Financing Requirement Group and PCC</b>   | 72,645           |
|                  | <b>Capital Investment</b>  |                  |
| 2,798            | Property Plant and Equipment (PPE)   | 5,080            |
| 291              | Intangible Assets  | 439              |
| 1,635            | Non-Operational Assets   | 2,559            |
|                  | Revenue Expenditure Funded from Capital Under Statute (REFCUS)                                       | 18               |
| 0                | <b>Sources of Finance:</b>   |                  |
| 0                | Capital Grants Received in Year  | 0                |
| 0                | Capital Grants from Grants Unapplied Account   | (183)            |
| 0                | Capital Receipts   | (628)            |
|                  | <b>Amounts Set aside from Revenue</b>  |                  |
| (4,992)          | Direct Revenue Contribution  | (4,953)          |
| 0                | Direct Revenue Contribution from Earmarked Reserves  | 0                |
| (3,552)          | Minimum Revenue Provision (MRP)  | (3,562)          |
| <b>72,645</b>    | <b>Closing Capital Financing Requirement Group and PCC</b>   | <b>71,415</b>    |
|                  | Explanation of movement in year:   |                  |
| (3,819)          | Increase / (decrease) in underlying need to borrowing (supported by government financial assistance) | (1,230)          |
| <b>(3,819)</b>   | <b>Increase/(Decrease) in Capital Financing Requirement Group and PCC</b>                            | <b>(1,230)</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<br>2021/22<br>£'000 |                 | Fund Account<br>2022/23<br>£'000   |                 |
|----------------------------------|-----------------|--|-----------------|
|                                  |                 | <b>Contributions Receivable:</b>   |                 |
|                                  |                 | From employer  |                 |
| (20,611)                         |                 | Contributions at 31%   | (21,407)        |
| (503)                            |                 | Early retirements  | (448)           |
| (6)                              |                 | Other- Pre-1974 recharge receipts  | (4)             |
| (8,892)                          |                 | Officers contributions   | (9,185)         |
|                                  | (30,012)        |  | (31,044)        |
|                                  | (569)           | <b>Transfers in from Other Schemes</b>   | (398)           |
|                                  |                 | <b>Benefits Payable:</b>   |                 |
| 57,768                           |                 | Pensions   | 60,742          |
| 9,958                            |                 | Commutations and lump sum retirement benefits  | 16,092          |
| (39)                             |                 | Repayments to HO following Ombudsman decision Milne v GAD                                    | 0               |
| 3                                |                 | Lump sum death benefits  | 157             |
|                                  | 67,690          |  | 76,991          |
|                                  |                 | <b>Payment to and on Account of Leavers</b>  |                 |
| 56                               |                 | Refund of contributions  | 153             |
| 42                               |                 | Individual transfers out to other schemes  | 0               |
|                                  | 98              |  | 153             |
|                                  | 37,207          | <b>Sub-total for the year before transfer from the Group of amounts equal to the deficit</b> | 45,702          |
|                                  | (37,207)        | <b>Net Amount payable/ receivable for the year</b>   | (45,702)        |
|                                  | <b>(37,207)</b> | <b>Actual Home Office top up funding</b>   | <b>(45,702)</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 2023.

**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)      |                  |
|---|--------------|--------------|-----------------|-----------------|------------------|------------------|
|   | 2021/22      | 2022/23      | 2021/22         | 2022/23         | 2021/22          | 2022/23          |
|   | £'000        | £'000        | £'000           | £'000           | £'000            | £'000            |
| <b>Cost of Services:</b>  |              |              |                 |                 |                  |                  |
| Current service costs (Inc. employee contribution)  | (431)        | (360)        | (25,370)        | (24,010)        | (57,300)         | (47,430)         |
| Past service costs (Inc. curtailments)  | (5)          | (1)          | (271)           | (73)            | 0                | 0                |
| Pension transfer in   | 0            | 0            | 0               | 0               | (570)            | (400)            |
| Effect of business combinations and disposals   | 0            | 0            | 0               | 0               | 0                | 0                |
| <b>Financing and Investment income and expenditure</b>  |              |              |                 |                 |                  |                  |
| Interest cost on defined benefit obligation   | (175)        | (198)        | (10,312)        | (13,200)        | (50,150)         | (66,800)         |
| Interest income on plan assets  | 108          | 137          | 6,351           | 9,111           | 0                | 0                |
| <b>Total post-employment benefit charges to the surplus or deficit on provision of services</b>         | <b>(503)</b> | <b>(422)</b> | <b>(29,602)</b> | <b>(28,172)</b> | <b>(108,020)</b> | <b>(114,630)</b> |
| <b>Re-measurement of the net defined benefit liability</b>  |              |              |                 |                 |                  |                  |
| Return on plan assets (excluding the amount included in the net interest expense)                       | 532          | (228)        | 31,292          | (15,207)        | 0                | 0                |
| Re-measurement of the net defined benefit liability- demographic assumptions                            | 79           | 36           | 4,676           | 2,412           | 0                | 34,620           |
| Re-measurement of the net defined benefit liability- financial assumptions                              | 613          | 3,067        | 36,056          | 204,492         | 32,640           | 860,400          |
| Actuarial gains and losses on liabilities experience  | (112)        | (387)        | (6,613)         | (25,778)        | (18,230)         | (145,280)        |
| Obligation relating to: staff previously under control of the Chief Constable and new staff in the year | 0            | 283          | 0               | 0               | 0                | 0                |
| <b>Total Post Employment Benefit Charged to the CIES</b>  | <b>1,112</b> | <b>2,771</b> | <b>65,411</b>   | <b>165,919</b>  | <b>14,410</b>    | <b>749,740</b>   |

## 7.2.2 Movement in Reserve Statement

|   | LGPS (PCC) |            | LGPS (Group)  |               | PPS (Group)   |               |
|---|------------|------------|---------------|---------------|---------------|---------------|
|   | 2021/22    | 2022/23    | 2021/22       | 2022/23       | 2021/22       | 2022/23       |
|   | £'000      | £'000      | £'000         | £'000         | £'000         | £'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 | 503        | 422        | 29,602        | 28,172        | 108,020       | 114,630       |
| Employers Contributions Payable to Scheme   | (132)      | (123)      | (7,734)       | (8,205)       | (70,970)      | (80,300)      |
| Retirement Benefits Payable to Pensioners   | 0          | 0          | 0             | 0             | 0             | 0             |
| <b>Total Post Employment Benefit Charged to the CIES</b>  | <b>372</b> | <b>299</b> | <b>21,868</b> | <b>19,967</b> | <b>37,050</b> | <b>34,330</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:

|  | 2022/23<br>£'000   | 2021/22<br>£'000   | 2020/21<br>£'000   | 2019/20<br>£'000   |
|--|--------------------|--------------------|--------------------|--------------------|
| Present Value of the Defined Benefit Obligations |                    |                    |                    |                    |
| PPS  | (1,353,121)        | (2,114,233)        | (2,128,800)        | (1,795,042)        |
| LGPS   | (319,266)          | (473,590)          | (492,155)          | (345,770)          |
| Fair Value of LGPS Assets                        | 324,308            | 332,680            | 307,702            | 231,758            |
| Deficit in the Scheme                            |                    |                    |                    |                    |
| PPS  | (1,353,121)        | (2,114,233)        | (2,128,800)        | (1,795,042)        |
| LGPS   | 5,042              | (140,910)          | (184,453)          | (114,012)          |
| <b>Total</b>                                     | <b>(1,348,079)</b> | <b>(2,225,143)</b> | <b>(2,313,253)</b> | <b>(1,909,054)</b> |

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

|  | 2021/22<br>£'000 | 2022/23<br>£'000 |
|--|------------------|------------------|
| Present Value of the Defined Benefit Obligations |                  |                  |
| LGPS   | (8,053)          | (4,789)          |
| Fair Value of LGPS Assets                        | 5,657            | 4,865            |
| <b>Total</b>                                     | <b>(2,396)</b>   | <b>76</b>        |

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

|   | LGPS PCC         |                  | LGPS Group       |                  | PPS                |                    |
|---|------------------|------------------|------------------|------------------|--------------------|--------------------|
|   | 2021/22<br>£'000 | 2022/23<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2021/22<br>£'000   | 2022/23<br>£'000   |
| <b>Opening Balance at 1 April</b>   | (8,368)          | (8,053)          | (492,155)        | (473,590)        | (2,128,800)        | (2,114,233)        |
| Current Service Cost  | (431)            | (360)            | (25,370)         | (24,010)         | (48,410)           | (38,250)           |
| Interest Cost   | (175)            | (198)            | (10,312)         | (13,200)         | (50,150)           | (66,800)           |
| Contributions by Scheme Participants  | (55)             | (52)             | (3,209)          | (3,454)          | (8,890)            | (9,180)            |
| Re-measurement Gain/(Loss)  | 874              | 2,716            | 51,405           | 181,126          | 14,410             | 749,740            |
| Pension Transfers In  | 0                | 0                | 0                | 0                | (570)              | (400)              |
| Benefits Paid   | 107              | 209              | 6,322            | 13,935           | 70,970             | 80,300             |
| Past Service Costs (including curtailments)   | (5)              | (1)              | (271)            | (73)             | 0                  | 0                  |
| Obligation relating to: staff previously under control of the Chief Constable and new staff in the year | 0                | 950              | 0                | 0                | 0                  | 0                  |
| Top-up-Grant  | 0                | 0                | 0                | 0                | 37,207             | 45,702             |
| <b>Closing Balance at 31 March</b>  | <b>(8,053)</b>   | <b>(4,789)</b>   | <b>(473,590)</b> | <b>(319,266)</b> | <b>(2,114,233)</b> | <b>(1,353,121)</b> |

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

|   | LGPS (PCC)   |              | LGPS (Group)   |                |
|---|--------------|--------------|----------------|----------------|
|   | 2021/22      | 2022/23      | 2021/22        | 2022/23        |
|   | £'000        | £'000        | £'000          | £'000          |
| <b>Opening Balance at 1 April</b>   | 5,232        | 5,657        | 307,702        | 332,680        |
| Interest Income   | 108          | 137          | 6,351          | 9,111          |
| <i>Re-measurement gain/(loss)</i>   |              |              |                |                |
| The Return on the plan assets, excluding the amount included in the net interest expense                | 532          | (228)        | 31,292         | (15,207)       |
| Other experiences   | (294)        | 0            | (17,286)       | 0              |
| Employer Contributions  | 131          | 123          | 7,734          | 8,205          |
| Contributions by Scheme Participants  | 55           | 52           | 3,209          | 3,454          |
| Benefits Paid   | (107)        | (209)        | (6,322)        | (13,935)       |
| Obligation relating to: staff previously under control of the Chief Constable and new staff in the year | 0            | (667)        | 0              |                |
| <b>Closing Balance at 31 March</b>  | <b>5,657</b> | <b>4,865</b> | <b>332,680</b> | <b>324,308</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 2022/23 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 2022                     |                       | 31 March 2023                     |                       |
|--|-----------------------------------|-----------------------|-----------------------------------|-----------------------|
|  | Fair Value of Scheme Assets<br>£m | % age of Total Assets | Fair Value of Scheme Assets<br>£m | % age of Total Assets |
| Equity Securities:                     |                                   |                       |                                   |                       |
| Consumer                               | 11.20000                          | 3%                    | 10.91820                          | 3%                    |
| Manufacturing                          | 9.14020                           | 3%                    | 8.91020                           | 3%                    |
| Energy and Utilities                   | 2.51040                           | 1%                    | 2.44720                           | 1%                    |
| Financial Institutions                 | 11.92170                          | 4%                    | 11.62170                          | 4%                    |
| Health and Care                        | 12.58880                          | 4%                    | 12.27200                          | 4%                    |
| IT                                     | 14.47820                          | 4%                    | 14.11390                          | 4%                    |
| Other                                  | 0.00000                           | 0%                    | 0.00000                           | 0%                    |
| Debt Securities:                       |                                   |                       |                                   |                       |
| Corporate Bonds (investment grade)     | 19.54330                          | 6%                    | 19.05150                          | 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                                    | 16.48360                          | 5%                    | 16.06880                          | 5%                    |
| Real Estate:                           |                                   |                       |                                   |                       |
| UK Property                            | 26.64160                          | 8%                    | 25.97170                          | 8%                    |
| Overseas Property                      | 0.00000                           | 0%                    | 0.00000                           | 0%                    |
| Investment Funds and Unit Trusts:      |                                   |                       |                                   |                       |
| Equities                               | 158.03610                         | 48%                   | 154.05890                         | 48%                   |
| Bonds                                  | 20.82090                          | 6%                    | 20.29700                          | 6%                    |
| Hedge Funds                            | 0.12230                           | 0%                    | 0.11920                           | 0%                    |
| Commodities                            | 0.00000                           | 0%                    | 0.00000                           | 0%                    |
| Infrastructure                         | 0.88610                           | 0%                    | 0.86380                           | 0%                    |
| Other                                  | 15.26720                          | 5%                    | 14.88300                          | 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                                    | 13,03970                          | 4%                    | 12.71150                          | 4%                    |
| Totals:                                | <b>332.68010</b>                  | <b>100%</b>           | <b>324.30860</b>                  | <b>100%</b>           |

Approximately 1.5% of the value of these Assets relates to the PCC Single Entity and 98.5% 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     |         |
|--|---------|---------|---------|---------|
|  | 2021/22 | 2022/23 | 2021/22 | 2022/23 |
| Mortality Assumptions  |         |         |         |         |
| <u>Longevity at 65 for Current Pensioners</u>                      |         |         |         |         |
| Men  | 21.4yrs | 20.8yrs | 22.1yrs | 21.9yrs |
| Women  | 24.3yrs | 24.3yrs | 23.8yrs | 23.5yrs |
| <u>Longevity at 65 for Future Pensioners</u>                       |         |         |         |         |
| Men  | 22.2yrs | 22.0yrs | 23.8yrs | 23.5yrs |
| Women  | 25.7yrs | 25.9yrs | 25.4yrs | 25.0yrs |
| Rate of Inflation  |         |         | 3.00%pa | 2.60%pa |
| Rate of Increases in Salaries                                      | 3.65%pa | 3.45%pa | 4.75%pa | 3.85%pa |
| CARE Revaluation Rate  |         |         | 4.25%pa | 3.85%pa |
| Rate of Increases in Pensions                                      | 3.15%pa | 2.95%pa | 3.00%pa | 2.60%pa |
| Rate for Discounting Scheme Liabilities                            | 2.75%pa | 4.75%pa | 2.65%pa | 4.65%pa |
| Take Up of Option to Convert Annual Pension into Retirement Grant: |         |         |         |         |
| Pre-April 2008 Service   | 50%     | 50%     | N/A     | N/A     |
| Post-April 2008 Service  | 75%     | 75%     | 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 23</b> |  |                                     |
| 0.1% decrease in Real Discount Rate          | 2.00%  | 6,916                               |
| 1 year increase in member life expectancy    | 4.00%  | 12,771                              |
| 0.1% increase in the salary Increase rate    | 0.00%  | 997                                 |
| 0.1% increase in the pension Increase Rate   | 2.00%  | 6,019                               |
| <b>PPS Change in assumption 31 March 23</b>  |  |                                     |
| 0.5% increase in Real Discount Rate          | -7.5%  | -137,000                            |
| 1 year increase in member life expectancy    | 2.5%   | 45,000                              |
| 0.5% increase in the salary Increase rate    | 1.0%   | 16,000                              |
| 0.5% increase in the pension Increase Rate   | 7.5%   | 135,000                             |

## 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>   | - | His 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.

